

Strong end to challenging year...

Page continued its upward trajectory with healthy topline growth in Q4FY21, driven by strong demand for athleisure wear. Revenue grew 63% YoY to ₹ 927.1 crore (two year CAGR: 20.4%), with volumes increasing 54.2% to 46.2 million pieces (partially attributable to benign base). On account of higher RM prices, gross margins declined 122 bps YoY to 57.6%. Employee and other expenses increased 23% and 37% YoY, respectively. Subsequently, EBITDA margins came in at 19.3% (I-direct estimate: 20.5%, Q3FY21: 24.4%, Q4FY20: 10.7%). Absolute EBITDA increased 80% YoY to ₹ 169.8 crore. Driven by a healthy operational performance, PAT came in at ₹ 115.6 crore (Q4FY20: ₹ 31.0 crore).

Athleisure segment outperforms in FY21

Given the inherent strength of the brand, Page displayed a resilient performance in FY21, notwithstanding challenges faced in H1FY21. Despite revenues declining ~66% in Q1FY21, the company exited the year with mere 3% revenue de-growth. While volumes de-grew ~12% YoY in FY21, change in product mix towards athleisure wear led blended realisations to increase ~9% YoY. On full year product wise growth trends, the management indicated that athleisure, kids and e-commerce have reported volume growth while men's and women's innerwear saw a decline. Going forward, Page remains confident of sustainability of demand from athleisure wear based on the stickiness of new trials. The Jockey junior segment would continue be the key focus area as the segment continues to see healthy traction. The segment posted ~80% revenue growth in FY21 with revenue contribution nearly doubling to ~4% in FY21 (as per our calculations). We believe the kids wear segment could scale up quickly through leveraging Jockey's existing strong distribution network (38 exclusive junior outlets).

Building levers for sustainable growth

During FY21, Page accelerated its distribution touchpoints by ~14600 outlets to 78000+ retail network. Furthermore, it added nearly 180 exclusive branded outlets taking the total count to 930+ stores. The expansion of distribution reach has been well distributed between metros and non-tier I cities. The company aims to add around 8-10% outlets every year to expand its distribution reach. To further penetrate the untapped markets of tier III, IV cities, it has launched a bouquet of products catering to these markets (currently at pilot stage while acceptance has been encouraging).

Valuation & Outlook

We like the company's new initiatives (focus on kids wear segment, implementation of auto replenishment system, new launches in athleisure wear and thrust on increasing penetration in rural areas) to propel sales and earnings growth. Factoring in the near term challenges, we prune our earnings estimates by ~15% for FY22E but broadly maintain our estimates for FY23E. Page continues to have a healthy balance sheet with robust liquidity position (₹ 435 crore) and strong RoCE of 52%+. We maintain **HOLD** rating on the stock with a revised target price of ₹ 34800 (62x FY23E EPS, earlier TP: ₹ 31500) and await a better entry point.

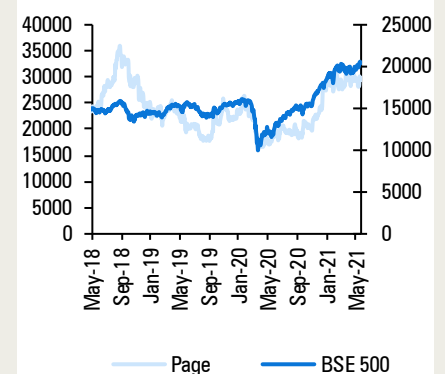
Particulars

Particular	Amount
Market Capitalisation (₹ Crore)	35,513.9
Debt (FY21) (₹ Crore)	-
Cash (FY21) (₹ Crore)	434.0
EV (₹ Crore)	35,079.9
52 week H/L	32450 / 17639
Equity Capital (₹ Crore)	11.2
Face Value (₹)	10.0

Key Risks

- Extension of lockdown restrictions leading to store closures negatively impacting store footfalls resulting in lower revenues
- Faster than expected revenue recovery can lead to higher than estimated revenue growth

Price Performance



Research Analyst

Bharat Chhoda
bharat.chhoda@icicisecurities.com

Cheragh Sidhwa
cheragh.sidhwa@icicisecurities.com

Key Financial Summary

₹ crore	FY20	FY21A	FY22E	FY23E	CAGR (FY20-23E)
Net Sales	2,945.4	2,833.0	3,427.8	4,232.6	12.8%
EBITDA	532.6	526.6	671.2	924.9	20.2%
PAT	343.2	340.6	446.1	631.1	22.5%
P/E (x)	103.5	104.3	79.6	56.3	
EV/Sales (x)	12.0	12.4	10.2	8.3	
EV/EBITDA (x)	66.5	66.6	52.3	37.9	
RoCE (%)	55.7	52.4	55.4	65.0	
RoE (%)	41.9	38.5	42.8	50.0	

Exhibit 1: Variance Analysis

	Q4FY21	Q4FY21E	Q4FY20	YoY (%)	Q3FY21	QoQ (%)	Comments
Revenue	880.8	787.6	541.3	62.7	927.1	-5.0	Strong beat on topline front with 54% YoY volume growth. Two year revenue CAGR: ~20%
Other income	5.6	4.6	9.9	-43.9	4.2	39.7	
Employee Expense	164.8	149.7	134.4	22.7	146.2	12.8	
Raw Material Expense	373.3	334.7	222.8	67.5	413.1	-9.6	
SG&A Expenses	172.9	141.8	126.0	37.2	141.7	22.0	
EBITDA	169.8	161.5	58.1	192.1	226.1	-24.9	
EBITDA Margin (%)	19.3	20.5	10.7	854 bps	24.4	-511 bps	EBITDA margins came in below our estimates owing to
Depreciation	15.6	16.1	16.3	-4.4	15.6	-0.3	
Interest	7.2	7.7	8.6	-16.3	7.4	-3.1	
PBT	152.6	142.2	43.2	253.4	207.3	-26.4	
Tax Outgo	37.1	35.8	12.2	204.9	53.6	-30.8	
PAT	115.6	106.4	31.0	272.4	153.7	-24.8	Healthy operational performance led to robust PAT growth

Source: Company, ICICI Direct Research

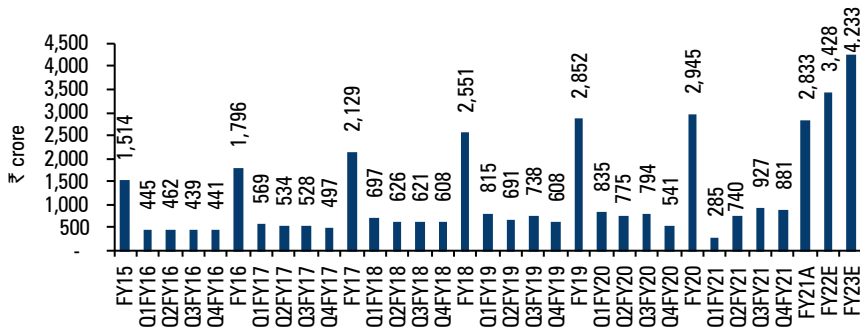
Exhibit 2: Change in estimates

	FY21A	FY22E			FY23E		
(₹ Crore)	Actual	Old	New	% Change	Old	New	% Change
Revenue	2,833.0	3,613.1	3,427.8	-5.1	4,203.6	4,232.6	0.7
EBITDA	526.6	775.9	671.2	-13.5	924.0	924.9	0.1
EBITDA margin (%)	18.6	21.5	19.6	-189 bps	22.0	21.9	-13 bps
PAT	340.6	520.0	446.1	-14.2	626.6	631.1	0.7
EPS (₹)	305.3	466.2	399.9	-14.2	561.7	565.8	0.7

Source: Company, ICICI Direct Research

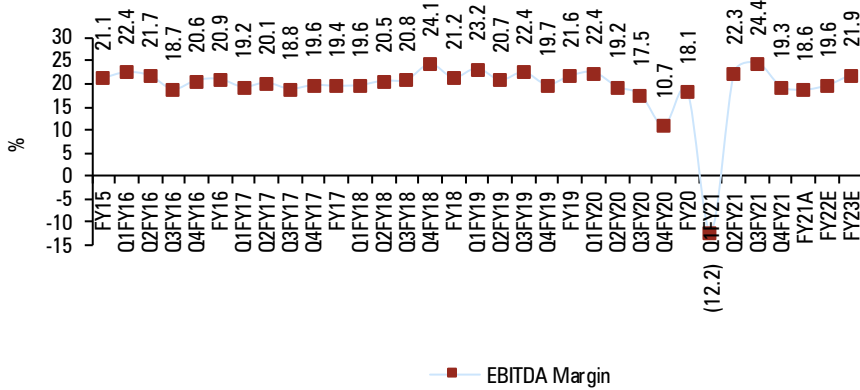
Financial story in charts

Exhibit 3: Revenue trend



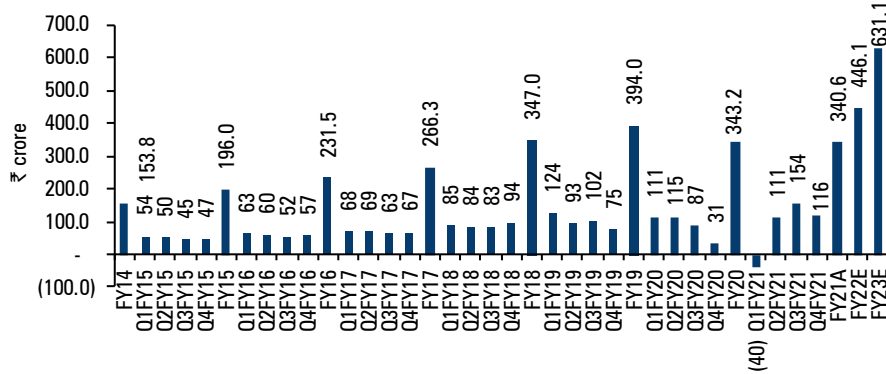
Source: Company, ICICI Direct Research

Exhibit 4: EBITDA margin trend



Source: Company, ICICI Direct Research

Exhibit 5: Net profit trend



Source: Company, ICICI Direct Research.

Exhibit 6: Valuation

	Sales (₹ cr)	Growth (%)	EPS (₹)	Growth (%)	PE (x)	EV/EBITDA (x)	RoNW (%)	RoCE (%)
FY19	2852.2	11.8	353.2	13.5	90.0	57.5	50.8	69.1
FY20	2945.4	3.3	307.7	-12.9	103.3	66.4	41.9	55.7
FY21A	2833.0	-3.8	305.3	-0.8	104.1	66.5	38.5	52.4
FY22E	3427.8	21.0	399.9	31.0	79.5	52.2	42.8	55.4
FY23E	4232.6	23.5	565.8	41.5	56.2	37.8	50.0	65.0

Source: Company, ICICI Direct Research

Financial summary

Exhibit 7: Profit and loss statement		₹ crore			
(Year-end March)	FY20	FY21A	FY22E	FY23E	
Total operating Income	2,945.4	2,833.0	3,427.8	4,232.6	
Growth (%)	3.3	(3.8)	21.0	23.5	
Raw Material Expenses	1,310.8	1,263.9	1,526.1	1,855.9	
Employee Expenses	531.7	563.8	617.0	711.1	
Other Expenses	570.3	478.7	613.6	740.7	
Total Operating Expenditure	2,412.8	2,306.4	2,756.7	3,307.7	
EBITDA	532.6	526.6	671.2	924.9	
Growth (%)	(13.7)	(1.1)	27.5	37.8	
Depreciation	61.4	62.9	69.3	75.4	
EBIT	471.2	463.7	601.9	849.6	
Growth (%)	(19.6)	(1.6)	29.8	41.1	
Interest	33.9	29.7	33.0	40.5	
Other Income	24.6	19.5	27.4	34.7	
PBT	462.0	453.4	596.3	843.8	
Growth (%)	(23.8)	(1.9)	31.5	41.5	
Total Tax	118.8	112.8	150.3	212.6	
PAT	343.2	340.6	446.1	631.1	
Growth (%)	(12.9)	(0.8)	31.0	41.5	
EPS (₹)	307.7	305.3	399.9	565.8	

Source: Company, ICICI Direct Research

Exhibit 8: Cash flow statement		₹ crore			
(Year-end March)	FY20	FY21A	FY22E	FY23E	
Profit after tax	343.2	340.6	446.1	631.1	
Add: Depreciation	61.4	62.9	69.3	75.4	
(Inc)/dec in Current Assets	63.1	106.4	(134.2)	(195.2)	
Inc/(dec) in CL and Provisions	37.3	161.2	(28.5)	45.3	
Others	-	-	-	-	
CF from operating activities	505.0	671.0	352.7	556.6	
(Inc)/dec in Investments	-	-	-	-	
(Inc)/dec in Fixed Assets	(34.9)	(20.0)	(60.0)	(60.0)	
(Inc)/dec in CWIP	(21.5)	0.9	2.9	-	
Others	(26.2)	-	-	-	
CF from investing activities	(82.6)	(19.1)	(57.2)	(60.0)	
Issue/(Buy back) of Equity	-	-	-	-	
Inc/(dec) in loan funds	(45.7)	(26.8)	45.0	-	
Others	(303.9)	(308.0)	(318.6)	(440.9)	
CF from financing activities	(349.6)	(334.8)	(273.6)	(440.9)	
Net Cash flow	72.8	317.1	21.9	55.7	
Opening Cash	44.1	116.9	434.0	455.9	
Closing Cash	116.9	434.0	455.9	511.7	

Source: Company, ICICI Direct Research

Exhibit 9: Balance sheet		₹ crore			
(Year-end March)	FY20	FY21A	FY22E	FY23E	
Liabilities					
Equity Capital	11.2	11.2	11.2	11.2	
Reserve and Surplus	808.7	873.7	1,029.8	1,250.7	
Total Shareholders funds	819.9	884.9	1,041.0	1,261.9	
Total Debt	26.8	0.0	45.0	45.0	
Deferred Tax Liability	0.2	0.2	0.2	0.2	
Other long term liabilities	147.6	135.3	136.6	138.0	
Total Liabilities	994.5	1,020.4	1,222.8	1,445.1	
Assets					
Gross Block	417.9	443.4	503.4	563.4	
Less: Acc Depreciation	120.2	157.1	196.4	239.8	
Net Block	297.7	286.3	307.1	323.7	
Capital WIP	28.7	27.9	25.0	25.0	
Intangible Assets	3.3	2.3	2.3	2.3	
Total Fixed Assets	329.8	316.5	334.4	351.0	
Investments					
Inventory	718.6	554.9	732.5	904.5	
Debtors	73.8	137.1	93.9	116.0	
Loans and Advances	-	5.9	5.7	6.9	
Cash	116.9	434.0	455.9	511.7	
Total Current Assets	1,014.5	1,225.3	1,381.4	1,632.3	
Sundry Creditors	93.8	217.5	187.8	231.9	
Current Liabilities	397.3	442.2	443.2	444.2	
Provisions	27.3	20.0	20.2	20.4	
Total Current Liabilities	518.5	679.7	651.2	696.5	
Net Current Assets	496.1	545.6	730.2	935.8	
Other Non-current Assets	168.7	158.3	158.3	158.3	
Application of Funds	994.5	1,020.4	1,222.8	1,445.1	

Source: Company, ICICI Direct Research

Exhibit 10: Key ratios					
(Year-end March)	FY20	FY21A	FY22E	FY23E	
Per share data (₹)					
EPS	307.7	305.3	399.9	565.8	
Cash EPS	362.7	361.7	462.0	633.4	
BV	735.1	793.3	933.3	1,131.4	
DPS	202.0	250.0	259.9	367.8	
Cash Per Share	104.8	389.1	408.8	458.7	
Operating Ratios					
EBITDA Margin (%)	18.1	18.6	19.6	21.9	
PBT Margin (%)	15.7	16.0	17.4	19.9	
PAT Margin (%)	11.7	12.0	13.0	14.9	
Inventory days	89.0	71.5	78.0	78.0	
Debtor days	9.1	17.7	10.0	10.0	
Creditor days	11.6	28.0	20.0	20.0	
Return Ratios (%)					
RoE	41.9	38.5	42.8	50.0	
RoCE	55.7	52.4	55.4	65.0	
Valuation Ratios (x)					
P/E	103.5	104.3	79.6	56.3	
EV / EBITDA	66.5	66.6	52.3	37.9	
EV / Net Sales	12.0	12.4	10.2	8.3	
Market Cap / Sales	12.1	12.5	10.4	8.4	
Price to Book Value	43.3	40.1	34.1	28.1	
Solvency Ratios					
Debt/EBITDA	0.1	0.0	0.1	0.0	
Debt / Equity	0.0	0.0	0.0	0.0	
Current Ratio	2.0	1.8	2.1	2.3	
Quick Ratio	0.6	1.0	1.0	1.0	

Source: Company, ICICI Direct Research

RATING RATIONALE

ICICI Direct endeavors to provide objective opinions and recommendations. ICICI Direct assigns ratings to its stocks according to their notional target price vs. current market price and then categorizes them as Buy, Hold, Reduce and Sell. The performance horizon is two years unless specified and the notional target price is defined as the analysts' valuation for a stock

Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

**ICICI Direct Research Desk,
ICICI Securities Limited,
1st Floor, Akruiti Trade Centre,
Road No 7, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com**

ANALYST CERTIFICATION

I/We, Bharat Chhoda, MBA, Cheragh Sidhwa MBA, Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report.

Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products.

ICICI Securities is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager and Research Analyst. ICICI Securities is registered with Insurance Regulatory Development Authority of India Limited (IRDAI) as a composite corporate agent and with PFRDA as a Point of Presence. ICICI Securities Limited Research Analyst SEBI Registration Number - INH000000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stock broker. ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on www.icicibank.com.

ICICI Securities is one of the leading merchant bankers/ underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities and its analysts, persons reporting to analysts and their relatives are generally prohibited from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

Recommendation in reports based on technical and derivative analysis centre on studying charts of a stock's price movement, outstanding positions, trading volume etc as opposed to focusing on a company's fundamentals and, as such, may not match with the recommendation in fundamental reports. Investors may visit icidirect.com to view the Fundamental and Technical Research Reports.

Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

ICICI Securities Limited has two independent equity research groups: Institutional Research and Retail Research. This report has been prepared by the Retail Research. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the Institutional Research.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

ICICI Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts do not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities and ICICI Securities as a entity are engaged in various financial service businesses, they might have financial interests or beneficial ownership in various companies including the subject company/companies mentioned in this report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Neither the Research Analysts nor ICICI Securities have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on ICICI Securities by any Regulatory Authority impacting Equity Research Analysis activities.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject ICICI Securities and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

Since associates of ICICI Securities and ICICI Securities as a entity are engaged in various financial service businesses, they might have financial interests or beneficial ownership in various companies including the subject company/companies mentioned in this report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Neither the Research Analysts nor ICICI Securities have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on ICICI Securities by any Regulatory Authority impacting Equity Research Analysis activities.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject ICICI Securities and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.