

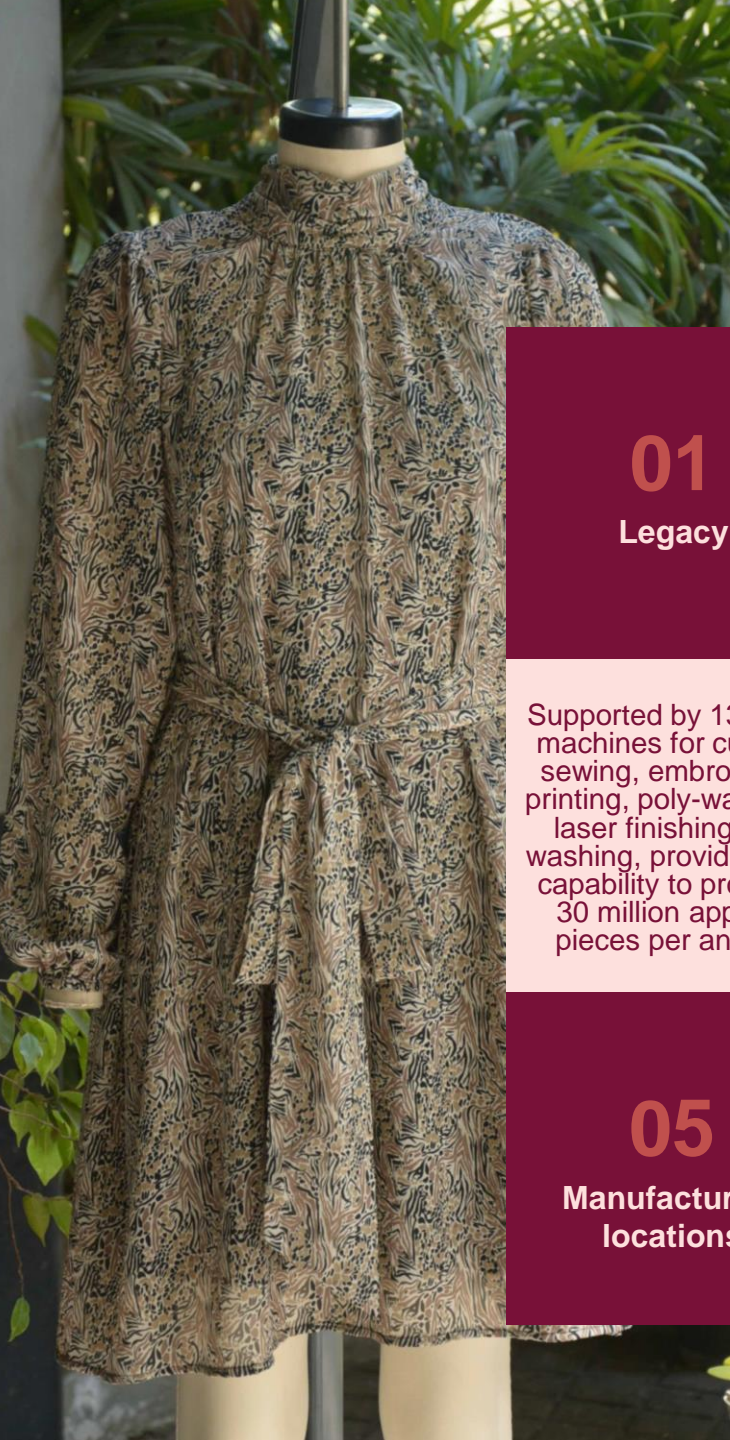


gokaldas exports ltd.

A SPIRITED REBOUND

GOKALDAS EXPORTS LIMITED

EARNINGS PRESENTATION | Q2-FY2021



We are a storied **Apparel Exporter** from India

01

Legacy

A leading apparel exporter from India, with four decades of track record

02

Wide product mix

Includes Outerwear, Sportswear, Casual Wear and Formal Wear for Women, Men and Children

Supported by 13,000+ machines for cutting, sewing, embroidery, printing, poly-wadding, laser finishing and washing, providing the capability to produce 30 million apparel pieces per annum

03

Manufacturing proficiency

Exporting to over 50 countries including US, Europe, Canada, Japan, Russia, Middle East, South Africa and South America

04

Footprint

05

Manufacturing locations

Comprise several self-contained and large-scale garment manufacturing facilities across southern India

06

Human capital

Strengthened by approximately 25,000 highly skilled people, including 20,000 women

With strong **competitive advantages** propelling our growth



GOOD PEDIGREE

- Globally reputed complex value-added garments manufacturer and a trusted supplier
- The label behind some of the most prominent global apparel brands



PRODUCT DIVERSITY

- Address a wide range of fashion apparel, outerwear, industrial wear, sportswear and kids wear for all seasons



DESIGN CAPABILITY

- Co-creating designs for customers in line with emerging trends
- Partnering with leading brands in conceptualizing designs and executing them



CONSISTENT OPERATIONAL PERFORMANCE

- Operations spread across multiple highly efficient factories in India
- Highly respected for product quality, on-time and in-full delivery

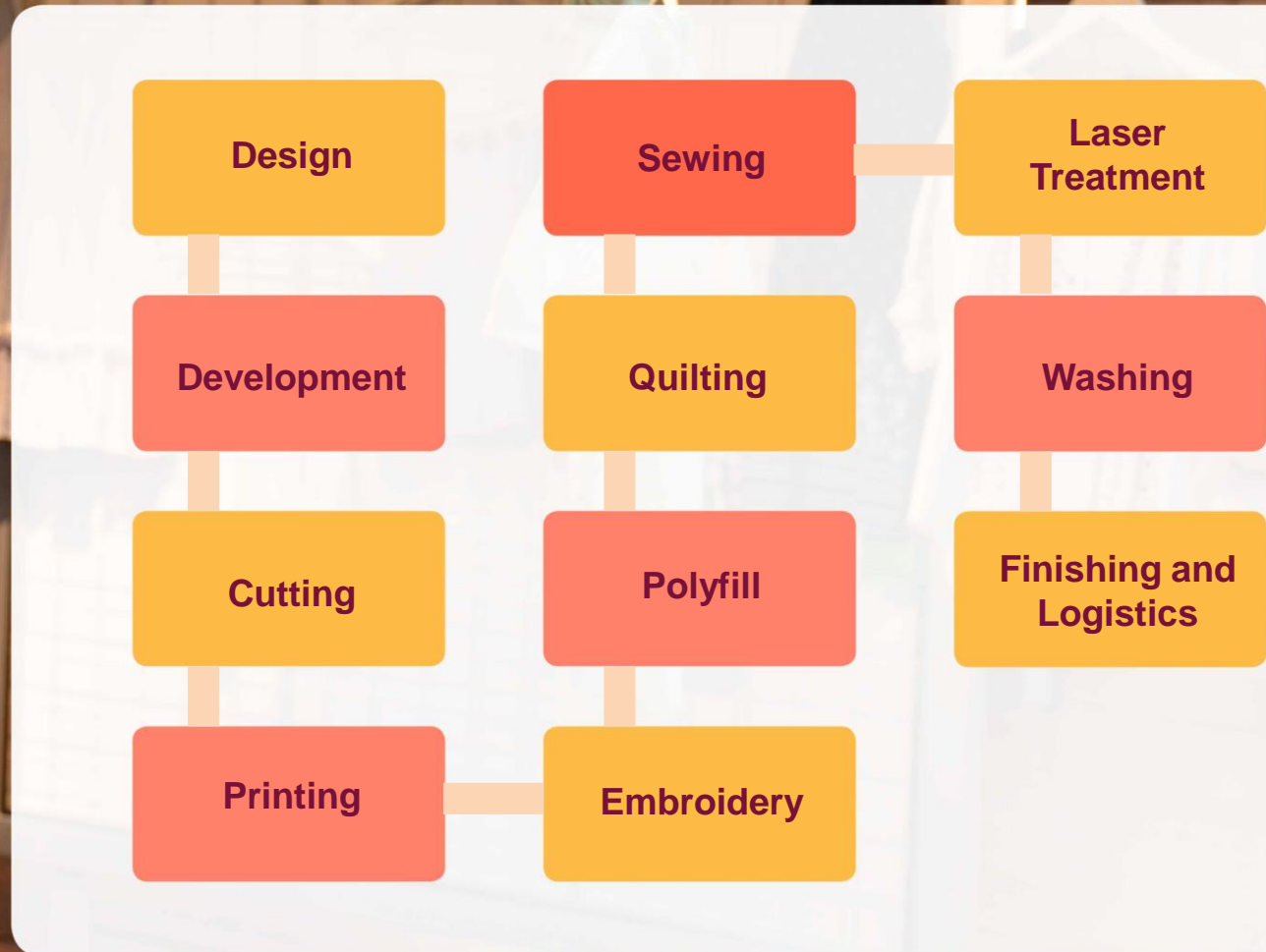


DEEP ENGAGEMENT WITH A LARGE NUMBER OF CUSTOMERS

- Long standing relationships with eminent international customers and serving them across brands and product types in over 50 countries



Our business spans **several segments** of the **value chain**



We are endorsed by global marquee brands (1/2)



GAP

Largest specialty retailer in the United States whose products are available in over 90 countries



H&M

One of the global leaders in fashion with a presence in about 60 countries, along with an online presence in over 35 countries



ADIDAS

Global leader in athletic apparel and sportswear



COLUMBIA

Industry leader in outdoor apparel products like jackets, fleece, pants, shoes and boots



CARHARTT

Delivering best-in-class apparel, respected for rugged construction, innovative design and exceptional standards of quality, durability and comfort for 125 years



PUMA

German multinational that designs and manufactures athletic and casual footwear, apparel and accessories

We are endorsed by global marquee brands (2/2)



VERO MODA

Brand of choice from Bestseller for the fashion-conscious, independent young woman who wants to dress well and pay less



MARKS & SPENCER

Iconic British multinational retailer that specialises in clothing, home and food products



A&F

American lifestyle retailer that focuses on casual wear. Operates two offshoot brands Abercrombie & Fitch and Hollister Co. Operates over 1,000 stores



WALMART

US multinational retail corporation engaged in the operations of a chain of hypermarkets, discount department stores and grocery stores. The Company operates over 11,500 stores in 27 countries



CARREFOUR

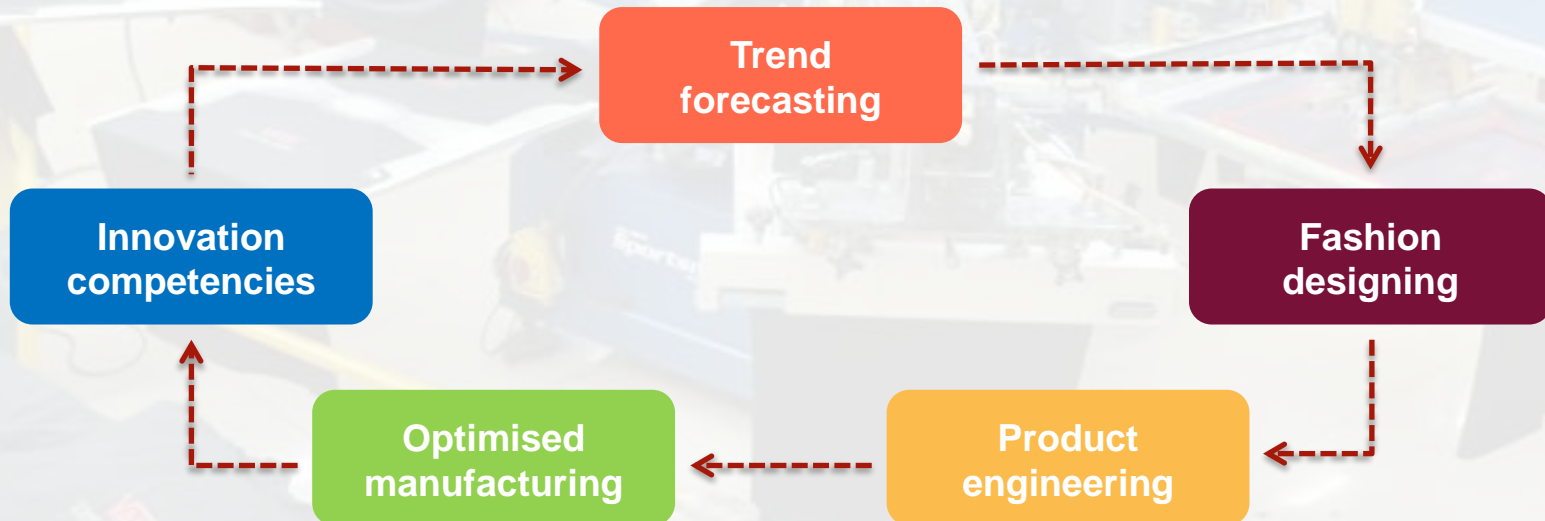
French multinational retail corporation global network of about 12,000 stores. Offers consumer with a goods, food and non-food products, household supplies, textiles, electronics, home appliances and local products

We create and deliver value to our customers

We serve our customers by:

- Engaging with customers across seasons throughout the year
- Working with customers with multi-brand presence
- Working closely with customers to adapt to their needs
- Exploring lateral opportunities within customers
- Reinforcing our strong credentials

We deliver value to our customers through:



Aligning ourselves to customers' future needs

We maintain complete compliance with environment responsibility. With best technologies, we aim to conserve natural resources and live up to our commitment to reduce our carbon footprint.

Towards being a Supplier of the Future

- **All our factories are**
 - **Certified with SMETA, BSCI, GOTS, OCS, FSC, FRS and BCI**
 - **Enrolled in Higg Index FEM 3.0**

- **LED lighting across facilities**

- **Zero Liquid Discharge for effluent treatment of waste**

- **Rainwater harvesting for water conservation**



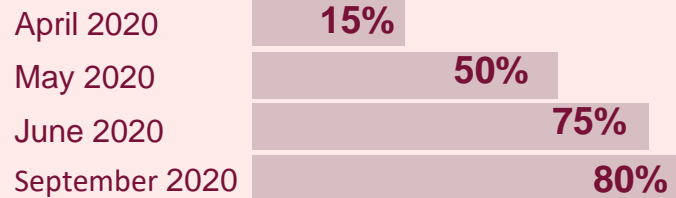
COVID-19 crisis brought out the best in us

A challenging industry scenario

- Impacted supply chain and operations. Principal markets of US and EU shutdown. Affected order pipeline. Retail brands deferred orders as retail stores closed.
- US Advanced Retail Clothing and Accessory Store Sales 1H21 vs 1H20 declined 38.1%.
(Source: Fred St Louis Fed)
- EU Advanced Retail Clothing and Accessory Store Sales April-June 2020 vs April-June 2019 declined 43.5%. (Source: Euratex)
- India Export of Ready-Made Garments down 39.3% (in USD) in H1 FY2020 vs H1 of previous year. (Source: Ministry of Commerce)

We responded by launching multiple interventions to combat the crisis induced by Covid-19

We gradually increased capacity utilisation



Initiated structural correction

- Realigned capacities to market demand.
- Brought down fixed cost.

Right-sized operations

- Regulated operations and support infrastructure as per business needs.

Stepped up efficiency

- Improved operational efficiency.
- Focused on reduction in wastages.

Tightened cash management

- Deferred capital expenditure.
- Renegotiated terms of suppliers.
- Ensured extra line of credit from banks.



Helped us deliver strong performance in Q2



REVENUE

Rs. **345** crore
rebounded to 94% of Q2-
FY2020

EBITDA

Rs. **33** crore
grew by 93% over
Q2-FY2020

PAT

Rs. **8.7** crore

Note: Q2 FY2020 adjusted with MEIS reversal net of one-time ROSCTL benefit

Our performance scorecard speaks for itself

REVENUE	EBITDA	EBITDA MARGIN
344.9 Rs. Crore Q2 of FY2021	33.1 Rs. Crore Q2 of FY2021	9.6% Q2 of FY2021
365.6 Rs. Crore Q2 of FY2020	17.2 Rs. Crore Q2 of FY2020	4.7% Q2 of FY2020
5.7% decline	93% increase	4.9% increase

Factors contributing to improved performance:

- 8% y-o-y growth in exports provided a strong impetus to sustainable growth.
- Alignment of orders in hand to capacity.
- Cost management.

Revenue and EBITDA of Q2 FY20 excludes MEIS income of Rs. 8.7 crores (adjusted for one-time ROSCTL benefit) which was reversed during quarter ended 31st December 2019 consequent to the notification issued by the Government of India on 14th January 2020

We have been **steadily improving** our performance

Trend of Key Financial Indicators

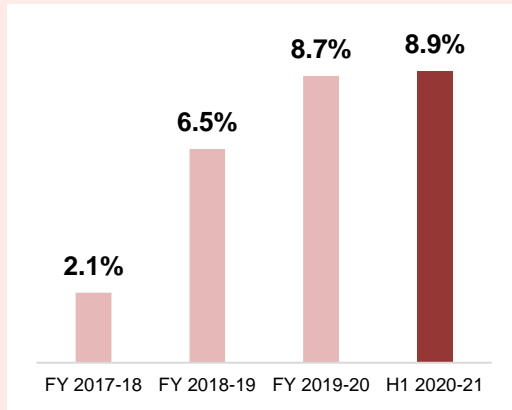
Period	EBITDA Margin %	Net Debt Rs. Cr.	Net WC days sales
Q2 FY2021	9.6	122	69
Q1 FY2021 Impacted by COVID	7.8	189	107
Q4 FY2020	8.3	204	75
Q3 FY2020	3.2	222	82
Q2 FY2020	4.7*	197	81

*after adjusting the MEIS reversal net of one-time ROSCTL benefit

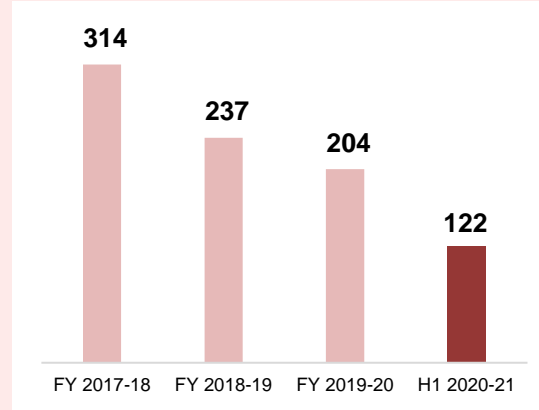


And sustaining the trajectory

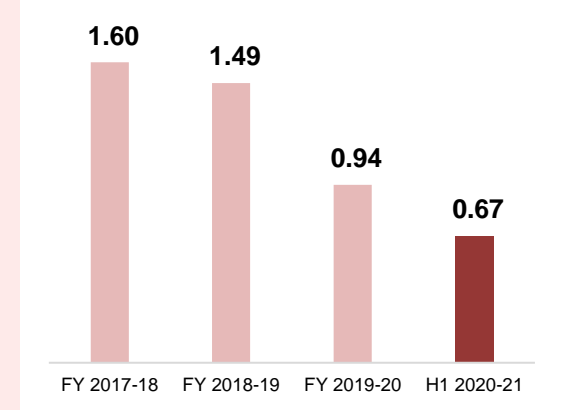
Improving EBITDA Margins (%)



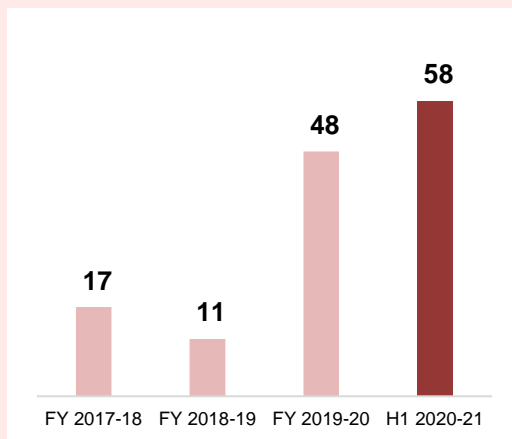
Reducing Net Debt (Rs. in Crore)



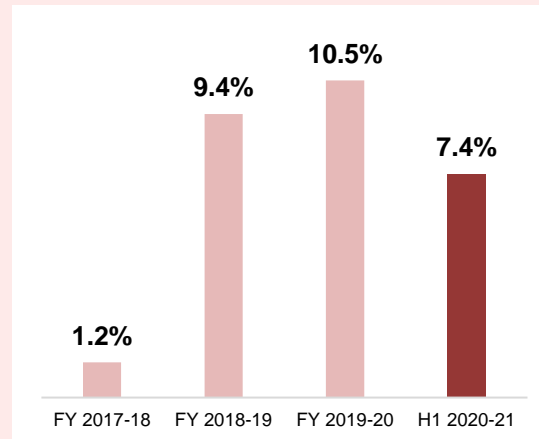
Improving Net Debt/Equity (times)



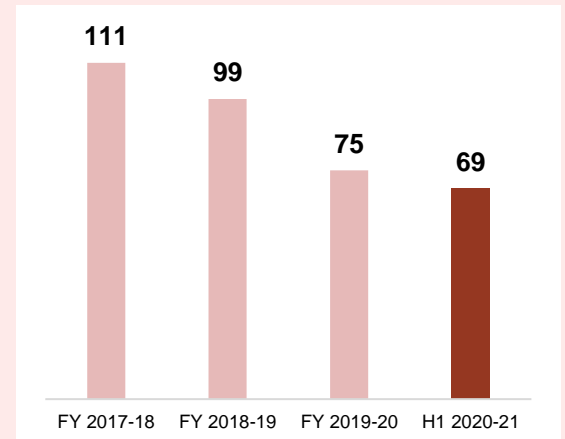
Focus on conserving cash (Rs. in Crore)



Strengthening Return on Capital Employed (%)



Net Working Capital (no. of days)



Our H1 2020-21 ratios are affected by impact of Covid induced lockdown in Q1

We focused on **key strategic initiatives**

We demonstrated resilience to the environment brought upon by Covid-19. Our alacrity in tackling the headwinds helped us ably steer ourselves through the challenges and swiftly rebound.

Our key strategies

1

Freeze on non-critical capex

2

Reduced operating cost in line with revenue reduction

3

Efficiently managing cash flows

4

Extracting more from each production unit

We maintained consistency in quality and on-time delivery, expanded relationships with all customers, ensured customer diversification and aligned capacity to our business needs, all of which helped us emerge as a lean operating entity and deliver the operating metrics.

And **executed well**, to deliver the rebound

Cutting down on low-margin domestic business



- Consciously defocusing from domestic market
- Pivoting to exports for superior margins, better product runs and reducing receivables risk

Delivering deferred orders



- Addressed order backlog in Q2-FY2021
- Ensured customer commitments are strictly adhered to

Adopting cost austerity



- Continued structural correction for long-term health
- Focused on lean operations
- Cut down on wasteful expenditure

Optimising manufacturing



- Reorganised resources by consolidating unutilised capacity to ensure financial efficiency
- Balanced available capacity to the order book
- Leveraged technology to ensure operational efficiency

We are encouraged by the **positive macro outlook**

Demand trend

- US store sales recovered in June 2020 after drastic reduction since March 2020 (Source: US Census Bureau)
- US imports recovering steadily after hitting lowest in May 2020 (Source: OTEXA, US)
- EU showing encouraging recovery trend from June 2020 (Source: Eurostats)




India Apparel Industry

- Textile value chain well developed with availability of good quality cotton, presence of viscose and polyester fibre mills
- China lost 8% share in US apparel market in CY2020; India witnessed a flat trend, while Vietnam, Bangladesh and Cambodia increased their share by 4%, 2% and 2%, respectively (Source: OTEXA, US)
- As demand picks up, India is expected to be in a stronger position to become an alternate supplier to China
- With a clear focus on creating and delivering value for customers, India is in an advantageous position



We are confident of steadily marching towards a better future



We are in a stronger position to leverage the rising demand with our competitive advantages and a clear reputation of being a highly reliable supplier.

We hope to drive quality growth by attaining near normalcy by Q4 FY2021 and prepare ourselves for a stronger growth in FY2022.

Disclaimer

In this presentation, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements -written and oral -that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise

Should you have more questions, please contact investorcare@gokaldasexports.com

