

05 February 2026

Page Industries

Operating performance steady, but muted volume trajectory warrants caution

RESULT UPDATE

Sector: Apparel **Rating:** HOLD
CMP: Rs 35,662 **Target Price:** Rs 37,748

Stock Info

Sensex/Nifty	83,313 / 25,642
Bloomberg	PAG IN
Equity shares (mn)	11.2
52-wk High/Low	Rs 50590 / 31740
Face value	Rs 10
M-Cap	Rs.384.5bn/US\$4.2bn
3-m Avg Turnover	US\$ 11.7mn

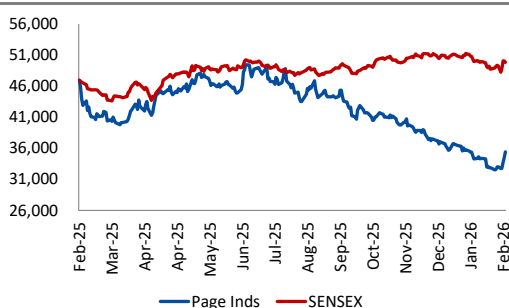
Financial Snapshot (Rs mn)

Y/E Mar	FY26E	FY27E	FY28E
Sales	51,405	55,686	61,415
PAT	7,843	7,771	8,637
EPS (Rs)	703.2	696.7	774.4
PE (x)	50.7	51.2	46.1
EV/EBITDA (x)	34.7	34.0	30.6
P/BV (x)	25.8	23.6	21.6
EV/Sales	7.6	7.0	6.4
RoE (%)	53.2	48.2	49.0
RoCE (%)	73.9	67.8	68.8
NWC (days)	55	55	55
Net gearing (x)	-	-	-

Shareholding Pattern (%)

	Dec 25	Sept 25	Jun 25
Promoter	42.9	42.9	42.9
-Pledged	-	-	-
FII	20.7	23.2	24.0
DII	30.8	28.5	27.8
Others	5.6	5.4	5.3

Stock Performance (1-year)



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Page Industries (PAG) 3QFY26 revenue growth was in line with expectations while operating margin and PAT were above expected. Revenue/ EBITDA/ PAT growth stood at 5.6%/ 5.2%/ 9.7% YoY respectively. Volumes grew 1.4% YoY to 58.6 mn pieces. Net realization increased by 4%, this growth was due to product mix shift to more premium items and a channel mix shift towards online platforms where the company realizes full MRP as revenue. Gross margin expanded 159 bps YoY to 57.9%. EBITDA margin declined 10 bps YoY to 22.9%. Employee cost increased 110 bps YoY and other operating expenses grew 59 bps YoY. Adjusted PAT grew 9.7% YoY to Rs 2.25 bn.

Consumer demand remained broadly subdued in 9MFY26. The improved margin performance was led by stable RM, and running a tight ship on costs, and it still intends to increase essential spends on marketing, distribution especially on D2C, EBOs and product innovation, given still low penetration rates across segments and markets. For the last few years (~3 years) company has not taken a price increase however company is now monitoring volatile input costs, particularly cotton, and may consider price adjustments if costs increase substantially. Company expects margins to remain in the range of ~19-21% moving ahead. The rising competition in the innerwear and athleisure categories remain a concern, in our view. Over FY26-28E, we have trimmed our revenue estimates by 6-8% and PAT estimates by 3-4%. We have projected operating margins of 22%/ 20.8%/ 20.9% for FY26E/ FY27E/ FY28E respectively. We have build in revenue/ EBITDA/ PAT CAGR of 7.6%/ 6.5%/ 5.8% over FY25-FY28E. We maintain our HOLD rating with a revised TP of Rs 37,748 (Rs 41,881 earlier) based on 50x Dec 2027 EPS, a ~15% discount to PAG's long-term average multiple of ~60x.

Earnings call takeaways

Volumes/ Realization

- Volume:** Sales volume for the quarter stood at 58.6 mn pieces, a 1.4% increase YoY. For 9MFY26, volumes increased by 1.9%.
- Working capital:** Inventory days stood at 67 at the end of Q3, compared to 64 days at the beginning of the year. Net working capital improved to 52 days from 54 days at the year's start.
- Realization:** Realization saw a 4% increase, driven by a mix change toward premium categories, winter wear (sweatshirts, hoodies), and a shift in channel mix toward online sales, rather than direct price hikes.

Operational efficiency

- Workforce management:** The company saw a reduction in employee count due to a recruitment freeze and enhanced productivity through automation and lean initiatives. Management noted that value stream mapping has allowed them to achieve more output with fewer people.

Investors are advised to refer disclosures made at the end of the research report.

- **Manufacturing strategy:** Insourcing capability moved to 64%, with outsourcing increasing to 36%. This shift was intentional and aimed at achieving cost benefits.

Distribution and channel trends

- **Online and E-commerce:** The company continues to see strong growth in e-commerce and quick commerce channels, as consumer behavior shifts from offline to online.
- **General trade challenges:** General trade has faced more pressure compared to EBOs and e-commerce, partly due to consumer sentiment and retailers managing softer demand by correcting stock levels.

Product and category insights

- **Premiumization:** The mid-premium and premium segments are outperforming entry-level products. Premium offerings, such as the bonded technology collection in innerwear and bras, have been well-received by consumers.
- **JKY Groove:** This collection has shown success and expanded from 50 to 150 EBOs in Q3, with a target of 500 EBOs by April 2026. It is currently treated as a collection rather than a standalone brand.
- **Segment performance:** Women's innerwear and leisurewear are experiencing better growth rates than men's innerwear, which remains the company's largest but toughest category.

Future outlook and strategy

- **Growth targets:** Management maintains an aspiration for double-digit volume growth. Growth is expected to come from product innovation, aggressive marketing, and deeper penetration into existing stores.
- **Margin guidance:** The company intends to maintain long-term EBITDA margins in the 19% to 21% range. They are prioritizing absolute EBITDA growth and value for consumers over chasing higher margin percentages.
- **International expansion:** Page Industries has secured licenses for the entire GCC region, adding Saudi Arabia, Kuwait, and Bahrain to its existing markets in the UAE, Oman, and Qatar.
- **Pricing strategy:** No price increases were implemented this quarter, but the company is monitoring volatile input costs, particularly cotton, and may consider price adjustments if costs increase substantially.

Exhibit 1: Quarterly performance

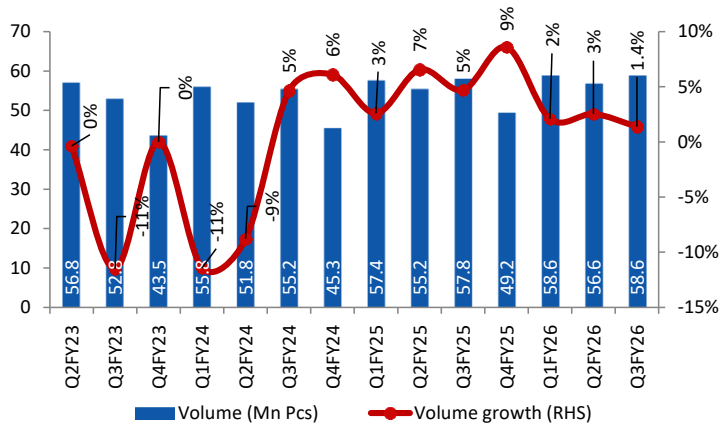
YE March (Rs mn)	Q3FY26	Q3FY25	Q2FY26	YoY (%)	QoQ (%)
Net Revenues	13,868	13,131	12,909	5.6	7.4
RM Costs	2,662	3,505	2,274	(24.0)	
(% of sales)	19.2	26.7	17.6		
Purchase of traded goods	3,171	2,227	2,898	42.4	
(% of sales)	22.9	17.0	22.4		
Employee cost	2,331	2,062	2,476	13.0	
(% of sales)	16.8	15.7	19.2		
Others	2,522	2,311	2,466	9.1	
(% of sales)	18.2	17.6	19.1		
EBITDA	3,181	3,025	2,795	5.2	13.8
EBITDA margin (%)	22.9	23.0	21.7	-10 bps	+128 bps
Other income	124	140	195		
PBIDT	3,305	3,166	2,990	4.4	10.5
Depreciation	265	297	254	(10.5)	
Interest	127	119	125	6.6	
PBT	2,913	2,750	2,611	5.9	11.6
Tax	667	703	663	(5.1)	
ETR (%)	22.9	25.6	25.4		
Adjusted PAT	2,245	2,047	1,948	9.7	15.3
PATAMI margin	16.2	15.6	15.1	+61 bps	+110 bps
Extraordinary income/ (exp.)	350	0	0		
Reported PAT	1,895	2,047	1,948	(7.4)	(2.7)
No. of shares (mn)	11.2	11.2	11.2		
Adj EPS (Rs)	169.9	183.5	174.6		

Source: Company, Systematix Research

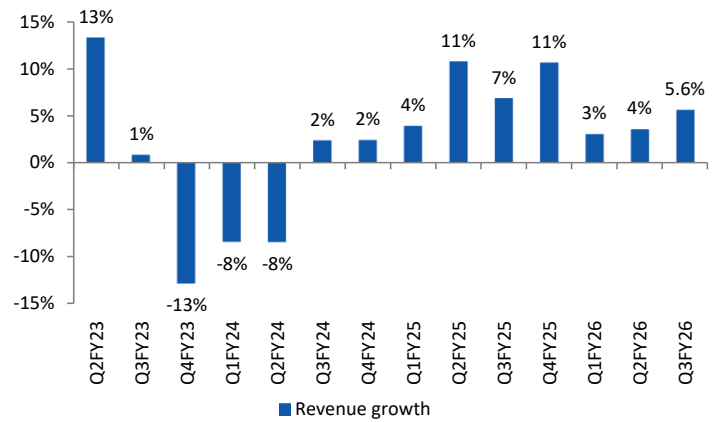
Exhibit 2: Change in estimates

	New estimates			Old estimates			Variation (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28	FY26E	FY27E	FY28E
Net Sales	51,405	55,686	61,415	52,270	58,979	66,387	-1.7%	-5.6%	-7.5%
EBITDA	11,330	11,559	12,825	11,330	12,079	13,434	0.0%	-4.3%	-4.5%
EBITDA Margin	22.0%	20.8%	20.9%	21.7%	20.5%	20.2%			
Adj. PAT	7,843	7,771	8,637	7,818	8,060	8,927	0.3%	-3.6%	-3.2%

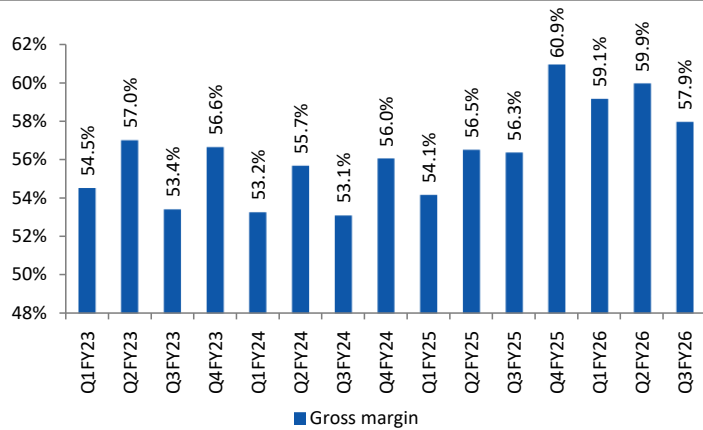
Source: Company, Systematix Research

Exhibit 3: Volumes grew 1.4% YoY

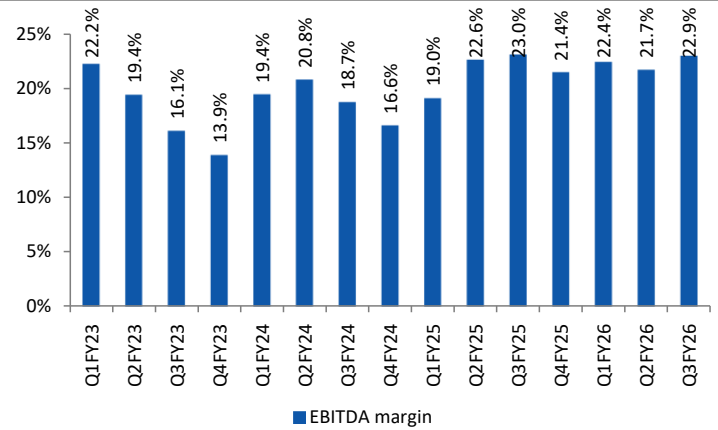
Source: Company, Systematix Research

Exhibit 4: Revenue grew 5.6% YoY

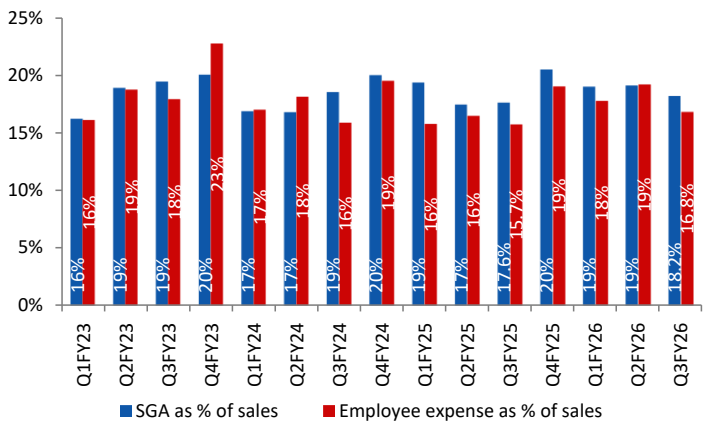
Source: Company, Systematix Research

Exhibit 5: GMs improved 160bps YoY

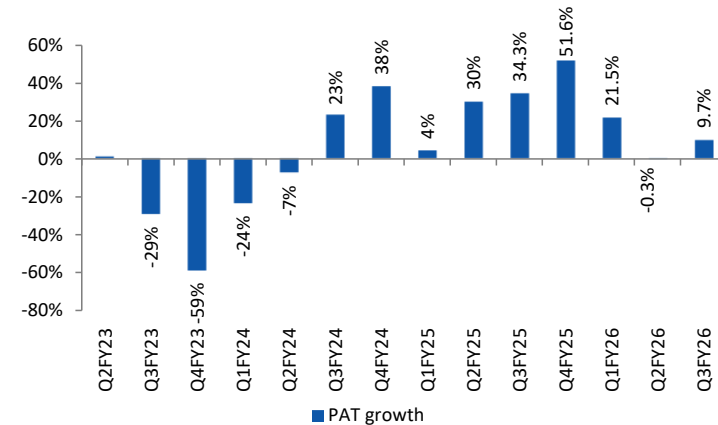
Source: Company, Systematix Research

Exhibit 6: EBITDA margin dropped by 10bps YoY

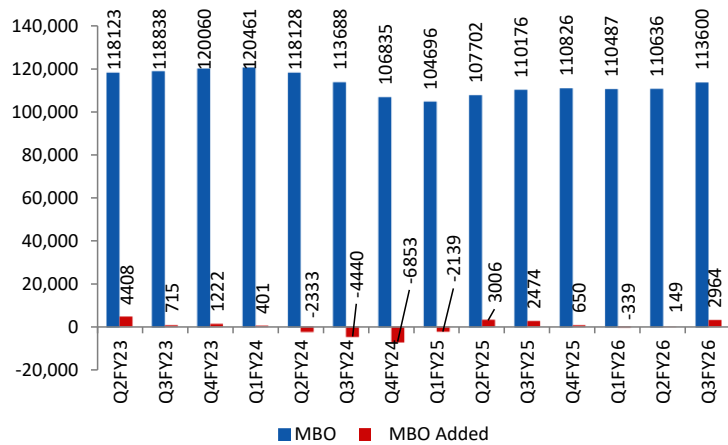
Source: Company, Systematix Research

Exhibit 7: SGA and employee expenses increased as % of sales

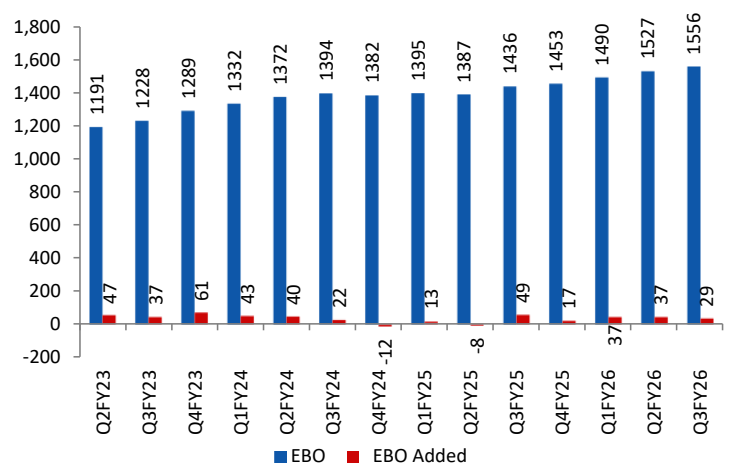
Source: Company, Systematix Research

Exhibit 8: Earnings grew by 9.7% YoY

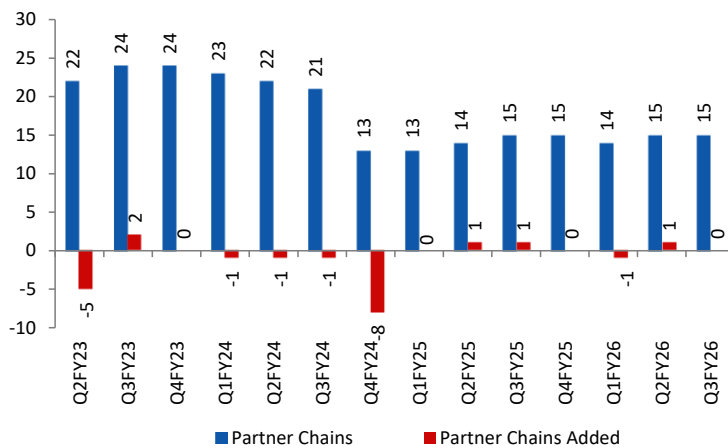
Source: Company, Systematix Research

Exhibit 9: Rationalization continued in the MBO channel

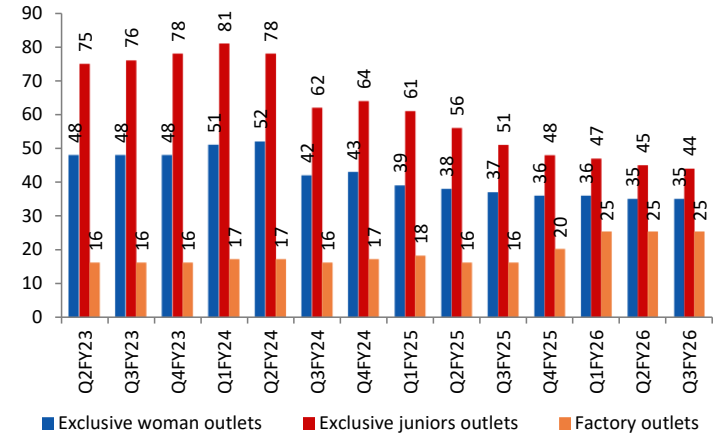
Source: Company, Systematix Research

Exhibit 10: EBO network at 1556 (added 29 EBO)

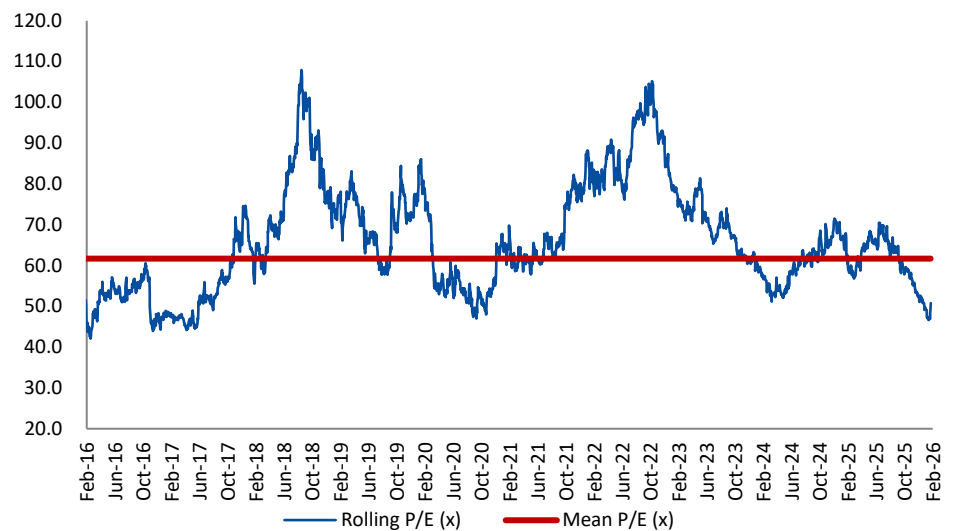
Source: Company, Systematix Research

Exhibit 11: LFS partner count stands at 15

Source: Company, Systematix Research

Exhibit 12: Strong network expansion across the product portfolio

Source: Company, Systematix Research

Exhibit 13: Currently trading at 50.8x one year forward P/E

Source: Company, Systematix Research

FINANCIALS

Profit & Loss Statement

YE: Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	45,817	49,349	51,405	55,686	61,415
Gross profit	24,971	28,045	30,278	32,353	35,744
GP margin (%)	54.5%	56.8%	58.9%	58.1%	58.2%
Operating profit	8,723	10,625	11,330	11,559	12,825
OP margin (%)	19.0%	21.5%	22.0%	20.8%	20.9%
Depreciation	908	992	1,054	1,279	1,403
EBIT	7,814	9,633	10,276	10,280	11,422
Interest expense	449	464	510	523	537
Other income	200	616	623	660	693
Profit before tax	7,565	9,786	10,389	10,417	11,578
Taxes	1,858	2,485	2,545	2,646	2,941
Tax rate (%)	24.6%	25.4%	24.5%	25.4%	25.4%
Adj. PAT	5,707	7,301	7,843	7,771	8,637
Exceptional loss	-	-	350	-	-
Net profit	5,707	7,301	7,843	7,771	8,637
EPS	512	655	703	697	774

Source: Company, Systematix Research

Balance Sheet

YE: Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Equity capital	112	112	112	112	112
Reserves	15,858	13,960	15,317	16,723	18,287
Debt	-	-	-	-	-
Deferred tax liab (net)	-	-	-	-	-
Other non current liabilities	1,475	2,253	2,368	2,489	2,616
Total liabilities	17,444	16,325	17,796	19,324	21,014
Fixed Asset	5,590	5,848	6,794	7,515	8,113
Investments	-	-	-	-	-
Other Non-current Assets	4,736	5,363	5,685	6,125	6,602
Inventories	11,703	8,589	9,013	9,764	10,769
Sundry debtors	1,586	1,916	1,831	1,983	2,187
Cash & equivalents	3,210	4,714	4,936	5,276	5,849
Loans and Advances	-	-	-	-	-
Sundry creditors	2,200	2,549	3,098	3,356	3,702
Other current liabilities	7,182	7,556	7,365	7,984	8,804
Total Assets	17,444	16,325	17,796	19,324	21,014

Source: Company, Systematix Research

Cash Flow

YE: Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
PBIT	8,014	10,250	10,899	10,940	12,115
Depreciation	908	992	1,054	1,279	1,403
Tax paid	(1,858)	(2,485)	(2,545)	(2,646)	(2,941)
Working capital Δ	4,052	3,508	19	(26)	(43)
Other operating items	-	-	-	-	-
Operating cashflow	11,116	12,265	9,426	9,547	10,534
Capital expenditure	(1,593)	(1,251)	(2,000)	(2,000)	(2,000)
Free cash flow	9,523	11,014	7,426	7,547	8,534
Equity raised	679	840	(350)	(0)	(0)
Investments	-	-	-	-	-
Debt financing/disposal	(2,482)	-	-	-	-
Interest Paid	(449)	(464)	(510)	(523)	(537)
Dividends paid	(4,127)	(10,039)	(6,137)	(6,364)	(7,074)
Other items	(15)	151	(206)	(319)	(350)
Net Δ in cash	3,129	1,503	222	340	573

Source: Company, Systematix Research

Ratios

YE: Mar	FY24	FY25	FY26E	FY27E	FY28E
Revenue growth (%)	-4.3	7.7	4.2	8.3	10.3
Op profit growth (%)	1.1	21.8	6.6	2.0	11.0
Net profit growth (%)	-0.1	27.9	7.4	-0.9	11.2
OPM (%)	19.0	21.5	22.0	20.8	20.9
Net profit margin (%)	12.5	14.8	15.3	14.0	14.1
RoCE (%)	49.8	68.2	73.9	67.8	68.8
RoNW (%)	38.5	48.6	53.2	48.2	49.0
EPS (Rs)	511.6	654.6	703.2	696.7	774.4
DPS (Rs)	370.0	900.0	550.2	570.6	634.2
BVPS (Rs)	1431.7	1261.6	1383.2	1509.3	1649.5
Debtor days	13	14	13	13	13
Inventory days	93	64	64	64	64
Creditor days	18	19	22	22	22
P/E (x)	69.7	54.5	50.7	51.2	46.1
P/B (x)	24.9	28.3	25.8	23.6	21.6
EV/EBITDA (x)	45.2	37.0	34.7	34.0	30.6

Source: Company, Systematix Research

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