



21 May 2025

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

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

Dear Sir,

Sub: Audio Recording and Transcript of Investor call

We herewith enclosed the transcript of investors call for the financial results for the quarter ending 31 March 2025.

Audio recording of the investor call is available in the following link:
<https://youtu.be/nfxW28m97T0>

This is for your information and records.

Thanking you,

Yours truly,
For Page Industries Limited

Murugesh C
Company Secretary

Encl: as above



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PAGE INDUSTRIES LIMITED

“Page Industries Limited
Q4 and FY '25 Earnings Conference Call”
May 15, 2025



PAGE INDUSTRIES LIMITED



MANAGEMENT: **MR. V.S. GANESH – MANAGING DIRECTOR – PAGE INDUSTRIES LIMITED**
MR. DEEPANJAN BANDYOPADHYAY – CHIEF FINANCIAL OFFICER – PAGE INDUSTRIES LIMITED
MR. KARTHIK YATHINDRA – CHIEF EXECUTIVE OFFICER – PAGE INDUSTRIES LIMITED

MODERATOR: **MS. NUPUR JAINKUNIA – VALOREM ADVISORS**

Moderator: Ladies and gentlemen, good day, and welcome to the Q4 and FY '25 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 touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Nupur Jainkunia from Valorem Advisors. Thank you, and over to you, ma'am.

Nupur Jainkunia: Thank you. Good evening, everyone, and a very warm welcome to you all. My name is Nupur Jainkunia from Valorem Advisors. We represent the Investor Relations of Page Industries Limited. On behalf of the company and Valorem Advisors, I would like to thank you all for participating in the company's earnings conference call for the fourth quarter and the financial year 2025.

Before we begin, a quick cautionary statement. Some of the statements made in today's earnings conference call may be forward-looking in nature. Such forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ from those anticipated. Such statements are based on management's beliefs as well as assumptions made by and information currently available to management.

Audiences are cautioned not to place any undue reliance on these forward-looking statements in making any investment decisions. The purpose of today's conference call is purely to educate and bring awareness about the company's fundamental business and financial quarter under review.

Now I would like to introduce you to the management. Participating with us in today's earnings conference call and hand it over to them for opening remarks. We have with us Mr. V.S. Ganesh, Managing Director; Mr. Deepanjan Bandyopadhyay, Chief Financial Officer; and Mr. Karthik Yathindra, Chief Executive Officer of the company.

Without any further delay, I request Mr. V.S. Ganesh to start with his opening remarks. Thank you, and over to you, sir.

V. S. Ganesh: Thank you very much, Nupur. And ladies and gentlemen, a very good afternoon, and welcome to the earnings call for the fourth quarter of FY '25. As Nupur told you, in today's call, I have Mr. Deepanjan, our CFO; and Mr. Karthik Yathindra, our Chief Executive Officer, along with me. I will briefly dwell into the past year before getting into the further details of the quarter.

FY '25 was characterized by rapid shifts in economic, geopolitical and technological tailwinds, compelling us to remain agile and responsive. While inflationary pressures constrained consumer spending, particularly in the first half of the year, our ability to adapt was very evident in the overall strong performance of ours and especially in our e-commerce channels.

We also responded proactively to the evolving landscape, aligning our product offerings with shifting customer needs and expectations. And this is reflected in our growth trajectory. In such a volatile environment, we continue to focus on enhancing the value to our consumers without

passing on any price rise. While maintaining tight control over expenses, we have continued to invest strategically to support the organization's sustained growth objectives.

In line with this, our digital transformation initiatives, including advancements in the distribution management system, the transformation of SAP core and enhancements in consumer engagements are progressing as planned. The refreshed Jockey.in website and mobile app have been well received by our consumers.

This reflects our strong commitment to improving our users and consumers' experience. Our new production facility in Orissa is now ready to begin commercial operations. Additionally, the broader adoption of the auto replenishment system has contributed to more effective inventory management.

Coming to the quarter, in Q4, which is typically our leanest of all the quarters, I am pleased to share that we have achieved a PAT growth of 51.6%, a robust revenue growth of 10.6% and this supported by stable fabric prices and optimized overheads have contributed to a healthy operating margin.

For the full year, we achieved a revenue increase of 8% and a profit after tax growth of 28%. Our timely interventions in inventory management and efforts to enhance overall supply chain efficiencies have not only supported market growth, but has also contributed to a strong and healthy financial performance.

Our consumer reach through diverse sales channels continue to expand. At the close of FY '25, we have a network of more than 111,000 multi-brand stores, 1,453 exclusive brand stores and 1,803 large format point of sales. Our online network through Jockey.in, mobile app and in several online aggregators continue to expand.

We express our sincere appreciation for your tremendous support and trust in our company. Mr. Deepanjan will now take you through the specifics of the quarter. Followed by this, we look forward to your questions, and we'll be more than happy to answer them. Thank you once again for joining this call today.

Deepanjan B.:

Thank you, VSG. Good afternoon, and welcome to today's earnings call. Let me share the results of Q4 and for full year of FY '25. Touching upon the key financials for Q4, we recorded sales volume of 49.2 million pieces, which was a growth of 8.5% year-on-year. Revenue in Q4 was INR10,981 million, which was a growth of 10.6% year-on-year.

EBITDA for the period was INR2,352 million, a growth of 43.2% year-on-year. EBITDA margin was 21.4%. With stable raw material costs, sustained higher production efficiency and controlled operating costs, EBITDA margins were maintained within our planned range of 19% to 21%. There has not been any price increase in the quarter.

PAT for the quarter was INR1,640 million, which was a growth of 51.6% year-on-year. Inventory days was 64 as against 93 days at the beginning of the year. Working capital days was 54 days against 75 days in the end of FY '24. We continue to be debt free.

For annual FY '25, sales volume was 219.6 million pieces, which was a growth of 5.5%. Revenue was INR49,349 million, resulting in growth of 8%. EBITDA was INR10,626 million, which was a growth of 23.6%. EBITDA margin in the full year was 21.5%. PAT was INR7,291 million, resulting in growth of 28.1%.

To summarize, our sustained focus to deliver value to consumers through product quality enhancements, communication and customer reach have resulted in good revenue and profit growth. We continue to make the right investments, including in technology, while remaining cost conscious.

We can now take up your queries.

Moderator: The first question is from the line of Sheela Rathi from Morgan Stanley.

Sheela Rathi: My first question was with respect to the volume growth. The number has been at 8.5%, much higher than what we have seen in the recent past. How would you evaluate this performance for this quarter on the volume side? Is it as per your expectations or it is ahead of your expectations?

V. S. Ganesh: Yes. So the -- for us, the volume growth, yes, when we were looking at Q3, I can say Q4 was in line with the expectation. But if you look at it overall, retail environment continues to be tepid and therefore, it has not reached the levels which we want it to be in. People still are not buying as they used to. And especially now we feel next year, things should improve with tax exemptions being given, a bountiful monsoon being projected. And we see that the retail inflation is at an all-time low. If you look at the last 6 years and now this is the lowest. So all these things are very favorable. So we expect going forward, we should see better traction.

Sheela Rathi: Understood. And just to understand, how should we think about the e-commerce growth for us this quarter? And any insight in terms of the share of e-commerce as a part of the total revenue?

V. S. Ganesh: Sure. Karthik should be able to throw more light on that, Karthik?

Karthik Yathindra: Yes. Thank you, Ms. Sheela, for the question. E-commerce continues to be ahead of the rest of the channels in terms of growth rates. We've seen handsome growth, handsome double-digit growth as far as the e-commerce business is concerned. In terms of contribution to our business, it's a little over 10% of our business today comes from the e-commerce channel.

Sheela Rathi: And my final question was with respect to the gross margin improvement that we saw this quarter. Anything significant to call out here to showcase such a strong improvement in the margin?

Deepanjan B.: I think there are 2 major factors. Definitely, the stability in the raw material prices, especially fabric and other things has been very positively taken and positively impacted. And second thing is, of course, the production efficiency that we have been seeing that has been the higher production efficiency that has been sustained. So majorly contributing I mean, combining these 2 factors has resulted in a higher gross margin.

- Sheela Rathi:** So this is something level we can assume could continue for us if a similar environment remains going ahead. Is that a right assessment?
- Deepanjan B.:** Yes, Sheela. The similar environment definitely remains, I think we will be able to sustain it. But yes, I think we have to watch out if there's any volatility in the cotton price maybe at the end of the year because of this evolving situation geopolitically. Otherwise, as things stands now, I think we should be able to have gross margin.
- Moderator:** The next question is from the line of Videesha Sheth from Ambit Capital.
- Videesha Sheth:** My first question was again on volumes. If you could talk about which segment specifically led to this 9-odd percent growth? Was it led by innerwear or athleisure? And just a second part on the volume, was that 40, 45 days into the quarter, can you elaborate if the growth momentum has more or less sustained or if any, has there been any other shift? That's my first question.
- Karthik Yathindra:** Videesha, thank you for the question. In terms of rain-specific volume growth, it actually remained more or less consistent. Of course, at this point in time, since we are reflecting primary numbers, it's also a function of the inventory levels in the channel. Given that innerwear at this point in time is showing marginally higher growth rates than compared to athleisure.
- And so is the case with accessories, which is our socks, handkerchiefs, towels and caps business is showing slightly higher volume growth when compared to athleisure. But that I would believe is largely a function of the inventory levels that we are carrying in the channel. In terms of your second question, without sharing too much in the current quarter, retail has remained consistent to what we witnessed in the last quarter.
- Videesha Sheth:** Understood. That was helpful. And the second question was, I mean, probably the budgeting exercise for the year would have been done. So any planned price hikes for FY '26 that you'd like to call out?
- Deepanjan B.:** As things stand now, we don't see any requirement of any price increase yet. So in the near quarters, we definitely don't see any requirement of price increase.
- Moderator:** The next question is from the line of Shyam Sundar from Franklin Templeton.
- Shyam Sundar:** My question is on the focus categories of women and kids. How has been the progress there? How does it reflect in terms of revenue momentum? And any color you can share in terms of the salience of the women's and kids category in our business?
- Karthik Yathindra:** So the kids category in specific has grown above average to the brand growth rate. We've also seen after considerable stabilization in the previous year after the pandemic season, the kids category is back into decent growth rates in relative terms. In terms of the women's business, it's split between innerwear and outerwear.
- Our innerwear business seems robust and strong in terms of growth momentum, clocking growth rates at par with our men's business. Outerwear is where I think we are holding higher inventory in the channel, which has reflected in slightly lower growth rates when compared to innerwear.

- Shyam Sundar:** That's helpful. The other question is we continue to see very healthy improvement in EBITDA margins consistently over the last few quarters. This quarter, we have seen both gross margin expansion as well as healthy volume growth. In our business, what are the choices or trade-offs we make between volume and margins? What are some of the business choices we make on an ongoing basis? You did talk about favorable RM tailwinds, but are there any other choices that we have to make to keep up both the volumes and margins at very healthy levels?
- V. S. Ganesh:** No, I feel we are actually reaping the benefits of the actions which we have taken over the last few quarters, and it takes time for us to see those benefits flowing in, and that's what we are seeing. And what we were doing is we took a lot of initiatives in improving the overall supply chain efficiencies. We have taken so much measures to have a much better demand planning and demand sensing and resulting in improved demand accuracy.
- Now this, along with supply chain efficiencies, good control over expenses, the action which we took on inventory controls and to bring inventory to normal or acceptable levels, all this has helped us to improve the bottom line. And I feel as far as the distribution is concerned, the benefits of ARS is yet to fully kick in. As I keep telling in every call, it takes time for us to get the full benefit. We are seeing continuous improvement, and there is much more to come on that front. So it is a combined effort of all these things falling in place and also sweating assets, controlling overheads, all this has really helped us.
- Deepanjan, you would like to add anything more to it?
- Deepanjan B.:** I just wanted to add that our business philosophy has always been balanced profitable growth, and we are always driven by volume growth. So as MD said, given the fact that all these initiatives has taken, we have started seeing the benefits of these initiatives. And given the fact that the expenses are quite under control, that's what is reflecting in a very healthy EBITDA margin. So we do expect that the EBITDA margin will be continued to maintain in this range of 19% to 21%.
- Moderator:** The next question is from the line of Devanshu Bansal from Emkay Global.
- Devanshu Bansal:** You indicated that there were no price hikes in Q4. So I wanted to better understand this 2% increase in realizations. Is it like due to better growth in online channel for us?
- Deepanjan B.:** It's a combination of largely 3 factors. Definitely, there is premiumization which we are seeing within the categories as well as across categories. When I say across categories, once the growth has kicked in athleisure, that's also helping us I mean, reflecting in the higher realization. And definitely, the increase in share of e-commerce, where there is a mix of, I would say, better margins as well as the full price sales, that is helping in increasing the overall ASP as well. So there's no price increase, but these 2 factors is giving a natural push to the average realization.
- Devanshu Bansal:** Understood. And sir, you mentioned that it's north of 10% now. What was it last year or maybe the growth in the e-commerce channel, if you can call that out?
- Deepanjan B.:** I think last year, our overall yearly growth in e-commerce was also in the range of 41% or so at an annual level. So the growth momentum has been sustained.

- Devanshu Bansal:** Okay. And second question on margins. So we have been delivering upwards of 19% to 21% EBITDA margin band, right? So and we sort of talked about sustaining the higher gross margin levels if conditions remain stable. So I wanted to check any thoughts around the vision to this brand?
- Deepanjan B.:** No. I think see, the way things are, it's not I mean there were always inflationary pressures. There will be salary increase, there will be wages increase. So those things will happen. We are also in a very aggressive phase of digital transformation, which has started to be getting more aggressive this year. So all the, I would say, the overheads and the input factors will result in increase in cost for sure.
- At the same time, as I said, given the fact that raw materials are quite stable at this point of time, and we are not expecting any price increase or raw material cost increase in the near future. So while we are not planning for any price increase, at the same time, the cost will increase. So given these 2 factors, we are still confident that the margin will be in the range of 19% to 21%.
- Devanshu Bansal:** Understood. Can you call out this mix of digital and marketing spend for this year and what is expected next year, any increase or whatever in whatever way you can help us understand that?
- Deepanjan B.:** We typically spend 4% to 5% every year on marketing, including digital, and that's what will continue.
- Devanshu Bansal:** And IT spend, sir?
- Deepanjan B.:** IT spend typically has been historically less than 1%. But yes, I think the past year, that is FY '25 and even FY '26, it will be something in the range of 1.25% to 1.5%.
- Moderator:** The next question is from the line of Tejash Shah from Avendus Spark.
- Tejash Shah:** Congrats on a good set of numbers. So just wanted to know in a very tough environment, we have been able to drive a very strong premiumization. So I was just wondering what click for us? Was this a product mix change or channel mix, which contributed significantly?
- Deepanjan B.:** Tejash, to answer your question, I think it has been a natural premiumization, which is happening across our consumer base. So people are scaling up given the fact that the purchasing power has been increasing. So within the categories, also people are scaling up to higher price point products, which I think given the product features that we have, which is much more enriched, there is a preference for scaling up.
- So that is the premiumization within the categories. And e-commerce definitely has a play because one, as long as we are selling to D2C, that is a marketplace and jockey.in, we have the full price advantage there. So that's also kind of pushing up the average realization.
- Tejash Shah:** Got it. Second, listening to -- hearing your commentary so far, you seem to be very confident on revenue growth, premiumization, gross margins. Then do you see an upside risk to your margin guidance on '19 to '21?
- Deepanjan B.:** You mean upside risk or upside possibility?

- Tejash Shah:** Both. Basically upside possibility on that number.
- Deepanjan B.:** No. As we have said earlier, even now we are telling the same thing. We are comfortable in that range of 19% to 21%. So while we have not taken any price increase over the last 3 years, I mean, this is the third year continuously. It's not that we do not have inflationary pressures in our input cost, that's there.
- But given the fact that with better sales, the overheads are much better leveraged, and we are sustaining the production efficiency. So without even price increase, we are quite confident that the margin range will be maintained. But at the same time, since the additional expenses will happen, we don't see the margin going beyond this range.
- Tejash Shah:** Okay. And last one, if I may. Odisha plant, will it bring some tax benefits or SOPs to us?
- Deepanjan B.:** See, Odisha plant within the overall production capacity that we have still is a minor portion. We do have tax benefits there. When I say tax benefit, government subsidies, state government subsidies are there in terms of wages subsidy, then there are some capital subsidy. So it is there. But at an overall company level, it is not significant that it will affect the margin.
- Moderator:** The next question is from the line of Gaurav Jogani from JM Financial.
- Gaurav Jogani:** My first question is with regards to the Q4 performance. Now this year, we also had a benefit of earlier Eid. So does that, in any sense, has helped us to have a better primary sales and which probably could have an impact on the Q1 numbers?
- Karthik Yathindra:** So early Eid has definitely helped in retail performance. I wouldn't say necessarily for primary sales. Better retail throughput is what you generally see. But again, Eid from the overall scheme of things affects select markets. There are parts of the country that get better traction because of Eid, which is something that we've obviously leveraged in quarter 4. But in the overall scheme of things, given the contribution of these select markets to the overall business, we don't see a big swing, which we've, in a way, advanced from Q1 to Q4.
- Gaurav Jogani:** Sure. And my second and last question is with regards to these efficiencies, especially on the employee cost and other expenses side. Over the past couple of years, because post the COVID era, we were also having a lot of inventory, which got utilized over the next 2 years. And hence, we were not in need of replacing the attrition. But now since the volume growth has picked up, do you see costs now also coming back on this front?
- V. S. Ganesh:** Gaurav, actually, our overall manufacturing efficiencies have gone up. It has actually improved by around 18% to 20% of what it used to be. So that is one piece. And secondly, we have been working quite a lot on lead time reduction. So today, we can manage and service our customers with less inventory. And that's where you are seeing that continuous reduction, which you are seeing and in the inventory side. So yes, there will be expansion of capacities, but it will be in line with the top line growth, which we are expecting. So the cost will be commensurate with expanded sales or revenue.

And we also have other initiatives which we have put in place to have a much better overhead utilization or absorption. That's where Deepanjan was coming from, looking at the budgets and the expenses and the top line revenue growth, we are very confident that we can maintain the 19% to 21% range.

Gaurav Jogani: Just a follow-up here. My question was the other way around, given that you are already driving so much of your efficiencies and if the cost also increase a bit in line with your top line growth, so shouldn't you be able to actually surpass the 21% kind of a margin that you're already -- 21.5% margin is what you've already done in FY '25.

V. S. Ganesh: No, because there are also inflationary pressures. As Deepanjan rightly said, there are salary increases, there are wage increases, which is to be accounted for. There is also a renewed investment on IT side. We need to continue to invest on the R&D side of it. In fact, one of the good things we have done last year is to come with very exciting products, and we need to continue to invest on that.

And I will attribute quite a lot of our growth to having the right product at the right place at the right time, thanks to our R&D team or the product development team and the ARS. So we need to continue to have those investments. So that's where I said we bake all that in our budget. And if I go by what we are planning in our budget, we are well within this targeted range of 19% to 21% without any price increase unless there is a big challenge as far as the input costs are concerned, which we don't expect.

Moderator: The next question is from the line of Sameer Gupta from IIFL Capital.

Sameer Gupta: Congrats on a good set of numbers. Firstly, you mentioned the channel inventory on athleisure is still a little on the higher side. So just wanted some color where are we right now in terms of distributor days in athleisure? And where would we like to be on a normal basis? And just a relative term, how was this number pre-COVID?

Karthik Yathindra: Thank you, Sameer, for that question. Specifically on athleisure, thanks to the ARS and the efforts that we've done there, we've brought down our inventory days by about 7 days from when we started the year. We still feel there is a potential to bring it down by another 7 to 8 days as far as the partner inventory is concerned.

In terms of prior to COVID days, we are still higher than what we used to carry prior to COVID days. It's during the COVID period that we saw ballooning of inventory significantly across the value chain, which is what we are looking to moderate now.

Sameer Gupta: Just a follow-up here. So when you say 7 days, this is overall or this is just for athleisure? And if you can give the number as to where it is right now, is it 45 days, 40 days?

Karthik Yathindra: So overall, we're at a little over 50 days as far as outerwear inventory is concerned. And the 7 days that I mentioned is specifically for outerwear, which is athleisure.

Sameer Gupta: Got it. This is helpful. Secondly, I noticed the dividend for the overall year is around INR900 per share, and this implies around 135% kind of a payout. Capex this year has been very normal

around INR80 crores. So with growth coming back, just wondering how to read this dividend payout number? Is there enough capacity for the foreseeable future? How do we read this?

Deepanjan B.: See, as a policy, we typically pay out up to 60% of our PAT. That's as a policy. But together with it, we also assess what is our funds position. So given that this has been a reasonably good year, especially compared to the earlier years, we have enough funds, and that's what we have declared higher dividend.

But yes, I will not read too much into it as to whether this will be a trend in future or which can be a reason for projecting future. It will definitely be that, yes, if you have enough funds, we will pay higher dividend. It will all depend on what's the fund position at that point of time.

Sameer Gupta: On that note, can you also provide a guidance on capex for the coming years?

Deepanjan B.: I think next year, we just closed the budgeting process. So I think we are planning for around INR180 crores of capex for next year. Again, the capex is largely for the upcoming K.R. Pet 2 expansion that we have. Also, we are purchasing one more land at Orissa. So these 2 factors predominantly plus there are usual upgradations that happens. So taken together, the plan is around INR180 crores for next year.

Moderator: The next question is from the line of Rishi Mody from Marcellus Investment Managers.

Rishi Mody: The first thing I want to understand is your q-comm/e-comm space. So under the assumption that it's growing faster than the rest of the channels for us. And basis my understanding of the FMCG industry, it seems that the q-comm channel is a very high gross margin channel for the company, higher than the other channels because of the right pack size or something on those lines. So I'm just understanding, is that the case for you guys? And is that playing into the gross margin expansion that you are seeing?

Karthik Yathindra: Well, you're right about the pace of growth or pace of expansion within the quick comm business. So that is something that we have witnessed as well. And also, it's a nascent business. So a large portion of the growth there is inorganic because of expansion into more number of dark stores within existing players as well as new players coming on board within this channel. So we've experienced quite an aggressive jump in revenues there because of the inorganic impact.

With regard to margins, our margins are not very different for the quick commerce business, meaning not very high when compared to rest of the channels in terms of what we experience. Further, quick commerce, while the growth rates are significantly high, its current contribution to the overall business of Page is still quite small to have any impact on the overall gross margins of the brand.

Rishi Mody: Okay. Just a follow-up there. What I'm seeing till at least a couple of quarters back was that I think Jockey was the only listed player on Blinkit or Zepto. But recently, a lot of these other players have also started getting the listing like X, Y, Z, these other new age brands, Van Heusen and all. So just to understand are you seeing higher competition and at, say, older dark store

where you were dominant, are you losing shelf space or losing share of sales even if you are losing shelf space?

Karthik Yathindra: The other brands being present in these platforms is not recent in platforms like, let's say, Blinkit or Zepto, which were the platforms that we entered into initially. This was, in fact, in '23, '24 itself, also had competition back then. We had enough brands present over there. So we've not seen any significant change in our presence as far as quick comm is concerned because of competition in the recent times, let's say, in the last couple of quarters. In fact, like we do with the rest of the marketplaces in e-commerce, at this point in time, we continue to lead this particular category in quick commerce as well.

Rishi Mody: Got it. Second, I wanted to understand on the opex front from Deepanjan, so if I look at your FY '25 opex over FY '24 and I remove the 80 bps reduction from employee cost, then adjusting that there's a 150 bps increase in opex as a percentage of revenue, excluding employee cost in FY '25 over FY '24. Just wanted to understand what are the main component changes, line item changes that we have seen out here?

Deepanjan B.: I think if you're comparing between, I mean, absolute value increase, a large portion of the value increase will be for things like royalty, will be for things like e-commerce margins, which are...

Rishi Mody: Compare them in percentage of revenue.

Deepanjan B.: In terms of percentage of revenue, okay.

Rishi Mody: Yes. So opex is 35.3%. If I remove 16.6% cost, that's this year. And last year, it was 34.9%, including opex -- employee benefit expense of 17.5%. So there's a 130 bps increase if I adjust for the employee cost benefits that we have received. So where has that investment gone? I just wanted to understand that extra 130 bps that we have spent.

Deepanjan B.: So 2 major factors definitely have been one, the IT expenses, which has contributed to the increase. We also have marketing...

Rishi Mody: 125 bps correct?

Deepanjan B.: Yes. We also have marketing expenses increased this year. I won't say it's an increase because the previous FY '24 was slightly on the lower side, but otherwise, this year is more like a normal increase. These 2 will be the major factors. Rest of the expenses are more like fixed in nature and has largely remained consistent.

Moderator: The next question is from the line of Naveen Trivedi from Motilal Oswal Financial Services Limited.

Naveen Trivedi: Just on this demand a bit more better, you mentioned about better traction you expect for the next year. Does this confidence is because of you have seen better sales growth acceleration in the first 45 days of this financial year?

Karthik Yathindra: Thanks, Naveen. But no, I'm not commenting on the first 45 days. This is what we are targeting in terms of what we want to achieve for the next year. It's more an intent in terms of where we

want to get to in the next year. It has no reference to what we have experienced in the first 45 days.

Naveen Trivedi: And you mentioned in your presentation about Tier 2 and Tier 3 cities outperforming metro 1 and Tier 1 markets. Can you quantify the divergence and as well as what revenue mix cities contribute to your portfolio?

Karthik Yathindra: See the way we break our business in terms of town classification, , metro, Tier 1, Tier 2 contribute to 50% of the business and Tier 3 and 4 also contribute to 50% of the business, considering how we've penetrated our markets over the years. So that's in terms of contribution of business. In terms of performance, we're seeing about between the 2, about 4 percentage points difference where Tier 3 and 4 have outperformed the metro and Tier 1s.

Moderator: The next question is from the line of Prerna Jhunjunwala from Elara Capital.

Prerna Jhunjunwala: Congratulations on good set of numbers. I had a question on athleisure. Given that it took about a year to reduce inventory by around 7 days in the channel, do you see the demand environment now is conducive for faster depletion in inventory in this year and resumption of higher growth in athleisure? And what steps have we taken to do the same, if at all, this can be done?

Karthik Yathindra: Thank you, Prerna. You're right. I think we are definitely in a better position than where we were about a year ago. But like I mentioned, the intend is to bring it down further by at about 7 to 8 days so that we can operate at an optimum 45 days inventory level as far as athleisure is concerned. But considering that some of the good work has already been done, we should be closer to secondary performance when compared to the difference we saw last year. So yes, it should be a lot more conducive than what we've experienced in the early parts of last year.

With regards to specific efforts for athleisure, the way we operate our business is we break ourselves into categories and have specific business plans and inputs, both in terms of sales initiatives and inputs as well as marketing and brand input to drive each category as a business of its own. So in that light, athleisure, of course, has a complete business plan put together, a dedicated sales team to operate and a marketing calendar to deliver on the demand objectives for that particular category. So that's what will be going behind this.

We are also looking at addressing newer consumer segments as far as this category is concerned. We believe that there is a potential there to address the younger audience as far as athleisure is concerned. This would mean a certain shift in the styling of our products, a certain shift in the fits of our products to make sure we are able to attract more younger audiences as far as the athleisure business is concerned.

Prerna Jhunjunwala: And just a follow-up on this. And are these products and younger consumer engagements begun or it is the plan for the next year?

Karthik Yathindra: It is the plan for the the current year as we speak. So it's 2025-'26 plans.

Moderator: The next question is from the line of Alok Shah from 360 One Asset Management.

- Alok Shah:** My first question is on the revenue contribution that you would be getting from your EBO channel. What would that number be in the ballpark now? And what would this number have been, say, in FY '23?
- Karthik Yathindra:** We don't exactly share numbers there by each channel. Yes, we have seen significant growth in EBS this year definitely. And it's comforting to see that the growth is not just because of new stores addition, it's also for the same-store growth. But yes, we do not disclose the numbers.
- Alok Shah:** Got it. No, the idea was to actually dissect this gross margin improvement a little better. So if you can help us understand how much of this gross margin delta may have come from this EBO channel contributing to the sales? Because I understand from a gross margin perspective, the share of the gross margin from the EBO would be higher than most of the channels. So EBO followed by heavy your own website would be the highest gross margin contributor. Trying to understand.
- Karthik Yathindra:** What is more relevant is the EBITDA margin for each channel, and it is largely similar across the channel. Of course, there will be some variations here and there because each channel has its own margin structure, but it's largely similar. So only because of EBS or for any other channel, it doesn't impact our gross margin significantly. I meant EBITDA margin, not gross margin.
- Alok Shah:** Sure. I get it. And lastly, in terms of in-house manufacturing because you have done some commercialization of the plants which are under construction. So how would that in-house manufacturing be now versus, say, maybe 2, 3 years back?
- Deepanjan B.:** So we have been traditionally largely in-house manufactured in the sense it has been in the range of 80% to 90% in that range has been largely in-house manufactured. This year, I think it has been 27% outsourcing. So when we say outsourcing, it's a mix of completely bought out products, that's what we mean, and 27%. But yes, I mean, Odisha plant getting into commercial production, which is expected early June.
- It will not immediately impact this proportion anyway because it will take some time to reach the maturity, which typically is around 6 to 7 months. So we have started the recruitment process in Orissa and started the training process. But to reach the decent level of maturity, that takes around 6 to 7 months. So that will specifically not impact dynamics.
- Alok Shah:** Got it. So then we'll again be in the band of 80% to 90% in-house.
- V. S. Ganesh:** Just allow me clarify to you, actually, we always look at around 25% to 30% outsourcing, 70% in-house. And the reason for doing this is to make sure that even if there is any challenge as far as fulfilling capacities are concerned, the in-house capacities can be sweat. And if there is an upside, we can quickly make use of the levers which we have and augment capacities quickly. So it is a nice blend.
- And why we also look at 30% is also because we also want outsourcing to be at a manageable limit in the sense that they should be like an extended factory of ours. The processes are exactly what we do in-house. It is not different. And we have a management team closely helping the

teams there and making sure the standards and quality is maintained. So we can't go too aggressive on the outsourcing bit.

But this balance actually helps. It is also strategically important because they also bring in more capabilities. So there are some vendor partners who may have technical capabilities, which we may not have and instead of investing in capex and technologies, we can actually use them. And we work with world-class vendors who service the best of the global brands.

So we also can actually tap on to the intelligence and exposure they have to come out with exciting products. So this is a very reason that we always value the outsourcing bit of it. And that's where there should be some exciting volume also for the outsourcing vendor partners to make it into a meaningful proposition for them. So these are the reasons why we always look at a 25% to 30% outsourcing and a 70% in-house.

- Moderator:** The next question is from the line of Sabyasachi Mukerji from Bajaj Finserv AMC.
- Sabyasachi Mukerji:** My first question is on the volume growth outlook. While I understand that Q4 has been particularly strong when I compare past few quarters, 8.5%. But are we seeing any possibility of going back to, let's say, high-single digit or early double-digit kind of a volume growth in FY '26? Yes, that's my first question.
- Karthik Yathindra:** So Sabyasachi, I think that is the intent. We are targeting a volume growth towards that end, maybe higher single-digit kind of a number, which is what we've seen in quarter 4. The intent is to deliver that, obviously, subject to how the market reacts and what kind of tertiaries we are able to generate. But yes, that is what we are targeting for the coming year.
- Sabyasachi Mukerji:** Got it. Very encouraging. A follow-up to that if you can highlight how has been the secondary and tertiary offtake in Q4, that would be helpful.
- Karthik Yathindra:** So secondary has been slightly ahead of primary, not by too much, but slightly ahead in specific categories like athleisure where our inventory has been higher, and that is the reason why we have seen relatively muted primary numbers. But overall, in mature categories like men's innerwear, for instance, our primary numbers have matched secondary numbers. But in areas where we have inflated inventory at this point in time, secondary has been slightly ahead.
- Sabyasachi Mukerji:** Okay. And anything on the retail tertiary side?
- Karthik Yathindra:** In line because we today operate completely in an ARS system. So any numbers you see what we are in a way presenting from a primary point of view can definitely not be higher than secondary or tertiary numbers because it's largely replenishment led.
- Sabyasachi Mukerji:** Got it. Lastly, if you can tell us the channel inventory. Last quarter, I think December, it was somewhere around 18 million pieces. As on March end, what would be that number?
- Karthik Yathindra:** I'm not sure where.

- Deepanjan B.:** Sabyasachi, I don't think we have shared any channel inventory number per se. We have typically been sharing the movement in the inventory in the channel, but yes, channel number per se, we have not shared, and we cannot share that.
- Sabyasachi Mukerji:** So compared to December, has it increased or in the same level or if you can highlight that?
- Karthik Yathindra:** It's coming down in the quarter because of the ARS implementation. But yes, we are reaching maturity levels in most categories.
- Moderator:** The next question is from the line of Aditya Gupta from Tara Capital Partners.
- Aditya Gupta:** First, you mentioned the Tier 3, Tier 4 growth has been higher. Is that for you or for the industry as a whole? And how do you think about the market share wins in the top cities and Tier 3, Tier 4?
- Karthik Yathindra:** I'm sorry, Aditya, but I didn't get your question. There's a lot of background noise.
- Aditya Gupta:** Sorry, I'll repeat. No, I'll just repeat. I was just asking, you mentioned that the growth in Tier 3, Tier 4 was higher than the Tier 1, Tier 2 cities. Is that for you specifically? Or is that the market also, right?
- Karthik Yathindra:** It's difficult to answer. I would imagine it is for the market. Also, our presence in Tier 3, Tier 4 is also dominated because lesser number of other players are able to reach as deep as we are able to, at least in terms of competition that operate in the price points that we operate in.
- Aditya Gupta:** Got it. Second bit on the price elasticity of the customer in the environment today. If there was a strategy to, let's say, operate at a lower end of the margin guidance, but squeeze out a couple of hundred basis points extra growth, is that not of interest to you or the market is not like that currently?
- Karthik Yathindra:** Well, we wouldn't compromise on the quality of the products that we anyway make in terms of entering a lower price point. With the kind of quality we want to deliver for our consumers, we are hitting an optimum price point while keeping in mind the value for money proposition that we want our consumers to enjoy.
- Having said that, you also heard from us that whatever prices we are talking about is now about 3 years old. So in effect, if I had to keep inflation in mind, we have become sweeter in terms of the value we are delivering to the consumer from a price to product point of view.
- Aditya Gupta:** Okay. Got it. And third bit a clarification, and I'm comparing numbers to 3Q FY '25. The gross margin is about...
- Moderator:** Sorry to interrupt, sir, your audio is not clear.
- Aditya Gupta:** Is it better now?
- Moderator:** Yes, sir. Can you please repeat your question?

- Aditya Gupta:** I was saying I was comparing gross margins to 3Q FY '25 level. There's almost a 400 basis point swing and there's an up move in the other expenses also, right? So is it something to do with manufacturing first the way you reap it, because 400 basis point gross margin swing in 3 months sounds -- it's a little high, right? And you've not taken any pricing, you're saying the mix has not changed a lot. So is there something else that is driving this?
- Deepanjan B.:** No, I think we have been on it for several quarters now. And the major factor, as I highlighted earlier, is that we have this year, together, we have been selling out of low-cost inventory. So that's definitely playing out and continue to play out even in the Q4. Other major factor is definitely the sustained higher production efficiency, which we have achieved. So combination of these 2 factors, yes, that has resulted in a higher gross margin.
- Moderator:** As there are no further questions from the participants, I would now like to hand the conference over to the management for closing comments.
- Deepanjan B.:** So thank you, everyone, for participating again. It was really a very interesting discussion, and we'll definitely look forward to further such interactions. Thank you, again.
- Moderator:** Thank you. On behalf of Page Industries Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.