



# STRONG FOUNDATION **TO FAST-TRACK GROWTH**

---

E A R N I N G S   P R E S E N T A T I O N

---



# INSIDE THE DOCUMENT



## HIGHLIGHTS AND FINANCIALS

SLIDE 03-09



## ABOUT THE COMPANY

SLIDE 10-13



## BUSINESS OUTLOOK

SLIDE 14-19



# Q2 FY22

## HIGHLIGHTS

- MANAGEMENT COMMENTARY
- QUARTERLY HIGHLIGHTS
- FINANCIAL POSITION & RATIOS





# MANAGEMENT COMMENTARY



## SIVARAMAKRISHNAN GANAPATHI

MANAGING DIRECTOR



Unfettered after a severe lockdown in Q1, we displayed an extraordinary level of agility and customer responsiveness to step up our production to peak levels across all units.

We set up two new units in Tumkur and Bommanahalli in Karnataka in the quarter, which will ramp up in the next six months. We also initiated work on a new greenfield unit in Madhya Pradesh, which will be commissioned in early FY23. We provided a safe work environment to bring back our 24,000 people after the lockdown and recruited about 4,000 additional people across all our factories in the quarter.

We were hampered by a severe supply chain constraint in the form of availability of containers and shipping capacity, impacting flow of raw materials and finished goods.

We are committed to ensure that our customer service remains at its best. We are working on augmenting our capacity further which could support our future growth. We reaffirm our relentless focus on quality, production efficiency, on-time delivery, design and innovation to deliver superior outcomes to all our stakeholders.





# QUARTERLY HIGHLIGHTS

## CONSOLIDATED REVENUES

**446.0** CR  29.3%  83.5%


Delivered highest revenue growth ever in a quarter. Exports revenue grew by 34.6%. With a conscious focus on export business, the revenue from domestic customers is insignificant.

## CONSOLIDATED EBITDA


**53.9** CR  62.9%  170.5%


Generated higher operating profit, compared to Q2 of previous year. Strong order book, increased focus on augmenting capacity (up by ~30%) while containing costs has helped deliver this growth.

## CONSOLIDATED PAT

**28.6** CR  230.2%

PAT grew more than 3 times of the PY Q2 (Rs.8.7 Cr).

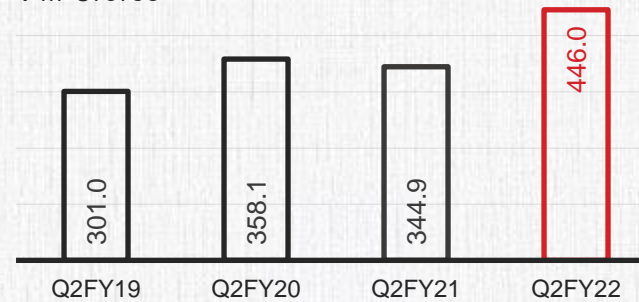
 Y-O-Y

 Q-O-Q

## QUARTERLY RESULT TRENDS

### REVENUE

₹ in Crores



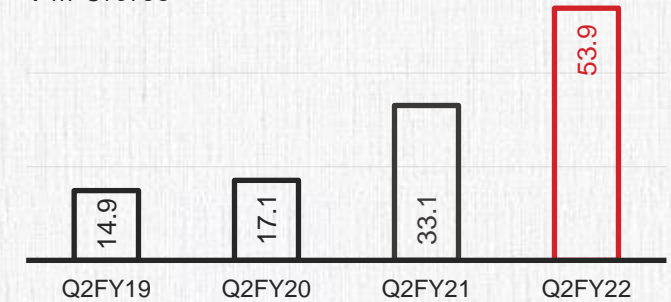
### PAT

₹ in Crores



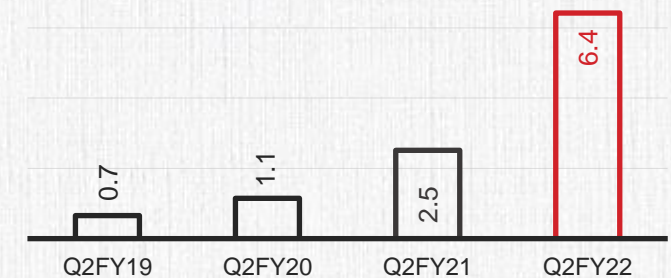
### EBITDA

₹ in Crores



### PAT MARGIN

In %



A strong bounce back after experiencing an adversely affected Q1 FY22, caused by the second wave of COVID, when the operations remained shut for most of quarter. The Company resumed full operations and stayed focused on execution to its best each day. The company enhanced its production capacity hand in hand with the growing order book position.

# QUARTERLY FINANCIAL HIGHLIGHTS

## SUMMARY OF PROFIT AND LOSS STATEMENT

₹ in Crores

KEY PERFORMANCE METRICS	Q2FY21	Q1FY22	Q2FY22	Q-O-Q	Y-O-Y
Revenue from operations	341.9	241.0	443.8	84.2%	29.8%
Other Income	3.0	2.0	2.2	10.2%	-26.7%
<b>Total Income</b>	<b>344.9</b>	<b>243.0</b>	<b>446.0</b>	<b>83.5%</b>	<b>29.3%</b>
<b>EBITDA</b>	<b>33.1</b>	<b>19.9</b>	<b>53.9</b>	<b>170.5%</b>	<b>62.9%</b>
<b>EBITDA Margin (%)</b>	<b>9.6%</b>	<b>8.2%</b>	<b>12.1%</b>	<b>3.9%</b>	<b>2.5%</b>
Finance cost	9.9	10.1	11.5	14.7%	16.7%
Depreciation and amortisation expenses	14.6	12.4	13.8	10.9%	-5.4%
<b>PAT</b>	<b>8.7</b>	<b>(2.6)</b>	<b>28.6</b>	<b>1221.0%</b>	<b>230.2%</b>

### REVENUE

With a strong order book, the company ensured a rapid expansion of its production capacity. Managed the production value chain well by increasing people availability, improving productivity and on-time shipments. Continued to focus strengthening the order book position for the coming quarters as well.

### EBITDA Margin

Delivered 63% YoY growth in the current quarter. The company managed costs well resulting in overall improvement in the operating profit.

EBITDA margin at 12.1% is up by 2.5% YoY.



# QUARTERLY FINANCIAL HIGHLIGHTS

## ANALYSIS OF FINANCIAL POSITION

₹ in Crores

	30 <sup>th</sup> Sep 2020	31 <sup>st</sup> Mar 2021	30 <sup>th</sup> Sep 2021
<b>NON-CURRENT ASSETS</b>			
Investment in Fixed Assets	131.1	127.2	146.2
Other non-current assets	48.1	45.8	50.7
<b>Total non-current assets</b>	<b>179.2</b>	<b>173.1</b>	<b>196.9</b>
<b>Current assets</b>			
Inventories	228.3	259.2	366.1
Trade receivables	113.6	179.8	156.3
Other current assets	59.1	68.7	96.2
<b>Total current assets</b>	<b>401.0</b>	<b>507.7</b>	<b>618.7</b>
<b>Less: Current Liabilities</b>			
Trade payables	84.2	111.7	131.1
Other current liabilities	103.3	104.4	143.3
<b>Total current liabilities</b>	<b>187.5</b>	<b>216.1</b>	<b>274.4</b>
Net Current Assets	213.5	291.6	344.3
<b>Capital Employed</b>	<b>392.6</b>	<b>464.7</b>	<b>541.2</b>
<b>SOURCES OF FUNDS</b>			
<b>Equity</b>	<b>258.8</b>	<b>290.1</b>	<b>318.0</b>
Long term Borrowings	-	18.8	10.1
Short term Borrowings	323.8	346.4	409.1
<b>Total Borrowings</b>	<b>323.8</b>	<b>365.2</b>	<b>419.3</b>
Less: Fixed Deposits held with Banks	143.8	146.9	152.0
Less: Cash and cash equivalents includes investment in MFs	57.7	52.1	50.8
<b>Net Borrowings / Net Debt</b>	<b>122.3</b>	<b>166.2</b>	<b>216.5</b>
Long term provisions	4.5	5.3	5.3
Lease Liabilities (Net)#	7.0	3.1	1.4
<b>Total Sources of Funds</b>	<b>392.6</b>	<b>464.7</b>	<b>541.2</b>

Note: # lease liabilities are net off right of use of assets and liabilities.

- Capital employed does not include cash and cash equivalents including investment in mutual funds

## LIQUIDITY POSITION

The company is in a better position to meet its short-term obligations keeping its current ratio at 2.25 compared to the previous year Q2 at 2.14.

## DEBT

The company's gross borrowing increased by Rs. 54 Cr during the quarter, in line with business growth.

Business volume growth and constrained supply chain led to increase in inventory holding by Rs. 107 Cr.

The net debt to equity is 0.63 in Q2FY22 compared to 0.72 in Q4FY21.



# FINANCIAL HIGHLIGHTS

## ANALYSIS OF CASH FLOW

₹ in Crores

	1HFY21	1HFY22
<b>Cash flow from operating activities</b>		
<b>Profit before exceptional items and tax</b>	<b>4.4</b>	<b>26.1</b>
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortisation expenses	27.5	26.2
Provision for doubtful debts, advances	3.6	2.1
Other non-cash adjustments	13.0	13.0
<b>Operating profit/(loss) before working capital changes</b>	<b>48.5</b>	<b>67.4</b>
<b>Changes in operating assets and liabilities:</b>	<b>82.7</b>	<b>(76.4)</b>
<b>Net cash flows from/ (used in) operating activities (A)</b>	<b>131.2</b>	<b>(9.1)</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	(27.1)	(18.4)
Proceeds from sale of property, plant and equipment	0.5	0.2
Other elements	3.2	0.6
<b>Net cash flows from/ (used in) investing activities (B)</b>	<b>(23.3)</b>	<b>(17.6)</b>
<b>Cash flow from financing activities</b>		
Proceeds/ (Repayment) of short-term borrowings	(77.5)	52.6
Payment of lease liabilities	(16.9)	(15.5)
Finance costs paid	(14.8)	(13.1)
<b>Net cash flows from/ (used in) financing activities (C)</b>	<b>(109.2)</b>	<b>24.0</b>
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	(1.4)	(2.7)
Cash and cash equivalents at the beginning of the year	(9.5)	(9.2)
<b>Cash and cash equivalents at the end of the year</b>	<b>(10.8)</b>	<b>(11.9)</b>
<b>Reconciliation of cash and cash equivalents as per the cash flow statement:</b>		
Cash and cash equivalents as per above comprise of the following:		
Cash and cash equivalents	21.5	13.3
Bank overdraft	(32.3)	(25.2)
<b>Balance as per statement of cash flows</b>	<b>(10.8)</b>	<b>(11.9)</b>

## LIQUIDITY POSITION

Cash generated from operations in H1 FY22 was invested in purchase of plant and machinery for production units, and partly for the inventory build up for Q3 production.

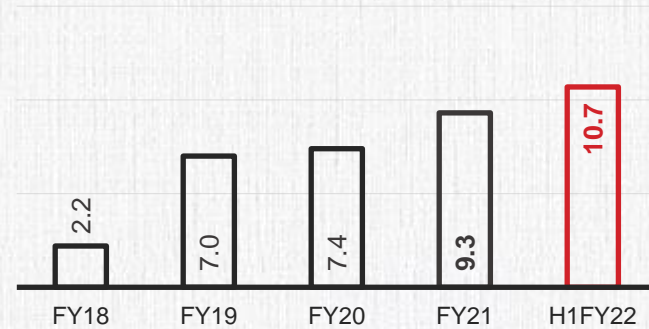
More cash was utilized for working capital because funds were locked in export incentive receivables. Although the RoSCTL have been restored w.e.f. 1<sup>st</sup> Jan 2021, the realization is yet to happen.



# FINANCIAL RATIOS

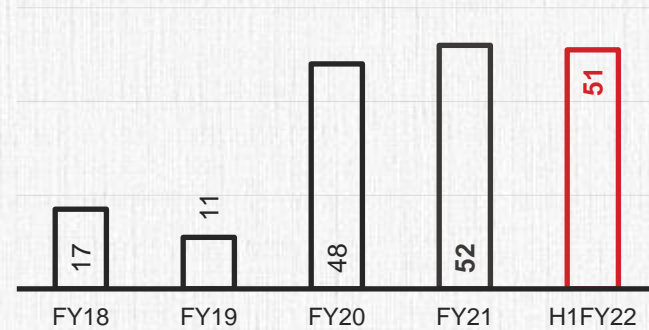
## EBITDA MARGINS

In %



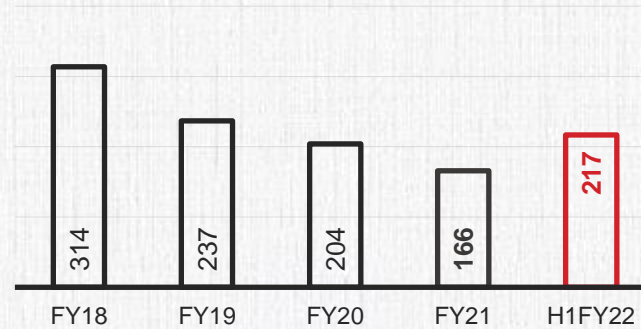
## CASH AND CASH EQ.

₹ in Crores



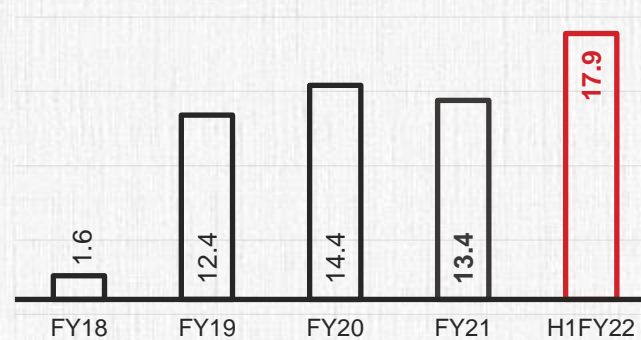
## NET DEBT

₹ in Crores



## RETURN ON CAPITAL EMPLOYED

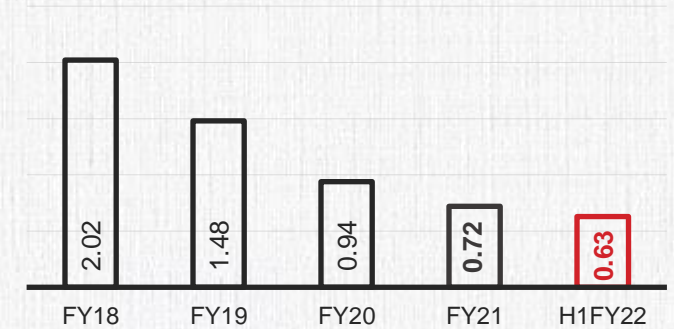
In %



Note: Lease assets and liabilities, cash and cash equivalents, fixed deposits held against loan etc. eliminated for capital employed calculation

## NET DEBT/EQUITY

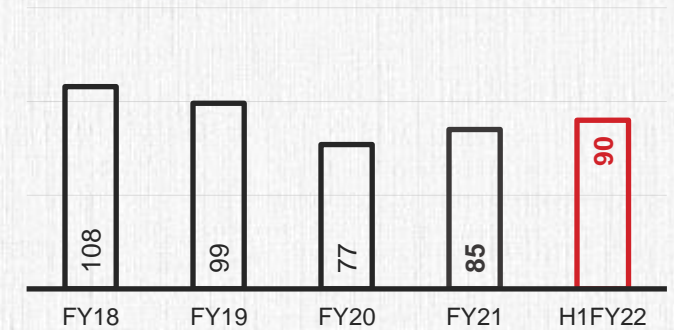
In times



Note: Average net debt / average equity

## NET WORKING CAPITAL

In number of days



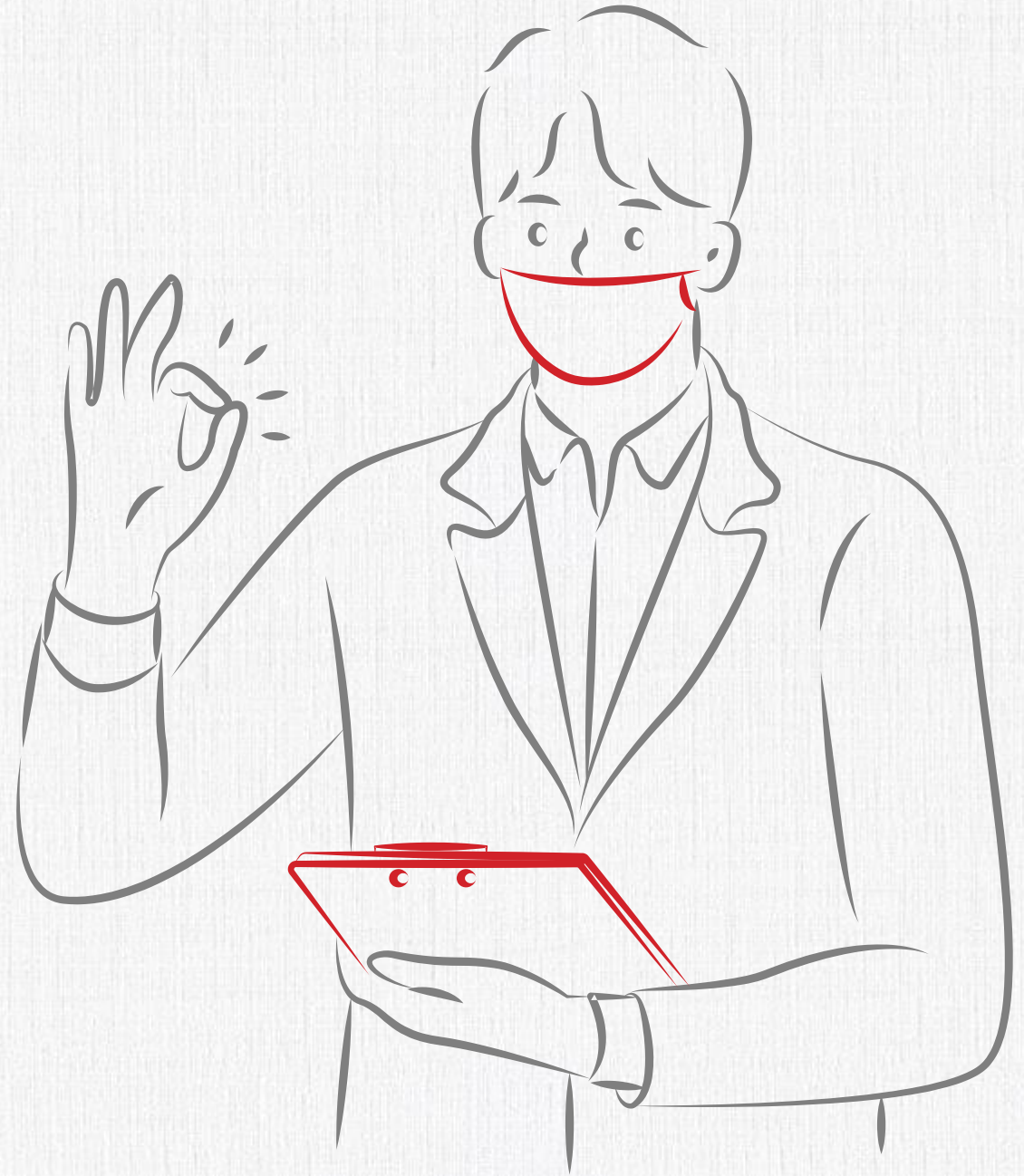
The working capital days in Q2FY22 has increased due to higher raw material inventory holding for Q3 production and delay in receipt of export incentives.

Note: Cash and cash equivalents, lease assets are not included in the working capital



# ABOUT THE **COMPANY**

- ABOUT GOKALDAS EXPORTS
- STRONG IN-HOUSE CAPABILITIES
- THE GOKALDAS ADVANTAGE





# ABOUT **GOKALDAS EXPORTS**

Established in 1979, Gokaldas Exports is one of the largest organized apparel manufacturers catering to a wide range of apparel needs of eminent global brands.



**4+** decades of  
manufacturing excellence



Catering to brands in  
over **50** countries



Strong workforce of 28,000+  
people



20 State-of-the-art  
manufacturing units equipped  
with **13,000+** machines



Fully **integrated**  
**manufacturing** operations



Committed to  
**Sustainability**



# STRONG IN-HOUSE CAPABILITIES



Worldclass  
**Design Studio** with 3D  
capability



**In-house Testing Lab**  
Accredited by GAP, H&M,  
Adidas, Puma.



Robust **Product  
Development and  
Sampling**  
set-up



**Polyfill** manufacturing using  
latest technology.  
**Quilting** with a capacity to quilt  
10,000 meters/day



**Modern Printing** set up  
with 12 state of art automatic  
machines from M&R-USA,  
and TAS-Australia

- Capacity of 54 million impressions / annum
- Capability of printing multiple options on all types of fabric qualities



**Laundry with state-of-the-art machinery** from YILMAK-Turkey, Jeanologia from Spain

- Capability to execute innovative washed on denims & non-denims.
- Combined capacity of 1,50,000 pcs./day including garment dyeing and all kinds of dry processes.
- Morden ETP with a capacity to treat 0.7 million ltrs. / day
- Zero liquid discharge plant for washing.



**Integrated Embroidery**  
set-up



**Pneumatic fibre** filler for  
making puffer jackets





## THE GOKALDAS **ADVANTAGE**



Diversified across geographies, products and clients



Globally recognized vendor of complex value-added garments



Fully integrated manufacturing operations (also ability to offer design services)



Long standing relationships with eminent global brands spanning over decades



Adhering to high standards of EHS compliance



Credible track record of quality and delivery metrics leading to becoming the preferred supplier for large brands.



# BUSINESS **OUTLOOK**

- CAPACITY EXPANSION
- GROWTH INITIATIVES
- MARKET RECOVERY
- FY22 OUTLOOK





# PRODUCTION UNIT

## CAPACITY EXPANSION

**Commenced commercial production** at our new manufacturing unit at **Tumkur** in September 2021

- The company has enhanced its capacity adding a leased unit at Tumkur. This will aid the capacity expansion plans as envisaged in the company's overall business plan.
- The unit will add 4.5% of capacity when fully ramped-up.



**New manufacturing unit at Bommanahalli,** Bangalore during September 2021.

- The company leased another manufacturing unit at Bommanahalli, Bangalore and commenced its commercial production. This will cater to woven and knit segments.
- The new unit is expected to add another 4.5% production capacity when fully ramped-up.





# WORK IN PROGRESS

## FURTHER CAPACITY ADDITION

### NEW GREEN FIELD UNIT AT MADHYA PRADESH

- During the quarter, the company has **incorporated a new wholly owned subsidiary** to set up a green field manufacturing unit at cost-efficient locations.
- This expansion project will be to address business requirements in an efficient manner and to be in a better position to service international customers.
- The new manufacturing unit will be at Acharpura Industrial Area near Bhopal, Madhya Pradesh.
- The State provides a business-friendly environment, promising a policy conducive for setting up the industry. The new unit is expected to add ~6.5% of capacity when fully ramped up.
- Bhoomi Pooja was conducted in September 2021 and commenced project work.





# CAPITAL EXPENDITURE PLAN

## GROWTH INITIATIVES

### INDICATIVE INVESTMENT GLIDE PATH

Value ₹ in Crores

Capital Expenditure	FY2022	FY2023	FY2024	FY2025	Total
Modernization and upgrades	20	15	15	20	70
New Projects	50	60	65	-	175
New Initiatives	40	40	15	-	95
<b>Total</b>	<b>110</b>	<b>115</b>	<b>95</b>	<b>20</b>	<b>340</b>

- The company is exploring New Project opportunities in various states of the country to augment its existing capacities.
- Further, exploring opportunities in new business segments like technical textiles, knitwear and international manufacturing as New Initiatives.

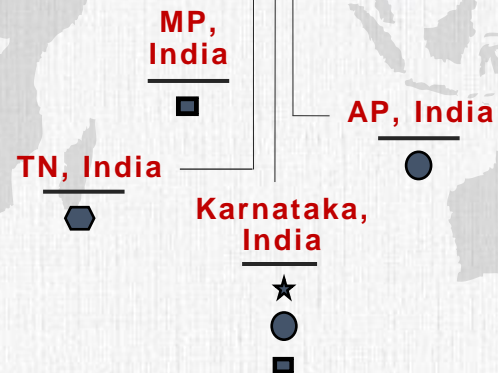
★ GE Corporate

● GE Manufacturing units

■ New Manufacturing locations

⬡ Potential Manufacturing Locations

International Manufacturing Locations to be decided





# MARKET RECOVERY

## SUPPORTING GROWTH

### APPAREL MARKET

#### US RETAIL CLOTHING SALES

Value in US\$ Billion

Month	2019	2020	2021	Growth over 2019
Q1	40.7	33.3	37.5	-7.8%
Q2	48.4	18.3	51.0	-5.3%
Jul	16.0	12.1	17.9	11.9%
Aug	17.0	12.9	17.3	1.6%
<b>CY Total</b>	<b>122.1</b>	<b>76.7</b>	<b>123.6</b>	<b>1.3%</b>

Data source : U.S. Census Bureau

US monthly apparel store sales has been on the rise for 5 months in a row consistently crossing pre-covid level. YTD sales in 2021 are 61% higher than 2020 and are above 2019 level. US e-commerce sales have grown significantly post the pandemic indicating growing shift in consumer trends. US continues to be the largest market for the company.

#### US E-COM CLOTHING AND ACCESSORIES SALES

Value in US\$ Billion

Month	2019	2020	2021	Growth over 2019
Q1	9.5	10.4	13.1	37.5%
Q2	9.9	14.5	14.4	45.1%
<b>CY Total</b>	<b>19.5</b>	<b>24.8</b>	<b>27.5</b>	<b>41.4%</b>

Data source : U.S. Census Bureau

#### EU 27 RETAIL TEXTILE, CLOTHING, FOOTWEAR & LEATHER SALES INDEX (2015 Base)

Month	2019	2020	2021	Growth over 2019
Q1	105.1	85.6	77.2	-26.5%
Q2	104.6	58.5	80.2	-23.3%
Jul	103.8	92.0	92.2	-11.2%

Data source : Euro Stats

EU apparel retail sales are yet to catch up to the pre-pandemic sales. However, the gap over pre-pandemic level is narrowing.





## FY22 **OUTLOOK**



We are maintaining a robust order book for FY22. All our customers are seeing growth in their business. With consistent delivery track record and strong product development capability, our customers see us as a partner vital to their future.

Our largest market continues to be the US where monthly apparel retail sales for CYTD 2021 is 6% higher than pre-covid 2019 level. Online sales of clothing and accessories for this period is 41% over pre-covid level. European Union apparel import data also indicates that 2021 is catching up with 2019 level steadily.

China continues to be hobbled by trade restrictions, Covid resurgence and high cost of labour. Vietnam is also experiencing a flare up of Covid. All of these impose additional constraints on global supply chain and presents an opportunity for India.

With the Government of India coming up with a strong support for Indian textile industry by announcing a stable policy regime, a new PLI scheme and initiating discussions with several countries for FTA, we can expect a good future for the industry in India.



# DISCLAIMER

This investor presentation has been prepared by Gokaldas Exports Limited and does not constitute a prospectus or placement memorandum or an offer to acquire any securities. This presentation or any other documentation or information (or any part thereof) delivered or supplied should not be deemed to constitute an offer. No representation or warranty, express or implied is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of such information or opinions contained herein. The information contained in this presentation is only current as of its date. Certain statements made in this presentation may not be based on historical information or facts and may be "forward looking statements", including those relating to the general business plans and strategy of Gokaldas Exports Limited, its future financial condition and growth prospects, future developments in its industry and its competitive and regulatory environment, and statements which contain words or phrases such as 'will', 'expected to', 'horizons of growth', 'strong growth prospects', etc., or similar expressions or variations of such expressions. These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results, opportunities and growth potential to differ materially from those suggested by the forward-looking statements. Gokaldas Exports Limited may alter, modify or otherwise change in any manner the content of this presentation, without obligation to notify any person of such revision or changes. This presentation cannot be copied and disseminated in any manner.







# THANK YOU

---

---

C O N T A C T   U S

---

## **Gokaldas Exports Limited**

#25, 2<sup>nd</sup> Cross, 3<sup>rd</sup> Main, Industrial Suburb,  
Yeshwanthpur, Bangalore – 560 022  
Karnataka, INDIA

Tel: +91 – 80 – 6895 1000

Facsimile: +91 – 80 – 6895 1001

### **Investor Relations**

Diwakar Pingle: [dpingle@ChristensenIR.com](mailto:dpingle@ChristensenIR.com)

Binay Sarda : [Bsarda@christensenir.com](mailto:Bsarda@christensenir.com)

Sharanabasappa: [sharanabasappa.vs@gokaldasexports.com](mailto:sharanabasappa.vs@gokaldasexports.com)