Company Name: Page Industries Ltd

Quarter under review: Q1-FY27

Page Industries Ltd – Q1-FY27 Concall Highlights:

Page Industries Ltd. (Consolidated)					
INR In Mn	Q1-FY27	Q1-FY26	Y-o-Y	Q4-FY26	Q-o-Q
Operational Income	14,204	13,166	7.9%	12,526	13.4%
EBITDA	2,890	2,947	-1.9%	2,606	10.9%
EBITDA M (%)	20.35%	22.38%	-203 bps	20.80%	-45 bps
PAT	1,928	2,008	-4.0%	1,787	7.9%
PAT M (%)	13.57%	15.25%	-168 bps	14.27%	-70 bps
Diluted EPS	172.86	180.02	-4.0%	160.24	7.9%

Operational Highlights:

- Sales volumes grew 5.7% YoY to 61.2 mn pieces, supporting 7.9% revenue growth to INR 1,420 crore; underlying demand remained healthy across channels.
- EBOs and e-commerce delivered particularly strong growth, with management highlighting broad-based demand across the wider retail network as well.
- Q1 revenue was impacted by temporary logistics and manpower disruptions, resulting in ~3 additional days of billing being pushed into Q2; underlying secondary/tertiary demand remained stronger than reported primary sales.
- New product launches gained encouraging traction, led by JKY Groove, which was expanded to ~500 EBOs, alongside the launch of Disney and Marvel licensed merchandise.
- Manufacturing capacity is being augmented to meet demand, with the Odisha and KR Pet facilities progressively scaling up and expected to improve capacity and operating efficiency.
- Distribution footprint remained extensive, with ~1.16 lakh multi-brand outlets, 1,640 EBOs and 930 large-format stores, alongside continued healthy online growth.
- Inventory days improved to 66 from 73 days, while net working-capital days reduced to 54 from 56 days; management believes inventory is now at an optimum level and does not intend to reduce it further.
- Digital transformation progressed, with investments across ERP, DMS, HRMS and a Consumer Data Platform; the CDP is expected to go live by end-August.
- Input-cost inflation remained a near-term headwind, particularly in cotton and synthetics; strategic sourcing, supply-chain initiatives and a calibrated price increase helped partly mitigate the impact.

Key Questions & Answers discussed during the Concall:

- **Despite 5.7% volume growth in Q1, are you confident of achieving double-digit volume growth for FY27?** We remain committed to our double-digit volume growth objective for FY27. Q1 was affected by two factors. First, with ARS fully implemented, we are deliberately distributing trade schemes more evenly across quarters rather than front-loading sales into Q1. Second, temporary logistics and manpower disruptions resulted in additional undelivered billing at quarter-end. Underlying demand remains healthy, and secondary and EBO-level performance was stronger than primary sales. We are therefore fairly confident of making up the Q1 shortfall over the remaining three quarters.

- **How significant was the logistics disruption in Q1, and will the lost billing flow into Q2?** Normally, around 3–4 days of billing gets carried forward at quarter-end; this time it increased to around seven days, implying ~3 additional days of billing were not recognised in Q1. The disruption was mainly in last-mile deliveries to distributors towards the end of June. A majority of this should flow into Q2, which, along with healthy underlying demand, should support stronger volume growth over the remaining quarters.

- **How much pricing action has been taken to offset raw-material inflation, and what is the margin outlook?** We took a ~2.2% weighted-average price increase in May specifically to address raw-material inflation. This followed a ~2.5% increase in January, which was related to product enhancements rather than input costs. The May increase only partially offsets the cost inflation and will largely reflect in Q2 due to FIFO. Raw-material prices have also moderated from April-May levels. Based on the current environment, we remain comfortable with our 19–21% EBITDA margin range for FY27 and would prefer to hold prices and drive volumes as long as margins remain within this range.

- **Why was the gap between volume and value growth relatively low in Q1?** Two factors affected the gap. First, lower-ASP categories such as accessories and socks grew faster during the quarter due to the design of our trade schemes. Second, the May price increase had limited benefit in Q1 and will largely start reflecting from Q2. We therefore expect a wider gap between value and volume growth going forward, supported by mix and pricing.

- **What are the key new-product opportunities, and how is Jockey differentiating its licensed merchandise?** JKY Groove, our street-fashion proposition targeted at younger consumers, was expanded to close to 500 EBOs and has received a very encouraging response. We have also partnered with Disney and Marvel for character merchandise, with most of the revenue contribution expected from Q2. Our differentiation in licensed merchandise will come from Jockey's design aesthetic, signature styling, product quality and brand trust. We will continue introducing products across the portfolio, although larger new propositions backed by marketing investment will predominantly be in athleisure.

- **Has the reduction in inventory contributed to lost sales, and do you intend to reduce inventory further?** We did see some lost sales in Q1 due to product non-availability, partly because of supply-side disruptions. However, we believe inventory is now at an optimum level across both Page and the broader value chain, and we do not intend to reduce it further. nstead, we are augmenting both in-house and outsourced manufacturing capacity to ensure we can service the demand we are seeing.

- **How is Page leveraging digitalisation and consumer data, and when should these investments start generating efficiencies?** We are building a Consumer Data Platform (CDP) using first-party data from Jockey.in and our EBO network, which should go live by end-August. We intend to use this data for cross-selling and upselling, as well as understanding consumer behaviour and improving product and category decisions. Our DMS rollout is also underway. We aim to have all distributors on DMS by FY27-end or Q1 FY28, followed by roughly a quarter of stabilisation, after which we should start seeing meaningful operating efficiencies.
- **Why has Speedo's offline distribution footprint reduced?** The Speedo swim business is increasingly shifting online, with online now contributing upwards of 35% of the business. As a result, we have consolidated the offline multi-brand network to around 700 stores in Q1. This also reflects seasonality, as retailers typically build swimwear inventory during January-February; combining Q4 and Q1, the effective network was around 950 outlets.
- **What is the potential impact of higher minimum wages in Karnataka on margins?** The revised minimum wages applicable to garment workers were already implemented in April and are therefore already reflected in our P&L. A subsequent Karnataka government announcement primarily affected third-party support staff such as security personnel, drivers and store sales specialists and would have no material P&L impact. If there is a further change specifically covering garment workers, we have not yet quantified the potential impact.
- **Why did advertising/selling expenses decline despite strong e-commerce growth, and how is the e-commerce model evolving?** The e-commerce mix is increasingly shifting from marketplace to outright sales, particularly because quick-commerce platforms operate on an outright model. We also prefer outright arrangements where possible because marketplaces have larger fulfilment networks, which can improve delivery times and the consumer experience. The decline in overall brand spend was mainly because the prior year included a large World Cup campaign that did not recur. Structurally, we intend to continue investing around 4–5% of revenue in marketing. Even under outright e-commerce arrangements, we work with platforms to maintain our uniform pricing principles.

Key Participants:

Ashutosh Jyotiraditya – ICICI Securities
Videesha Seth – Ambit Capital
Saurabh Kundan – Goldman Sachs
Avi Mehta - Macquarie