

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

ECONOMIC OVERVIEW

Major reforms were undertaken over the past year. The transformational Goods and Services Tax (GST) was launched. The long-festering Twin Balance Sheet (TBS) problem was decisively addressed by sending the major stressed companies for resolution under the new Indian Bankruptcy Code and implementing a major recapitalization package to strengthen the public sector banks. As a result of these measures, the dissipating effects of earlier policy actions, and the export uplift from the global recovery, the economy began to accelerate in the second half of the year. This should allow real GDP growth to reach 6¾ percent for the year as a whole, rising to 7-7½ percent in 2018-19, thereby re-instating India as the world’s fastest growing major economy.

Source: Ministry of Finance

INDUSTRY STRUCTURE AND DEVELOPMENT: TEXTILES

Global Apparel Market

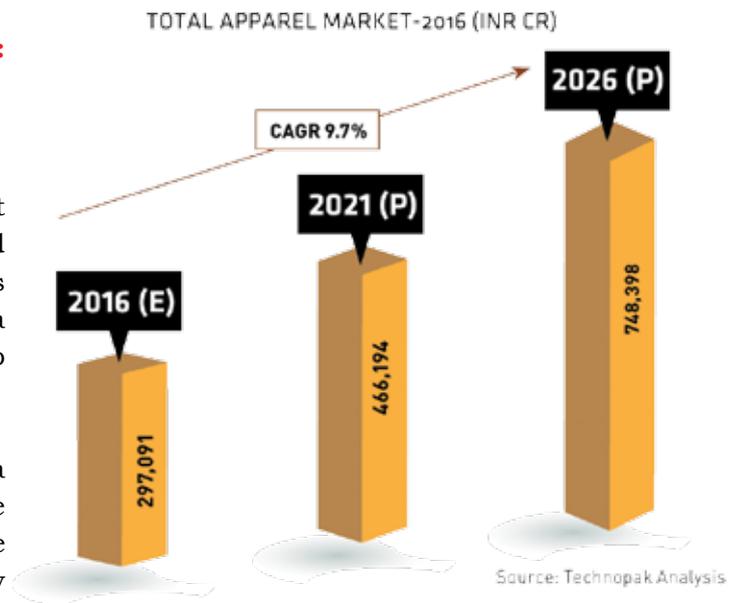
The current global apparel market is estimated at US\$ 1.7 trillion which forms nearly 2% of the world GDP of US\$ 75.6 trillion. The apparel market is still largely dominated by the EU & USA, with a cumulative share of 40% whereas they are home to only 11% of the world population.

The next biggest markets are China, Japan, India and Brazil, in descending order with a cumulative share of approximately 27%. It is estimated that the global apparel market will become US\$ 2.6 trillion by 2025, indicating an addition of market worth US\$ 1 trillion in 7 years. It is also projected that China and India will be the fastest growing apparel markets, both growing in double digits. China will become the biggest apparel market adding more than US\$ 288 billion in market size by 2025, whereas India will be the second most attractive apparel market adding US\$ 97 billion by 2025. The high growth in these markets will be primarily driven by the economic growth and increasing disposable income of a large population base.

Indian Apparel Market

The current domestic textile and apparel market is estimated at US\$ 85 billion (2016), with apparel having ~75% share. With growth of disposable income, favourable demographics and changing lifestyle, consumption of products and services is expected to grow continuously in the foreseeable future, including textiles and apparel. The domestic T&A market is expected to grow at 11% CAGR to reach US\$ 220 billion by 2025. Technical textiles is a promising segment, which is expected to grow at a higher rate of 12% CAGR, while apparel & home textiles would grow at around 11% CAGR in this period.

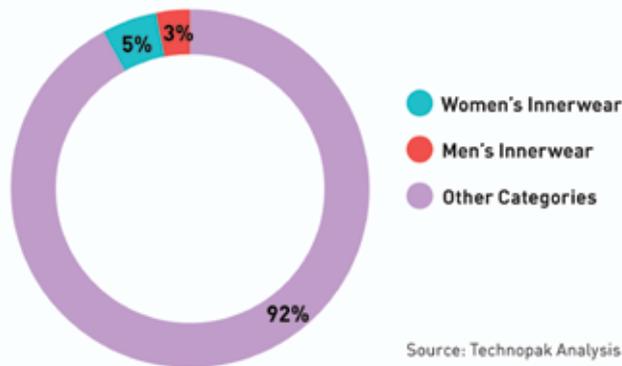
Source: Ministry of Textiles and Wazir Analysis



Innerwear Market Size & Growth

Indian fashion retail market currently estimated to be worth ₹ 2,97,091 crores (US\$ 46 billion), is envisaged to grow at a promising CAGR of 9.7 percent to reach ₹ 7,48,398 crores (US\$ 115 billion) by 2026.

SHARE OF INNERWEAR CATEGORY WITHIN APPAREL MARKET (2016)

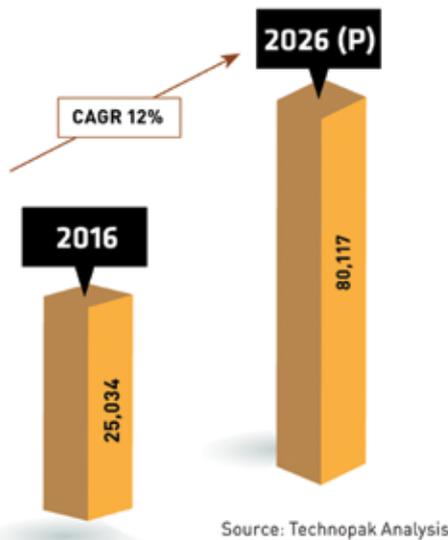


The men's innerwear market, that is estimated to be worth ₹ 8,775 crores in the year 2016 is estimated to grow at a CAGR of 8.5 percent to reach ₹ 19,840 by 2026. In the year 2016, it accounted for only 3 percent of the total apparel market.

The Indian innerwear market is primarily segmented into men's and women's. Currently, the women's segment dominates the market by accounting for 65 percent of total market share. Kids' innerwear market is primarily unorganized. Local MBOs and regional players are known for catering to kids' segment of the innerwear market. Although there are some brands for teens' innerwear, they do not have a large assortment.

Source: Images Business of Fashion

INNERWEAR MARKET, 2016 (INR CR)



Innerwear Category

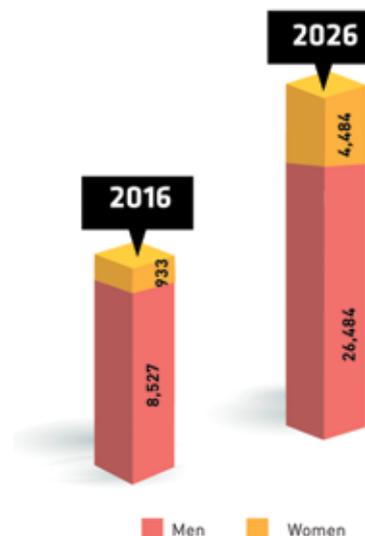
The innerwear category, currently estimated to be worth ₹ 25,034 crores, accounts for 8 percent of the total apparel market in 2016 and is expected to grow at CAGR of 12 percent over next five years and reach ₹ 80,117 crores by 2026.

In recent years, the women's innerwear segment has grown consistently and estimated to be worth ₹ 16,259 crores in 2016 and accounts for 5 percent of the apparel market.

T-Shirts

T-shirts is considered as one of the most comfortable and dynamic categories of casual wear. Due to its soft knit fabric, fit, and the versatile use, it is highly acceptable to a wide segment of customers. The market size of men's t-shirts in 2016 was ₹ 8,527 crores and is estimated to grow at CAGR of 12 percent to reach ₹ 26,484 crores by 2026 and for women the market size for t-shirts was ₹ 933 crores in 2016 and is estimated to grow at a CAGR of 17 percent to reach ₹ 4,484 crores by 2026.

MARKET SIZE OF T-SHIRTS (INR CR)



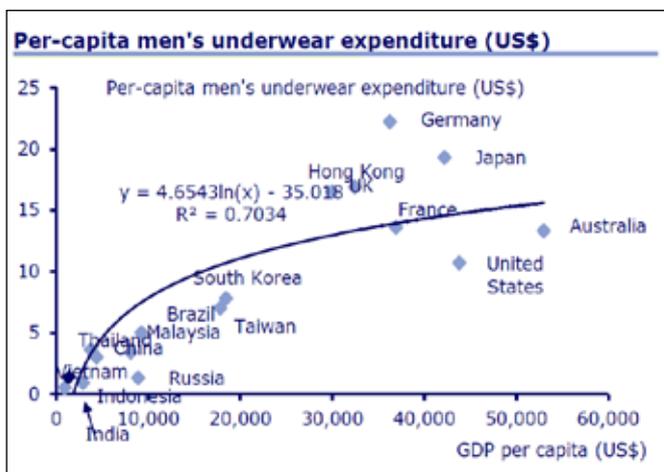
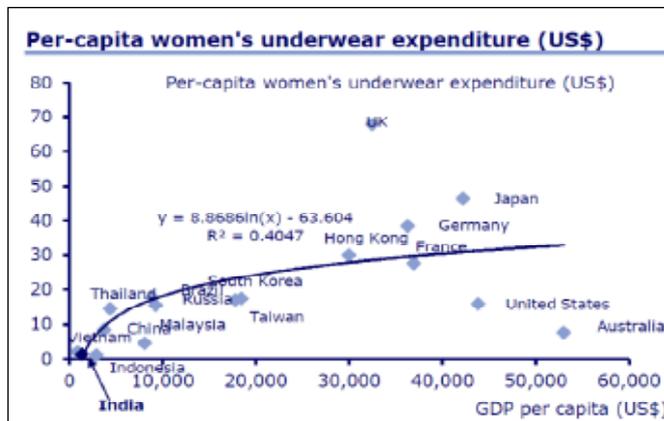
Source: Images Business of Fashion

Indian consumer spend on innerwear products is significantly lower than other Asian peers. This trend is visible across both men's and women's segments with gaps of over 90% against countries like Thailand and China. This suggests that there is significant room for growth driven by rising per capita spending on such products.

Looking ahead, we expect growth in the innerwear market to be driven by broad based consumer trends in the form of rising discretionary spend, growing number of mid-high income households and rising urbanization.

Innerwear has graduated from being just a functional category to a category that offers additional fashion quotient. It is shifting from a price sensitive category to a brand sensitive category.

Source: CLSA Asia-Pacific Markets, Euro monitor



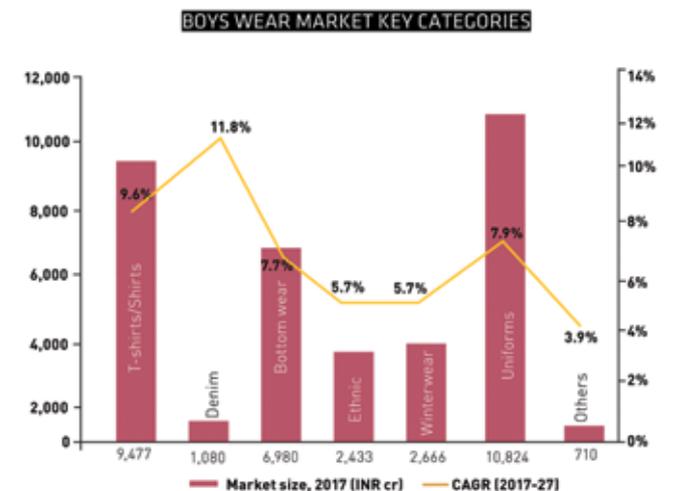
Kids wear

The Indian apparel market is witnessing high growth in the kids wear segment. The Indian kids wear market in 2017 was estimated at ₹ 66,904 crore accounting for 20 percent of total apparel market of the country. Kids wear is expected to grow at CAGR of 8.1 percent to reach ₹ 145,445 crore by 2027. India has the world's largest young population in the age group 0 to 14 years accounting for 29 percent (337 million) of the total population.

Source: Images Business of Fashion

Swimwear

Although the market is still at its nascent stage, it is nevertheless showing a great potential for the growth of swimwear and resort wear in the country. Most parents and schools now recognize swimming



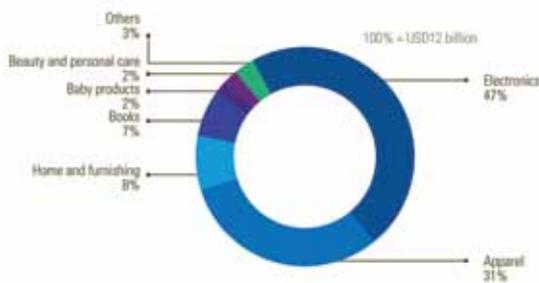
as an important life skill and want their kids to learn swimming. Most modern high rise apartment complexes in metro cities provide swimming pool access for their residents. Traditionally, while community clubs are for the 'very elite and privileged', it still is playing a fairly significant form of access.

In the past, the Company has commissioned AC Nielsen to conduct a comprehensive study on the swimwear category & consumer behavior of swimmers in India. As per the study, 3% of urban population in audience of 'SEC A/B,' at an all India level across both gender groups are penetration swimmers (those swimming twice a week in summer season). The research also shows that 24% of the non-swimmers surveyed, demonstrated 'likelihood to swim in the future' which shows that there is a fairly large potential of non-swimmers 'who are willing to swim'.

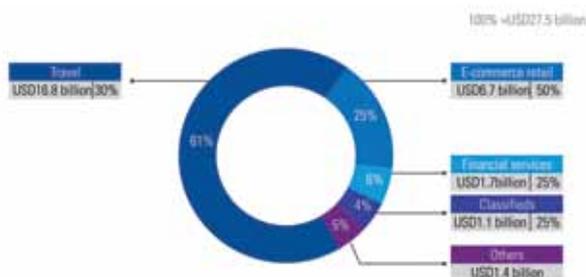
E-Commerce Industry

The e-commerce market in India was estimated at US\$ 27.5 billion in 2016, and is expected to grow at a CAGR of 31 per cent to touch US\$ 80 billion

E-commerce retail market by value (2016)



Market size and growth by category (2015)



by 2020. E-commerce retailing is the second largest after travel and fastest-growing segment.

The e-commerce retail market is among India's exciting and fastest growing markets. In terms of GMV (Gross Merchandise Value), the market is estimated to be worth US\$ 12 billion in 2016.

Electronics is currently the largest segment in e-commerce retail followed by Apparel at 31%.

Source: KPMG

The Company has started its own online store www.jockeyindia.com in the year 2015 and since then has tied up with various leading online retailers to increase the online reach of the products to the entire country.

OPPORTUNITIES AND THREATS

Opportunities

For the apparel industry in general and our market in particular:

- More organized retail, affording brand visibility
- Better consumer retail experience, increasing demand
- Increasing fashion consciousness and consumers becoming more aspirational, discerning and brand savvy
- The factors that determine consumption, education, occupation, urbanization, rise in nuclear families moving in a positive direction
- Increasing urban women population and women corporate workforce
- Increasing brand consciousness and spending on kids
- Higher disposable incomes
- Increasing online retail buying

Threats

Many major international apparel brands have commenced operations in India realizing that Indian markets are likely to emerge as one of the largest markets in the world in the next few decades.

OUTLOOK

In anticipation of growing demand, the company has substantially expanded its installed capacity. With the ongoing addition of new buildings, infrastructure and facilities, the installed capacity is scalable and can be ramped up with incremental machinery and man power to meet the expected healthy growth in demand. The company has significantly expanded its presence in the India market, by opening many exclusive brand outlets (EBO's) and through expansion in multi brand outlets making the brands available to consumers across the entire length and breadth of the country.

SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE

The company is engaged in the business of manufacturing garments and there is no separate reportable segment.

RISK AND CONCERN

The Company has robust risk management procedures to identify and evaluate risks on an ongoing basis. Risks are inherent in business activities and the Company has implemented a SCORE framework: -

- Strategic Risks,
- Compliance Risks,
- Operational Risks,
- Reporting obligations and
- Environment and Safety Risks

The key risks and concerns identified by the Company are:

- IT Governance & Enterprise Risk Management;
- Sensitive Information Leakage; and
- Business Continuity and Disaster Recovery

The identified risks are integrated into the business plan and a detailed action plan to mitigate the identified business risk and concerns is put in place.

INTERNAL CONTROL SYSTEM AND ADEQUACY

The Company has an adequate internal control system commensurate with its size and nature of its

business. Management has overall responsibility for the Company's internal control system to safeguard the assets and to ensure reliability of financial records. The Company has a detailed budgetary control system and the actual performance is reviewed periodically and decisions taken accordingly.

Internal audit program covers all areas of activities and periodical reports are submitted to the management. Audit Committee reviews all financial statements and ensures adequacy of internal control systems. The Company has a well-defined organization structure, authority levels and internal rules and guidelines for conducting business transactions.

SAP and ARIBA software have provided the Company with the best structures, disciplined systems, best practices, enabling the Company to improve efficiency, smooth planning, monitoring and control. SAP is proving to be an extremely useful and essential tool for the Company as it embarks on its aggressive growth plans. An exciting extension of the SAP is the continuously evolving Business Intelligence module that is creating smart and concise management reports profoundly aiding decision making.

FINANCIAL PERFORMANCE AND ANALYSIS

(₹ in Millions)

| Particulars | 2017-18 | 2016-17 | Change | % |
|--|---------|---------|--------|-------|
| Revenue from operations (net) | 25,520 | 21,305 | 4,216 | 19.78 |
| Profit before Interest, Depreciation & Tax | 5,621 | 4,375 | 1,246 | 28.48 |
| Less: Finance Cost | 166 | 180 | -14 | -7.78 |
| Profit before Depreciation and Tax | 5,455 | 4,195 | 1,260 | 30.04 |
| Less: Depreciation | 280 | 247 | 33 | 13.36 |
| Profit before Tax | 5,175 | 3,948 | 1,227 | 31.08 |
| Less: Tax | 1,705 | 1,285 | 420 | 32.68 |
| Profit for the year | 3,470 | 2,663 | 807 | 30.30 |



'Page Mohotsava' celebrations

HUMAN RESOURCES / INDUSTRIAL RELATIONS

The Company has been a highly performing organization with year on year growth, in line with its Vision, Mission and Values. The major credit for this success can be attributed to the leadership, managerial team members and its 18,801 employees, who committed themselves and made the Company a leader by creating a unique culture of belongingness and camaraderie with their team.



Diwali celebration

Performance Management System for staff members:

The Company has designed and implemented a new Performance Management System (PMS), with emphasis on individual goal setting, enabling two-way discussion and developmental feedback between employees and their managers (coach), and supporting transparent linkage between target achievement and rewards, like salary increase, talent development and career growth. Last year, after extensive training and awareness sessions for all staff members, goal setting for 2017-18 was done for all middle and senior management employees. A strong foundation was laid on role clarity for higher employee engagement by strengthening job descriptions of staff members and developing a behavioural competency framework that reflects company values, culture and expected employee behaviour at work.



Dasara celebration

Performance Management System for Non-staff members (Operators):

The Company is proud to inform that we have one of the best performance appraisal systems in place, to evaluate thousands of machines and manual operators across all the manufacturing units. The efficiency and machine skill data is captured regularly through SAP, evaluated every six months and employees are continuously graded and rewarded based on their performance. In order to promote a performance driven culture, the Company introduced an individual performance incentive, last year.



Women's Day celebration

HR Automation: The Company embraced technology to provide simplified, employee-friendly and automated HR services with the support of our software partner HR Mantra. Critical modules like attendance, leave management, payroll and recruitment have been implemented. Other modules like performance management system and travel will be implemented soon, so that entire life cycle of the employee from recruitment to retirement will be automated.

Talent Acquisition: The Company continues to strengthen both leadership and managerial team by inducting senior leaders and executives, who bring rich experience from world class companies across different industries. An increased thrust on **employer branding** has helped the company attract talent even in up-country locations, thereby enabling recruitment of 536 staff employees during the year 2017-18 across all functions, roles and grades.



Children's Day celebration in Unit Creche

Graduate Engineer Trainee (GET): The Company inducted thirty-seven GETs from sixteen campuses. Besides GETs, this program has been widened to include diploma engineers, as well. Focused induction program, departmental orientation, on-the-job training and training review processes were introduced to train, engage and retain this talent pipeline.

To strengthen the Talent Acquisition process, **Online Selection tools** for junior level staff hires of all functions, including sales, have been introduced. Psychometric Behavioral Assessment tools (on-line) for all new hires at executive and above grades helps us identify right cultural fit for the organization. All new hires, including leadership recruits now go through a cognitive or psychometric test which is an input to the hiring decision.



Anemic Health Checkup Camp

Induction and Orientation: The Company introduced 'First Impression' Induction & Orientation program which describes the joining and on boarding process for new employees. A comprehensive



Yoga class



Mock Drill during National Safety week



'Lead by Example' - leadership program

induction program, incorporating online videos, face to face interactions and classroom sessions, was designed and strengthened as part of this program.

This process was also strengthened with an Induction video to assist new recruits in assimilating and settling down in the company. The comprehensive induction video covers the company's history, vision, mission & values, operations, organization structure, various initiatives for expectations from employees and employee testimonials on the company's culture. The induction and orientation program has now been extended to all field sales staff joining across various locations.

Background Verification: This process was introduced for critical positions to mitigate potential risk.

HR Policies and Process Improvements: To retain and attract talent from garment and other sectors, the company's HR practices are constantly evolving in line with market practices. As an ongoing process, HR policies and practices are constantly benchmarked and, accordingly, we introduced greater flexibility in working hours at our corporate office and head office. The group medical insurance scheme has now been extended to the parents of staff members though the premium is borne by them for parental coverage.

Employee Engagement

1. Connect And Respond to Everyone (CARE) Program for sales force, Open Houses with employees of IT and Sales teams, awareness sessions on Employee Engagement, etc. have been initiated to improve employee engagement and retention. A rewards and recognition program was introduced in our Warehouses to motivate employees and recognize performers and create healthy competition among them.
2. Page Mahotsava / Annual day of manufacturing units, was celebrated across all manufacturing

units with leadership interactions on the long term & short term goals, Vision, Mission and Values of PIL, reward & recognition programs, cultural events, sports competitions and a celebration like a festival.

3. Various employee engagement events were conducted across all our units, based on an engagement calendar, where Independence Day, Deepavali, New Year, Women's Day, etc. were all celebrated with cultural activities, fun games and competitions. The annual sporting championship, Jockey Cup, was a resounding success with 1,650 employees participating across 16 sports competitions, resulting in prizes being handed over in front of cheering crowds at the closing ceremony.
4. Employee surveys on annual salary revision, administrative facilities, etc. were conducted to understand the pulse of employees and help improve our processes. The company has increased its focus on internal communications to reach out to employees and communicate all HR initiatives and programs. A separate "employee.connect" email id was created to support on employee communication and employer branding.

Employee Health and Well-being: Eleven dispensaries across company locations provide medical aid by a dedicated team of doctors and nurses. Periodic health awareness sessions and health camps are conducted to provide preventive healthcare. Eleven crèches at various locations provide childcare support for employees with young children, numbering about 350 children. Programs like Fat to Fit and Yoga classes also were introduced to help employees maintain a healthy work-life balance and improve their wellness.

Safety First: Safety is continuing as the priority, keeping in mind, the increasing complexity and spread of our operations, and ensuring that employee well-being remains a priority. Various Safety Training programs and initiatives were conducted across our manufacturing facilities.

Industrial Relations: The industrial relations remained cordial throughout the year and the Board records its appreciation for the contribution of all employees towards the growth of the company without which the achievements made would not have been possible.

Employee Satisfaction Index: A survey was conducted with 1,827 sewing operators, of which 94.4% responded as being highly satisfied with working at Page Industries Ltd and with 94.4% planning to continue working for Page Industries Ltd. The employee-centric culture and facilities provided by the company are truly the industry benchmark.

Learning & Development: The Learning & Development function has been strengthened with renewed focus, to deliver relevant programs like, 'Lead by Example' Leadership Program, 'Leading through Successful Relationships' Sales Leadership Program, First Time Managers (FTM) Program, Supervisory Development Program (SDP), Neuro Linguistic Program for Welfare Officers, etc. covering 1,984 staff members. The company also conducts ongoing skill building for thousands of sewing operators to meet its manufacturing needs.

Women workers from the shop-floor are provided with in-house learning system to elevate their career to the next level. During this learning process, the workers are given training on organizational culture & values, manufacturing operations, industrial engineering, people management and leadership skills for a period of three to four months. On successful completion of training, they are promoted to the next level as Junior Supervisors in a coronation programme.

Hundreds of executives and managers from all functions underwent Out Bound Training Program. Outbound Training is the training method for enhancing organizational performance through experiential learning. Such programs are

often also referred to as corporate adventure training and outdoor management development. Activities are designed to improve leadership, communication skill, planning, change management, delegation, teamwork and motivation.

As of 31st March, 2018, the Company had 18,801 employees on roll.

CAUTION

Statements in the Management Discussion Analysis describing the Company's objectives, projections, estimates and expectations may be considered as

“forward looking statements” within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. The factors that might influence the operations of the Company are economic conditions, government regulations and natural calamities over which the Company has no control.

The Company assumes no responsibility in respect of the forward looking statements herein which may undergo changes in future on the basis of subsequent developments, information or events.