

Margin Expansion Driven by Cost Savings; Maintain HOLD
Est. Vs. Actual for Q3FY25: Revenue – MISS; EBITDA –BEAT; PAT – BEAT
Changes in Estimates post Q3FY25
FY26E/FY27E – Revenue: -5%/-6%; EBITDA: -6%/-6%; PAT: -4%/4%
Recommendation Rationale

- **Resilient performance despite challenging environment:** Page Industries delivered a resilient performance in Q3FY25, with revenue growing 7% YoY, though slightly below estimates. Volume growth stood at 5% YoY, supported by a favourable category mix. The Athleisure segment saw strong traction, aided by deeper market penetration. The company continued expanding its retail footprint, reaching 1,10,176 MBOs, 1,436 EBOs, and 1,212 LFS outlets, driven by stable operations and robust e-commerce growth.
- **Margins guidance:** EBITDA margins expanded by 435bps YoY to 23%, driven by improved gross margins and cost optimisation. Management expects EBITDA margins to remain in the 19-21% range for FY25, as IT-related and marketing expenses will keep margins lower. While no price hikes are planned for FY25, the company will reassess pricing for FY26 as part of its ongoing budgeting process. Notably, there has been no price increase over the past three years.
- **Demand Outlook:** The management highlighted the short-term challenges persisting in the Indian apparel retail sector due to subdued consumer sentiment. However, long-term growth remains intact, supported by economic expansion, urbanisation, and higher disposable incomes. The athleisure and innerwear segments are expected to drive growth, aided by the increasing penetration of organised retail and e-commerce.

Sector Outlook: Cautiously Optimistic
Current Valuation: 57x Dec'26 EPS (Earlier valuation: 57x Dec'26 EPS)
Current TP: Rs 42,700/share (Earlier TP: Rs 44,500/share)
Recommendation: With a 7% downside from the CMP, we maintain our HOLD rating on the stock.

Financial Performance

Page Industries Q3FY25 results missed the topline. Revenue grew by 7% YoY (~5% volume growth), driven by customer engagement, focus on premiumisation, and strong performance across all product categories. Gross margin improved by 327 bps YoY to 56.3%, aided by stable input costs (cotton prices). EBITDA stood at Rs 303 Cr, up by ~32% YoY, and EBITDA margins improved by 435 bps to 23%, fueled by cost efficiencies, strategic sourcing, healthier inventory management, and gross margin gains. The company reported a PAT of Rs 205 Cr, up ~34.3% YoY.

Outlook: We appreciate the management's unwavering focus on expanding distribution through multiple channels (MBOs, EBOs, LFS) and smaller cities, along with their consistent commitment to implementing ARS across the retail network. This strategy will likely make Page Industries more flexible and resilient than its competitors in the long run. However, short-term challenges, such as a subdued demand environment and increased competitive intensity, are expected to constrain volume growth.

Valuation & Recommendation: We maintain our HOLD rating on the stock as short-term demand and margin profile pressure will limit the upside potential. Furthermore, we are looking for sustained signs of recovery from a longer-term perspective before reassessing our position. **We have revised our target price to Rs 42,700/share as we roll over our estimates to Dec'26 EPS.**

Key Financials (Standalone)

(Rs Cr)	Q3FY25	QoQ (%)	YoY (%)	Axis Est.	Variance (%)
Net Sales	1,313.1	5.4	6.9	1,354.6	(3.1)
EBITDA	302.5	7.5	31.7	271.2	11.5
EBITDA Margin (%)	23.0	45 bps	435 bps	20.0	302 bps
Net Profit	204.7	4.8	34.3	178.9	14.4
EPS (Rs)	183.5	4.8	34.3	160.4	14.4

Source: Company, Axis Research

 (CMP as of 05th February 2025)

CMP (Rs)	45,797
Upside /Downside (%)	-7%
High/Low (Rs)	49933/33,100
Market cap (Cr)	51,081
Avg. daily vol. (6m)Shrs. '000	30
No. of shares (Cr)	1

Shareholding (%)

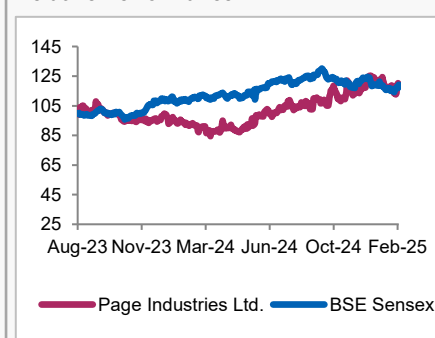
	Jun-24	Sep-24	Dec-24
Promoter	45.0	44.3	42.9
FIs	20.6	20.8	22.7
MFs / UTI	20.8	21.9	21.7
FIs / Banks	0.0	0.0	0.0
Others	13.6	13.0	12.8

Financial & Valuations

Y/E Mar (Rs Cr)	FY25E	FY26E	FY27E
Revenue	4,927	5,430	6,042
EBITDA	981	1,111	1,265
Net Profit	661	756	863
EPS (Rs)	592.2	677.5	773.5
PER (x)	77.3	67.6	59.2
EV/EBITDA (x)	51.6	45.5	39.7
P/BV (x)	27.7	23.6	19.9
ROE (%)	35.8	34.9	33.6

Change in Estimates (%)

Y/E Mar	FY26E	FY27E
Sales	-5%	-6%
EBITDA	-6%	-6%
PAT	-4%	-4%

Relative Performance


Source: Ace Equity, Axis Securities

Preeyam Tolia

 Research Analyst
 email: preeyam.tolia@axissecurities.in

Suhanee Shome

 Research Associate
 email: suhanee.shome@axissecurities.in

Other Concall Highlights

- **Capacity Expansion:** The Odisha plant is set to start by March, while the KR Pete unit in Karnataka is also underway. The company maintains a 65:35 in-house to outsourced production ratio, with both plants adding 2,000 sewing machines to meet three-year capacity needs.
- **Inventory Management:** As per the company, inventory levels improved with a five-day reduction across channels, currently standing at approximately 18 Mn pieces. Key segments like innerwear have reached optimal inventory levels, aided by the ARS process. While there is room for further reduction in categories like athleisure and juniors, their overall contribution remains relatively small. Broadly, the company has achieved its targeted inventory optimisation.
- **Athleisure Segment:** Athleisure contributes around 6% to the business and has shown signs of recovery after a challenging year in 2024 following the post-pandemic surge. The segment is performing better than last year, indicating a positive trend. Investments in product development continue to support its growth momentum.
- **Women's Inner Segment:** The women's innerwear category contributes 6-8% to overall sales, showing steady growth over the years. However, penetration remains considerably lower than the men's segment, which stands at 18-20%, indicating significant headroom for expansion.
- **Capacity Expansion Strategy:** The Odisha facility is set to begin operations by March-end, while the KR Pete unit in Karnataka is also underway. The company maintains a 65:35 in-house to outsourced production ratio. With 2,000 sewing machines across both plants, capacity needs for the next three years are expected to be met. The Odisha project entails a Rs 254 Cr investment in infrastructure and Rs 60-70 Cr for machinery. At the same time, the KR Pete expansion, with a Rs 30 Cr outlay, faces minor delays extending into next year.

Key Risks to Our Estimates and TP

- **Increase in competitive intensity, weakening of demand environment.**

Change in Estimates

	Old		New		% Change	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	5,727	6,433	5,430	6,042	-5%	-6%
EBITDA	1,185	1,349	1,111	1,265	-6%	-6%
PAT	788	899	756	863	-4%	-4%
EPS	706.9	806.2	677.5	773.5	-4%	-4%

Source: Company, Axis Securities

Results Review

Rs Cr	Q3FY24	Q2FY25	Axis Est.	Q3FY25	YoY (%)	QoQ (%)	Axis Est. Var (%)
Net Sales	1,229	1,246	1,355	1,313	6.9	5.4	(3.1)
Gross Profit	652	704	731	740	13.4	5.1	1.1
Gross Margin (%)	53.1	56.5	54.0	56.3	327 bps	-14 bps	235 bps
Employee Expenses	195	205	214	206	5.8	0.5	(3.8)
Other Expenses	228	217	246	231	1.5	6.4	(6.0)
EBITDA	230	281	271	303	31.7	7.5	11.5
EBITDA Margin (%)	18.7	22.6	20.0	23.0	435 bps	45 bps	302 bps
Oth. Inc	6	15	6	14	153.4	(3.5)	141.4
Interest	11	11	11	12	13.7	9.3	4.1
Depreciation	23	23	24	30	31.2	31.1	24.9
PBT	202	262	242	275	36.1	4.8	13.7
Tax	50	67	63	70	41.4	4.6	11.8
PAT	152	195	179	205	34.3	4.8	14.4
EPS	137	175	160	183	34.3	4.8	14.4

Source: Company, Axis Securities

Financials (Standalone)

Profit & Loss

(Rs Cr)

Y/E March	FY24	FY25E	FY26E	FY27E
Net sales	4,582	4,927	5,430	6,042
Growth, %	(2.8)	7.5	10.2	11.3
Other operating income	-	-	-	-
Total income	4,582	4,927	5,430	6,042
Raw material expenses	(2,085)	(2,168)	(2,363)	(2,623)
Employee expenses	(804)	(884)	(972)	(1,070)
Other Operating expenses	(821)	(894)	(983)	(1,085)
EBITDA (Core)	872	981	1,111	1,265
Growth, %	1.1	12.4	13.3	13.8
Margin, %	19.0	19.9	20.5	20.9
Depreciation	(91)	(106)	(114)	(132)
EBIT	781	875	997	1,133
Growth, %	(0.4)	12.0	13.9	13.7
Margin, %	17.1	17.8	18.4	18.7
Interest paid	(45)	(47)	(49)	(52)
Other Income	20	50	57	66
Non-recurring Items	-	-	-	-
Pre-tax profit	757	878	1,004	1,147
Tax provided	(187)	(217)	(249)	(284)
Profit after tax	569	661	756	863
Growth, %	(0.4)	16.1	14.4	14.2
Net Profit (adjusted)	569	661	756	863

Source: Company, Axis Securities

Balance Sheet

(Rs Cr)

Y/E March	FY24	FY25E	FY26E	FY27E
Cash & bank	321	431	587	820
Marketable securities at cost	0	0	0	0
Debtors	159	171	188	209
Inventory	1,170	1,258	1,387	1,543
Other current assets	226	226	226	226
Total current assets	1,876	2,085	2,387	2,798
Investments	0	0	0	0
Gross fixed assets	800	960	1,120	1,280
Less: Depreciation	-312	-418	-532	-664
Add: Capital WIP	239	239	239	239
Net fixed assets	726	781	827	855
Non-current assets	71	71	71	71
Total assets	2,683	2,947	3,294	3,733
Current liabilities	938	957	984	1,017
Provisions	0	0	0	0
Total current liabilities	938	957	984	1,017
Non-current liabilities	147	147	147	147
Total liabilities	1,086	1,104	1,132	1,165
Paid-up capital	11	11	11	11
Reserves & surplus	1,586	1,831	2,151	2,557
Shareholders' equity	1,597	1,843	2,163	2,568
Total equity & liabilities	2,683	2,947	3,294	3,733

Source: Company, Axis Securities

Cash Flow

(Rs Cr)

Y/E March	FY24	FY25E	FY26E	FY27E
Pre-tax profit	757	878	1,004	1,147
Depreciation	91	106	114	132
Chg in working capital	152	(81)	(119)	(144)
Total tax paid	(162)	(217)	(249)	(284)
Other operating activities	-	-	-	-
Cash flow from operating activities	838	685	751	850
Capital expenditure	(182)	(160)	(160)	(160)
Other investing activities	0	-	-	-
Cash flow from investing activities	(182)	(160)	(160)	(160)
Free cash flow	656	525	591	690
Dividend (incl. tax)	(346)	(415)	(436)	(457)
Other financing activities	-	-	-	-
Cash flow from financing activities	(346)	(415)	(436)	(457)
Net chg in cash	310	110	156	233
Opening cash balance	8	321	431	587
Closing cash balance	321	431	587	820

Source: Company, Axis Securities

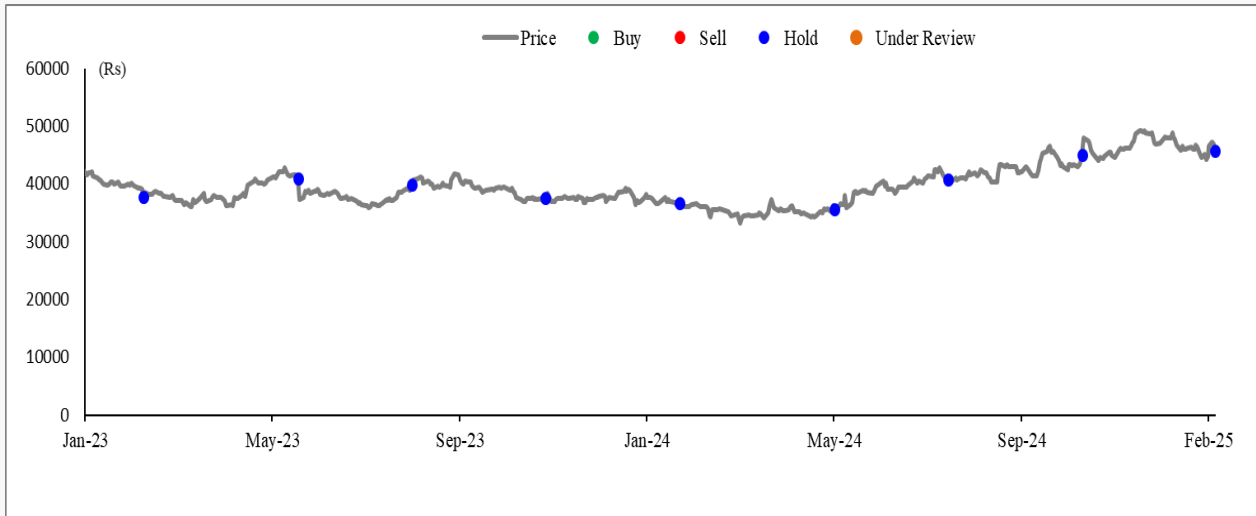
Ratio Analysis

(%)

Y/E March	FY24	FY25E	FY26E	FY27E
EPS (INR)	510.3	592.2	677.5	773.5
Growth, %	(0.4)	16.1	14.4	14.2
FDEPS (INR)	510.3	592.2	677.5	773.5
CEPS (INR)	591.7	686.9	780.1	891.8
CFPS (INR)	745.5	569.1	622.3	703.2
DPS (INR)	310.0	372.0	390.6	410.1
Return ratios				
Return on assets (%)	22.8	25.1	25.8	26.0
Return on equity (%)	35.6	35.8	34.9	33.6
Return on capital employed (%)	37.9	37.9	37.4	36.4
Turnover ratios				
Asset turnover (x)	3.7	3.9	3.8	3.8
Sales/Total assets (x)	1.7	1.8	1.7	1.7
Sales/Net FA (x)	6.7	6.5	6.8	7.2
Working capital/Sales (x)	0.1	0.1	0.2	0.2
Receivable days	12.6	12.6	12.6	12.6
Inventory days	93.2	93.2	93.2	93.2
Payable days	21.6	21.9	22.0	22.2
Working capital days	49.1	51.7	54.9	58.0
Liquidity ratios				
Current ratio (x)	2.0	2.2	2.4	2.8
Quick ratio (x)	0.8	0.9	1.0	1.2
Interest cover (x)	17.4	18.6	20.1	21.8
Net debt/Equity (%)	(20.1)	(23.4)	(27.1)	(31.9)
Valuation				
PER (x)	89.7	77.3	67.6	59.2
PEG (x) - y-o-y growth	(249.4)	4.8	4.7	4.2
Price/Book (x)	32.0	27.7	23.6	19.9
EV/Net sales (x)	11.1	10.3	9.3	8.3
EV/EBITDA (x)	58.2	51.6	45.5	39.7
EV/EBIT (x)	65.0	57.9	50.7	44.4

Source: Company, Axis Securities

Page Industries Price Chart and Recommendation History



Date	Reco	TP	Research
10-Feb-23	HOLD	41,500	Result Update
26-May-23	HOLD	40,000	Result Update
11-Aug-23	HOLD	40,400	Result Update
10-Nov-23	HOLD	36,400	Result Update
09-Feb-24	HOLD	34,500	Result Update
24-May-24	HOLD	36,200	Result Update
09-Aug-24	HOLD	41,100	Result Update
08-Nov-24	HOLD	44,500	Result Update
06-Feb-25	HOLD	42,700	Result Update

Source: Axis Securities Research

Axis Securities Limited is a subsidiary company of Axis Bank Ltd. Axis Bank Ltd. is a listed public company and one of India's largest private sector banks and has its various subsidiaries engaged in businesses of Asset management, NBFC, Merchant Banking, Trusteeship, Venture Capital, Stock Broking, the details in respect of which are available on www.axisbank.com.

Axis Securities Limited, is registered as a

- Stock Broker, Depository Participant, Portfolio Manager, Investment Adviser and Research Analyst with Securities and Exchange Board of India
- Corporate Agent with Insurance Regulatory and Development Authority of India
- Point of Presence with Pension Fund Regulatory and Development Authority
- Distributor for Mutual Funds with AMFI

Registration Details:

SEBI Single Reg. No.- NSE, BSE, MSEI, MCX & NCDEX – INZ000161633 | SEBI Depository Participant Reg. No. IN-DP-403-2019 | Portfolio Manager Reg. No.- INP000000654 | Investment Advisor Reg No. INA000000615 | SEBI-Research Analyst Reg. No. INH000000297 | IRDA Corporate Agent (Composite) Reg. No. CA0073| PFRDA – POP Reg. No. POP387122023 | Mutual Fund Distributor ARN- 64610.

Compliance Officer Details: Name – Mr. Maneesh Mathew, Tel No. – 022-68555574, Email id – compliance.officer@axisdirect.in;

Registered Office Address – Axis Securities Limited, Unit No.002, Building- A, Agastya Corporate Park, Piramal Realty, Kamani Junction, Kurla (W), Mumbai – 400070.

Administrative office address: Axis Securities Limited, Aaurum Q Parc, Q2 Building, Unit No. 1001, 10th Floor, Level – 6, Plot No. 4/1 TTC, Thane – Belapur Road, Ghansoli, Navi Mumbai, Pin Code – 400710.

In case of any grievances please call us at 022-40508080 or write to us helpdesk@axisdirect.in.

We hereby declare that our activities were neither suspended nor we have defaulted with any stock exchange authority with whom we are registered in last five years. However, SEBI, Exchanges, Clearing Corporations and Depositories etc. have conducted the routine inspection and based on their observations have issued advise/warning/show cause notices/deficiency letters/ or levied penalty or imposed charges for certain deviations observed in inspections or in normal course of business, as a Stock Broker / Depository Participant/Portfolio Manager. We have not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has our certificate of registration been cancelled by SEBI at any point of time.

Investments in securities market are subject to market risks. Read all the related documents carefully before investing.

By referring to any particular sector, Axis Securities does not provide any promise or assurance of favourable view for a particular industry or sector or business group in any manner.

Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. None of the research recommendations promise or guarantee any assured, minimum or risk-free return to the investors. Our research should not be considered as an advertisement or advice, professional or otherwise. This research report and its respective content by Axis Securities made available on this page or otherwise do not constitute an offer to sell or purchase or subscribe for any securities or solicitation of any investments or investment services for the residents of Canada and / or USA or any jurisdiction where such an offer or solicitation would be illegal.

Subject company(ies) may have been client during twelve months preceding the date of distribution of the research report. Derivatives are a sophisticated investment device. The investor is requested to take into consideration all the risk factors before actually trading in derivative contracts.

Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is made regarding future performance. Information, opinions and estimates contained in this report reflect a judgment of its original date of publication by ASL and are subject to change without notice. The price, value of and income from any of the securities or financial instruments mentioned in this report can fall as well as rise. The value of securities and financial instruments is subject to exchange rate fluctuation that may have a positive or adverse effect on the price or income of such securities or financial instruments.

The information and opinions in this report have been prepared by Axis 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 Axis Securities. The report must not be used as a singular basis of any investment decision. The views herein are of a general nature and do not consider the risk appetite, investment objective or the particular circumstances of an individual investor. The investor is requested to take into consideration all the risk factors including their financial condition, suitability to risk return profile and the like and take professional advice before investing.

While we would endeavour to update the information herein on a reasonable basis, Axis Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent Axis 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 Axis Securities policies, in circumstances where Axis Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained in good faith 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. Axis 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. Axis 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. Axis 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. Axis 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. Axis Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months. Axis Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. Axis Securities or its associates or its analysts did 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 Axis Securities nor Research Analysts and / or their relatives have any material conflict of interest at the time of publication of this report. Please note that Axis Securities has a proprietary trading desk. This desk maintains an arm's length distance with the Research team and all its activities are segregated from Research activities. The proprietary desk operates independently, potentially leading to investment decisions that may deviate from research views.

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

Research Analyst may have served as an officer, director or employee of subject company(ies). Axis Securities 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 Axis Securities and Axis Securities as an entity are engaged in various financial service businesses, they might have financial interests or actual/beneficial ownership of one percent or more or other material conflict of interest in various companies including the subject company/companies mentioned in this report. Axis Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report. Certain transactions -including those involving futures, options and other derivatives as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. Reports based on technical analysis centres on studying charts of a stock's price movement and trading volume, as opposed to focusing on a company's fundamentals and as such, may not match with a report on a company's fundamentals.

We and our affiliates/associates, officers, directors, and employees, Research Analyst(including relatives) worldwide may: (a) from time to time, have long or short positions in, and buy or sell the securities thereof, of company (ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company/company (ies) discussed herein or act as advisor or lender / borrower to such company (ies) or have other potential/material conflict of interest with respect to any recommendation and related information and opinions at the time of publication of Research Report or at the time of public appearance. Axis Securities may have proprietary long/short position in the above mentioned scrip(s) and therefore may be considered as interested. This should not be construed as invitation or solicitation to do business with Axis Securities. Axis Securities is also a Portfolio Manager. Portfolio Management Team (PMS) takes its investment decisions independent of the PCG research and accordingly PMS may have positions contrary to the PCG research recommendation.

RATING SCALE: Definitions of ratings

Ratings	Expected absolute returns over 12 – 18 months
BUY	More than 10%
HOLD	Between 10% and -10%
SELL	Less than -10%
NOT RATED	We have forward looking estimates for the stock, but we refrain from assigning valuation and recommendation.
UNDER REVIEW	We will revisit our recommendation, valuation and estimates on the stock following recent events
NO STANCE	We do not have any forward-looking estimates, valuation or recommendation for the stock

Note: Returns stated in the rating scale are our internal benchmark.