



GOKALDAS  
EXPORTS LIMITED

# *Reconfigured for Growth*

BSE - GOKEX | NSE - GOKEX

INVESTOR PRESENTATION  
Q1 FY 2023



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# Q1FY23 *Highlights*

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### Coming out stronger

Gokaldas Exports continues its exceptional growth trajectory, despite a challenging macro-economic business environment. The solid revenue and profit growth were driven by excellence in execution and optimal utilization of capacity. Seasonally H1 is relatively weak for the Indian apparel industry, as during this period brands tend to source synthetic apparel for Autumn/Winter, while India is more strongly rooted in the cotton fibre ecosystem which caters largely to Spring/Summer demand.

As an organisation, we have shown enormous resilience in the face of all odds. We had supply chain disruptions in Q1 from China. We heavily depend on imported fabrics and trims in H1. Repeated delays in raw material supplies due to lockdowns in China affected efficient factory operations. We worked with the suppliers and our customers to mitigate these challenges. We also battled labour shortage during the school closure period of April and May as this was a period for most of our people to visit families that were not possible in the previous years due to Covid.

Looking ahead, anticipating changes and planning for eventualities, we persevered and delivered. Our newly commissioned manufacturing units in Karnataka and Tamil Nadu, are ramping up well, and our project work for the new factories is progressing well. We continue to manage our working capital well and generate adequate free cash flow to support our growth ambition.

Our entire team worked hard to deliver exceptional product quality and service to our customers. We continue to outperform on various customer delivery matrices. I thank all the stakeholders who supported us through this journey as we battle business headwinds and yet come out stronger.

*As an organisation, we have shown enormous resilience in the face of all odds. Looking ahead, anticipating changes and planning for eventualities, we persevered and delivered.*

**Sivaramakrishnan Ganapathi**  
MANAGING DIRECTOR

# Quarterly Highlights

## REVENUE

**612.7 Crores**

↑ 152.2%

Delivered the highest quarterly revenue ever. Revenue grew by 152% YoY compared to a COVID-impacted Q1 FY22. Export revenue grew by 5% over a seasonally strong previous quarter of Q4 FY22.

## ADJ. EBITDA<sup>1</sup>

**80.3 Crores**

↑ 302.6%

Higher volume and superior cost management helped in delivering a strong performance.

The Company has started providing for ESOP Charge of ₹6 Cr. starting this quarter, which despite impacting the P&L is a non-cash expense that is accretive to the cash flow as it provides a tax shield. The EBITDA after considering ESOP Charge of ₹6 Cr. is ₹74.3 Cr.

## ADJ. EBITDA MARGIN<sup>1</sup>

**13.1%**

↑ 4.9%

The EBITDA margin of 12.1%, after considering ESOP Charge is still higher than FY22 level.

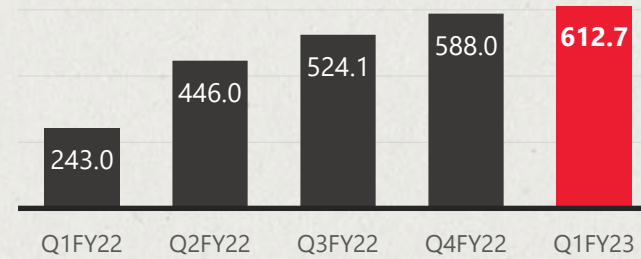
Increase in minimum wages effective this quarter, increased labour cost by ₹4.3 Cr. Though this had an impact of 0.7% on the margin, it was offset by business volume and productivity.

↑ Y-o-Y

## QUARTERLY RESULT TRENDS

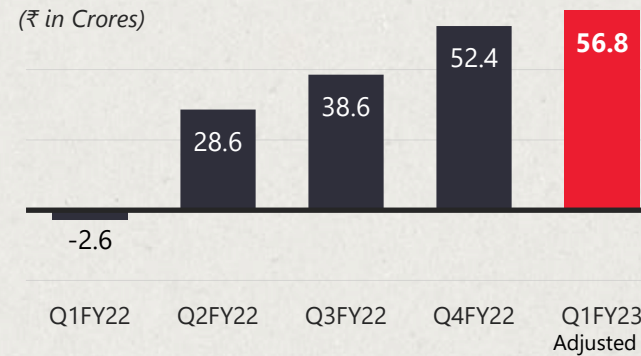
### REVENUE

(₹ in Crores)



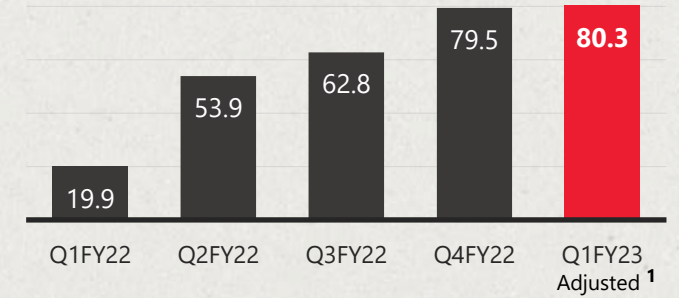
### PBT

(₹ in Crores)



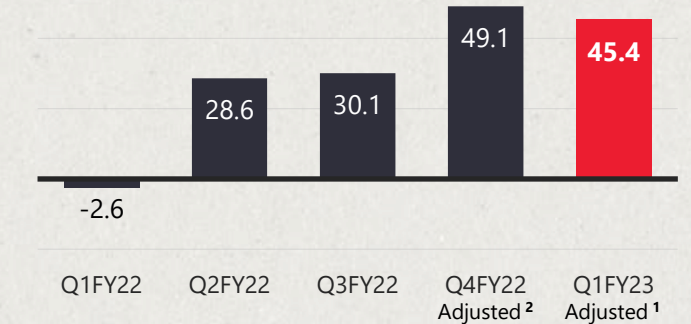
### EBITDA

(₹ in Crores)



### PAT

(₹ in Crores)



<sup>1</sup> During the quarter, the company accounted for a non-cash expense of ESOP Charge amounting to ₹6 Crore that has been adjusted for.

<sup>2</sup> PAT was adjusted for a deferred tax credit of ₹ 11.8 Crores factoring which, the reported PAT was ₹ 60.9 Crores.

# Quarterly Highlights

ADJ. PBT<sup>1</sup>

**56.8 Crores**

↑ As against loss of ₹ 2.6 Crs in PY

The company accounted for a non-cash ESOP Charge amounting to ₹6 Crore in the quarter, that has been adjusted for.

The PBT after ESOP Charge is ₹50.8 Cr.

ADJ. PAT<sup>1</sup>

**45.4 Crores**

↑ As against loss of ₹ 2.6 Crs in PY

The company had accumulated tax losses till FY22. Starting this year, the company anticipates normal tax incidence impacting PAT accordingly.

The PAT after providing for ESOP Charge is ₹39.4 Cr.

↑ Y-o-Y

## Summary of Consolidated Profit & Loss Statement

₹ in Crores

KEY PERFORMANCE METRICS	Q1FY22	Q4FY22	Q1FY23	YOY	QOQ
Revenue from operations	241.0	585.0	610.6	153.4%	4.4%
Other Income	2.0	3.0	2.1	2.0%	(31.0%)
<b>Total Income</b>	<b>243.0</b>	<b>588.0</b>	<b>612.7</b>	<b>152.2%</b>	<b>4.2%</b>
Adj. EBITDA <sup>1</sup> (excluding ESOP charge)	19.9	79.5	80.3	302.6%	0.9%
<b>Adj. EBITDA Margin<sup>1</sup> (%)</b>	<b>8.2%</b>	<b>13.5%</b>	<b>13.1%</b>	<b>4.9%</b>	<b>(0.4%)</b>
EBITDA	19.9	79.5	74.3	272.8%	(6.6%)
<b>EBITDA Margin (%)</b>	<b>8.2%</b>	<b>13.5%</b>	<b>12.1%</b>	<b>3.9%</b>	<b>(1.4%)</b>
Finance cost	10.1	9.4	6.4	(36.1%)	(31.4%)
Depreciation and amortisation expenses	12.4	17.8	17.1	37.5%	(4.0%)
<b>Profit before tax</b>	<b>(2.6)</b>	<b>52.4</b>	<b>50.8</b>		
Tax expense	-	(8.5)	11.4		
<b>Profit after tax</b>	<b>(2.6)</b>	<b>60.9<sup>2</sup></b>	<b>39.4</b>		

<sup>1</sup> During the quarter, the company accounted for a non-cash expense of ESOP Charge amounting to ₹6 Crore that has been adjusted for.

<sup>2</sup> Adjusted PAT was ₹ 49.1 Crores after factoring deferred tax credit of ₹ 11.8 Crores.

# Financial Position

## CAPEX

**32** Crores

The company invested ₹32 Cr during the quarter for capacity expansion and business growth. These investments are expected to increase revenue and improve operational productivity in FY24.

## NET CASH

**220** Crores

Net cash is cash and cash equivalents less total borrowings

Continues to be a **Zero Net Debt** company. Gross borrowing was reduced by ₹47 Crs over the balance as of 31<sup>st</sup> March. Cash surplus was held in short-term mutual funds for business growth.

## WORKING CAPITAL

**58** days

The current ratio has remained above 1.7x and considering the surplus cash, the company's liquidity position is strong.

Reduced working capital days were a result of inventory management and early realization of receivables.

## Analysis of Consolidated Financial Position

₹ in Crores

	30 <sup>th</sup> June 2021	31 <sup>st</sup> March 2022	30 <sup>th</sup> June 2022
Non-Current Assets			
Fixed Assets, capital WIP	130.0	169.1	192.3
Other non-current assets	50.5	68.5	74.4
<b>Total non-current assets</b>	<b>180.5</b>	<b>237.6</b>	<b>266.7</b>
Current assets			
Inventories	332.3	433.6	383.7
Trade receivables	73.0	92.2	58.3
Other current assets	74.9	135.9	139.7
<b>Total current assets</b>	<b>480.3</b>	<b>661.7</b>	<b>581.6</b>
Less: Current Liabilities			
Trade payables	125.4	117.8	89.8
Other current liabilities	109.3	185.5	244.7
<b>Total current liabilities</b>	<b>234.7</b>	<b>303.4</b>	<b>334.5</b>
Net Current Assets	245.6	358.3	247.1
<b>Capital Employed*</b>	<b>426.1</b>	<b>595.9</b>	<b>513.8</b>
Sources of Funds			
<b>Equity</b>	<b>282.0</b>	<b>708.2</b>	<b>725.5</b>
Long term Borrowings	30.3	2.4	1.2
Short term Borrowings	294.0	60.7	14.7
<b>Total Borrowings</b>	<b>324.3</b>	<b>63.1</b>	<b>15.9</b>
Less: Fixed Deposits held with Banks	148.5	15.0	21.0
Less: Cash and cash equivalents includes investment in MFs	41.4	167.1	214.7
<b>Net Borrowings / Net Debt</b>	<b>134.4</b>	<b>(119.0)</b>	<b>(219.8)</b>
Long term provisions	5.3	6.7	6.7
Lease Liabilities (Net) <sup>#</sup>	4.5	0.1	1.3
<b>Total Sources of Funds</b>	<b>426.1</b>	<b>595.9</b>	<b>513.8</b>

Note: \* Capital employed and working capital days calculation does not include cash and cash equivalents including investment in mutual funds.

<sup>#</sup> Lease liabilities are net of right of use of assets and liabilities.



## Continue to Invest in Machinery for Expansion and Upgradation



**₹ 116 Crores**  
OF CAPEX DURING THE LAST FIFTEEN MONTHS

### Tentative Capital Expenditure

₹ in Crores

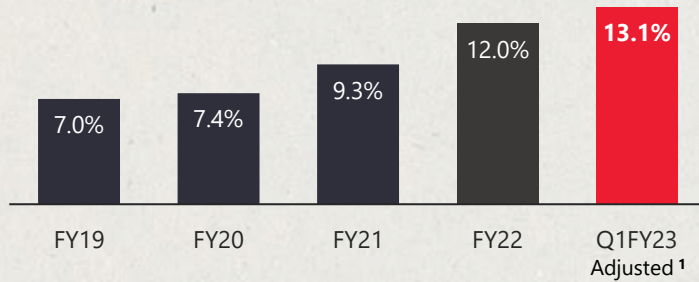
YEAR	MODERNIZATION AND UPGRADES	NEW CAPACITY AND NEW PROJECTS	NEW INITIATIVES	TOTAL
FY22	28	44	12	84
Q1 FY23	10	7	15	32
9m FY23e	10	68	52	130
FY24e	20	40	60	120
<b>Total</b>	<b>68</b>	<b>159</b>	<b>139</b>	<b>366</b>

The company plans to invest ~₹250 Crores on various new initiatives, on the existing, ongoing projects in the next two years.

# Ratio Analysis

## EBITDA Margin

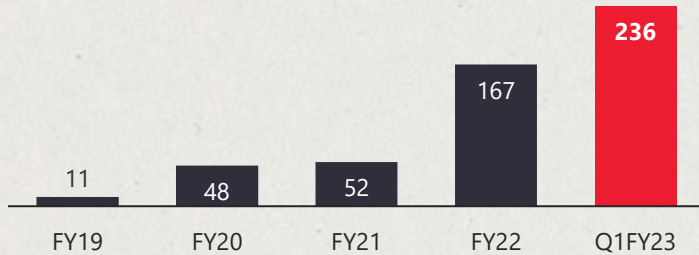
(In %)



<sup>1</sup> During the quarter, the company accounted for an ESOP charge of ₹6 Crore that has been adjusted for.

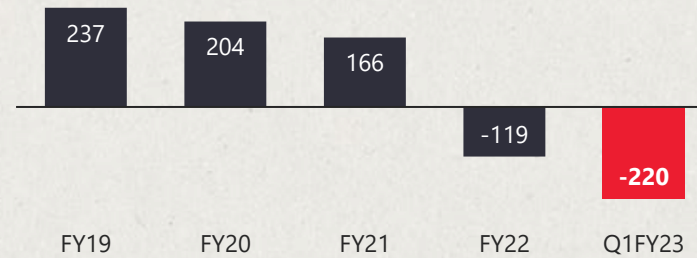
## Cash and Cash Eq.

(₹ In Crores)



## Net Debt

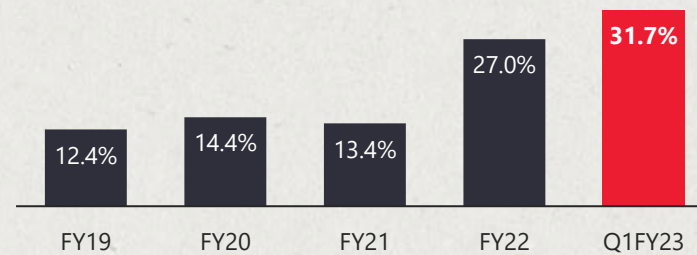
(₹ In Crores)



Note: Net debt is gross borrowings reduced by cash and cash equivalents

## Return on Capital Employed

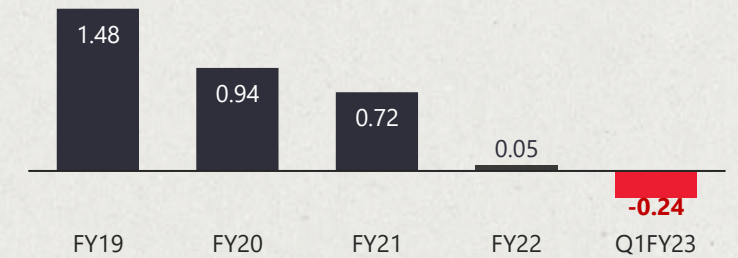
(In %)



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

## Net Debt / Equity

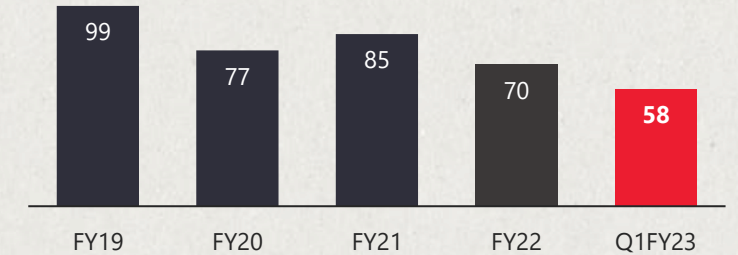
(In Times)



Note: Average net debt/ average equity.

## Net Working Capital

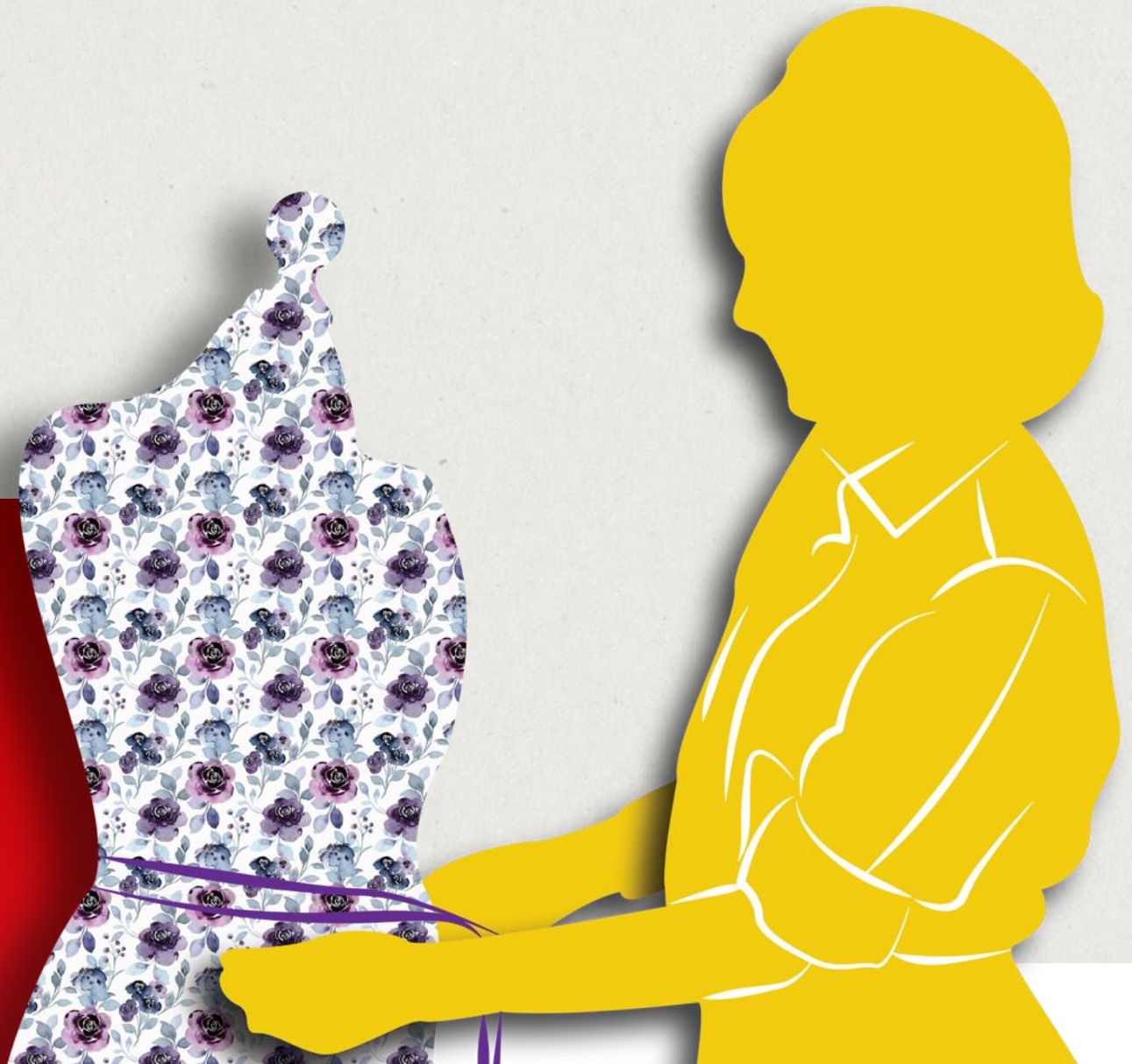
(In Number of days)



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

# *Market Overview*

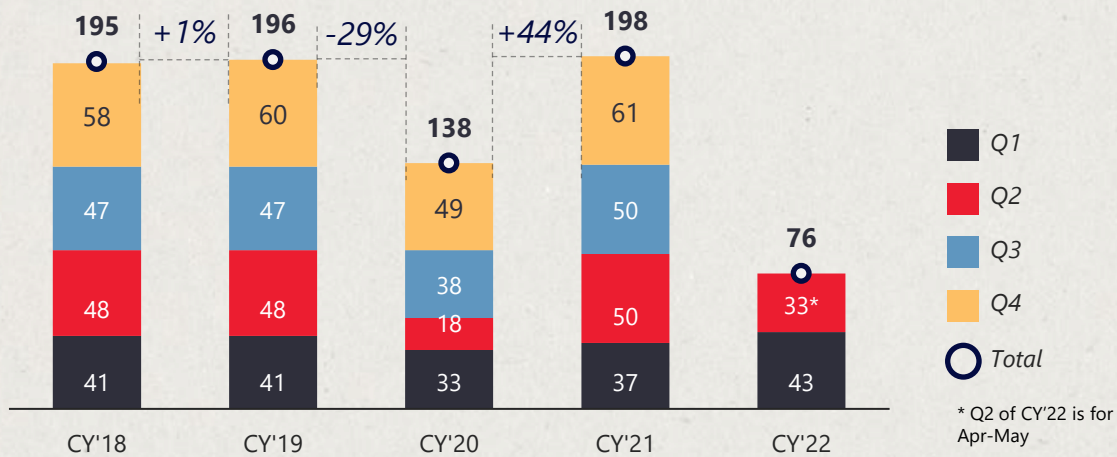
- 12** US Consumer Sales
- 13** US Apparel Imports
- 14** Inflation Impact



# US Consumer Sales – Remaining strong, may weaken in the near term

## US Clothing Retail Store Sales

(US\$ Bn)



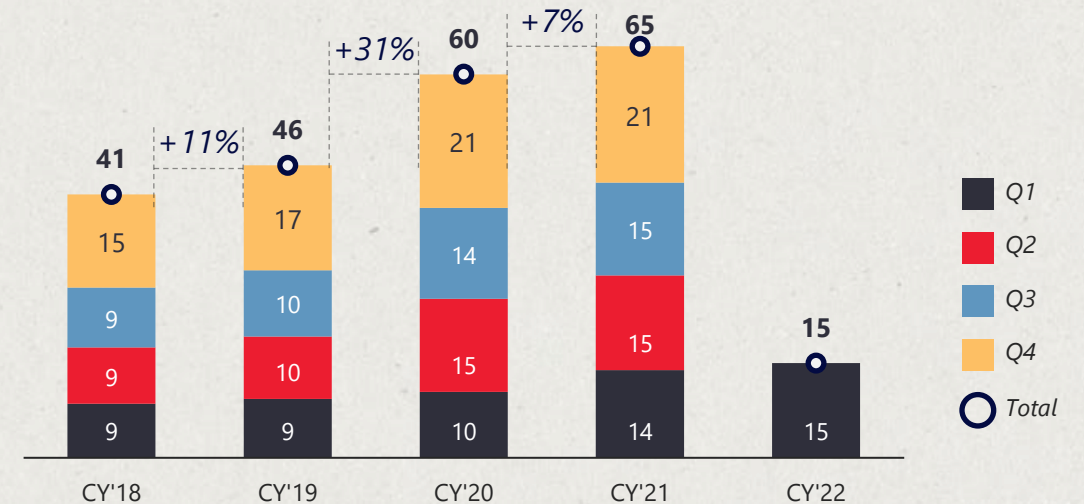
### Retail Store sales back to pre-covid levels

US monthly apparel store sales have been on the rise consistently crossing the pre-covid level. YTD May sales in 2022 are 12.8% higher than in 2021 and 7.8% higher than the 2019 pre-COVID level. Retail offtake in the current quarter is higher than the Q1 of any of the past years. The present trend may slow down in the near term, in response to inflation and recessionary sentiments.

Source: US Census Bureau

## US E-com Clothing Sales

(US\$ Bn)



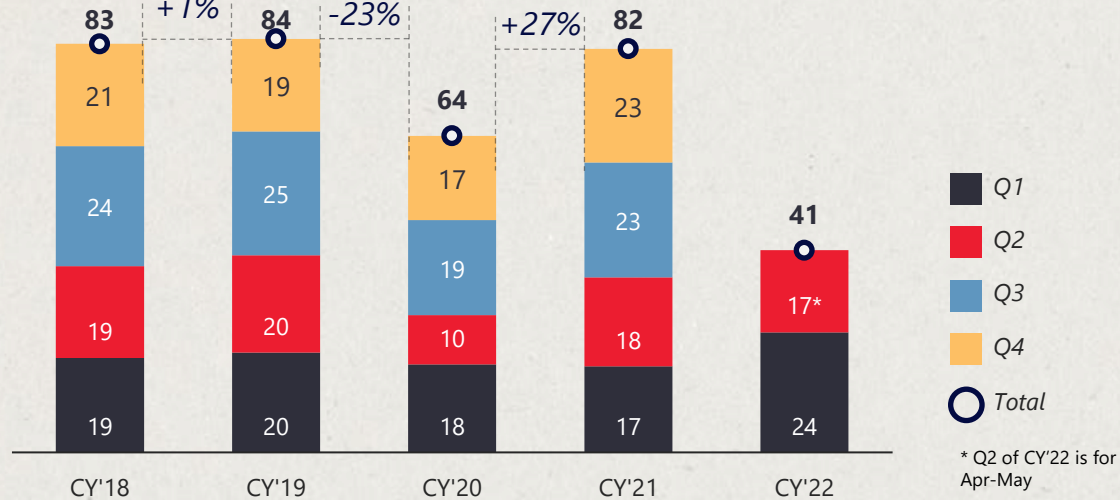
### The continuing trend of rising contribution from E-com

US E-com clothing and accessories sale continues to witness stable growth over a high base. CY22 E-com YTD sales witnessed a moderate growth of 7% compared to CY21.

# US Apparel Imports Showing growth, but could slow down in the near term

## US Apparel Imports

(US\$ Bn)



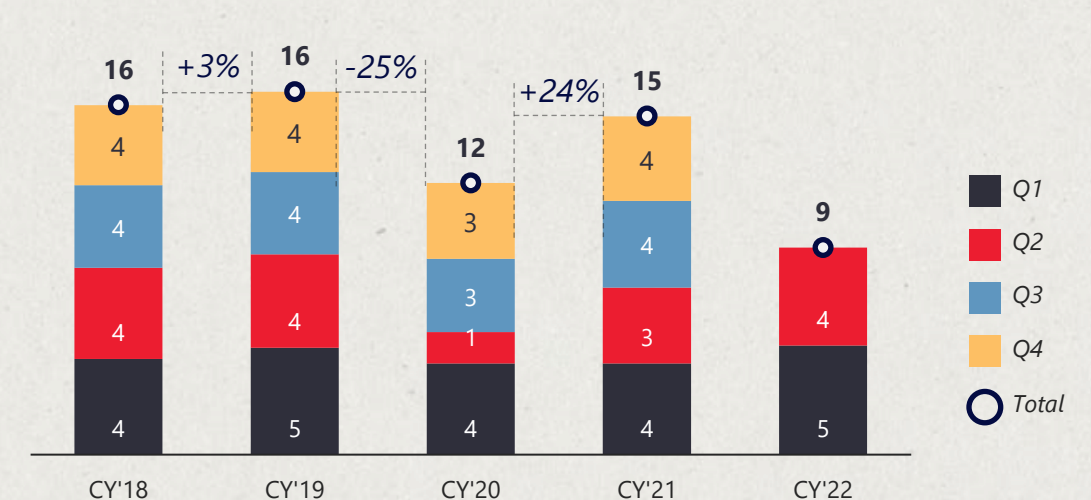
### Showing surge, but sees slight taper in May

US import for the sum of 2 months (Apr & May '22) is higher by 40% over the same period year ago. Rising inflation may pose a challenge in the near term..

Source: US Census Bureau

## Indian Apparel Exports

(US\$ Bn)



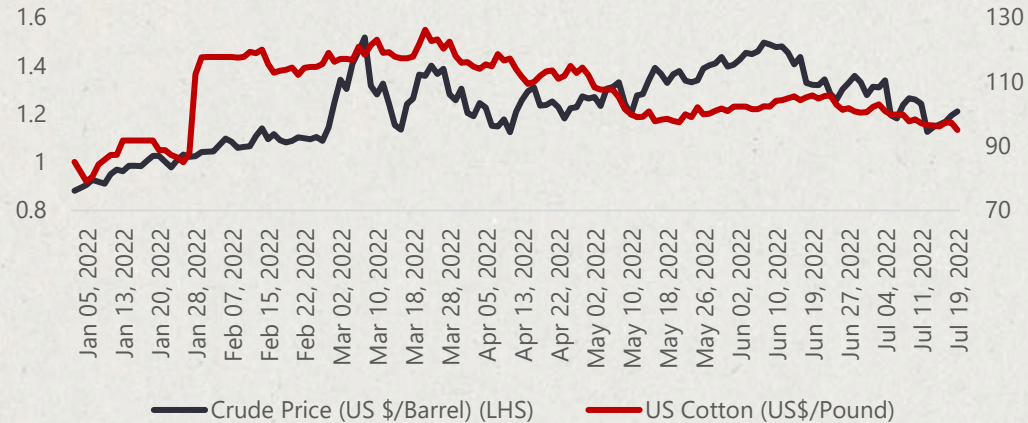
### India's apparel export continues to remain strong

India's global apparel export grew over 30% in the last six months (Jan-Jun'22) to US\$ 9.3 Bn. when compared same period a year ago 7.5%. India's export to the US from Jan to May'22 has increased by 56% YoY and India's share of exports to the US has increased compared to other countries (from 28% to 36% YTD CY 2022).

Source: Ministry of Commerce

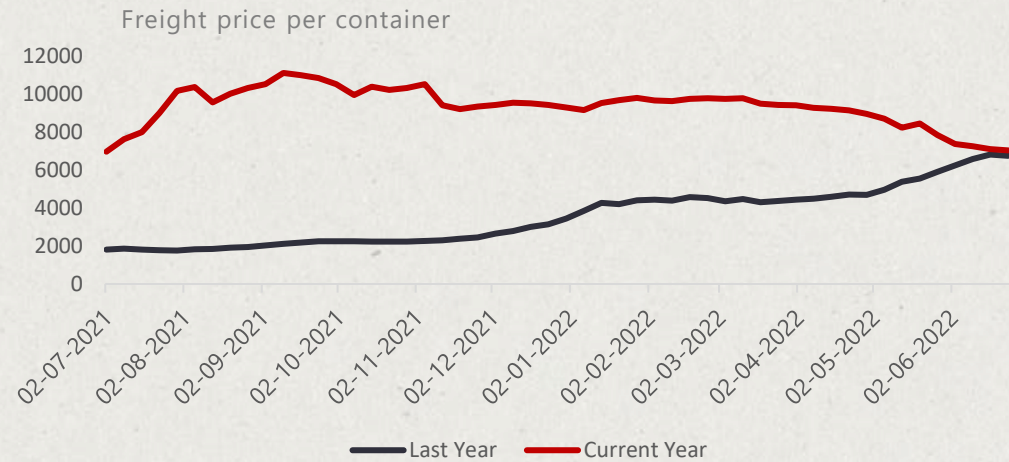
# Inflation impact - May cool off in near term

**Textile Commodity prices following a slowly declining trend**



Source: Investing.com

**Freight Price is reverting back to last year, but still at elevated levels**



Source: Freightos limited. Licensed under freightose master services agreement

**The recent development in the macro-economic factors signals** that key textile commodities like Cotton and Crude oil have started to decline (by 20% from the recent high) easing price pressure on the textile value chain. Further, there is evidence of decongestion of the supply chain. Freight costs also may continue to decline if oil price falls.

## Outlook for FY23



*We cannot change the direction of the wind but can adjust the sails to reach the destination.*

We see headwinds in the near term and strong tailwinds supporting the ongoing growth of the business. Large brands are wary of slower consumer off take in the seasons ahead, till inflationary trends persist. They are also battling higher levels of inventory from last year. It is expected that this may impact imports in the short run.

Simultaneously, several opportunities are presenting themselves in the form of continuing shift of global sourcing away from China, supplier consolidation towards efficient and well-capitalized players, supply side instabilities in countries like Sri Lanka, Pakistan and Myanmar, favourable currency, announcement of PLI and signing of FTAs with key markets.

While order book for H2 is work in progress, we see reasonable traction for us. Falling raw material prices is aiding the industry. Despite near term headwinds, we anticipate good growth in FY23 and a surge from FY24.

# *About the Company*

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- 19** Integrated Value Chain



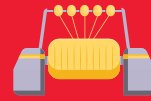


# About Gokaldas Exports Limited



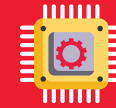
Gokaldas Exports Limited has been a leading apparel manufacturer since 1979, designing, manufacturing, and exporting a diverse range of apparel products for all seasons.

*The Company exports to a number of the world's most prestigious fashion brands and retailers in more than 50 countries.*



**4+** decades

*Of manufacturing Excellence*



**Fully Integrated**

*Manufacturing Operations*



**20+**

*state-of-the-art manufacturing units*



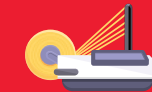
**Sustainability focused**

*Operations*



**32,000+**

*Strong workforce with 80% women*



**15,000+**

*Operational Machines*



**50+**

*Countries Exported to*



**Reliable supplier**

*Demonstrating consistency in customer delivery*



**36M pieces**

*Of Annual Apparel Manufacturing Capacity*

## Strong In-house Capabilities

Gokaldas Exports' strength lies in its robust in-house capabilities which encompass its skilled labour and its manufacturing facilities, that are equipped with state-of-the-art technologies.

*Our integrated manufacturing facilities enable us to be present across the entire value chain, thus also facilitating us to cater to myriad requirements of our customers. We consistently strive to improve ourselves by enhancing our capacities and capabilities through investments in people, process and automation. The quality of our products, reliability and our expertise sets us apart.*



**Robust product development and sampling set-up**



**World class design studio with 3D design capabilities**



**Pneumatic fiber filler for making puffer jackets**

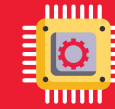


**Capable of executing innovative wash on denims and non-denims**

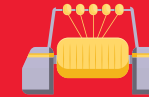
- Combined capacity of producing 1,50,000 pieces/day, including garment dyeing and all kinds of dry processes
- Modern ETP with a capacity to treat 0.7 million litres/day
- Zero liquid discharge plant for washing



**In-house testing lab accredited by our leading customers**



**Integrated embroidery set-up**



**Polyfill manufacturing with the latest technology**

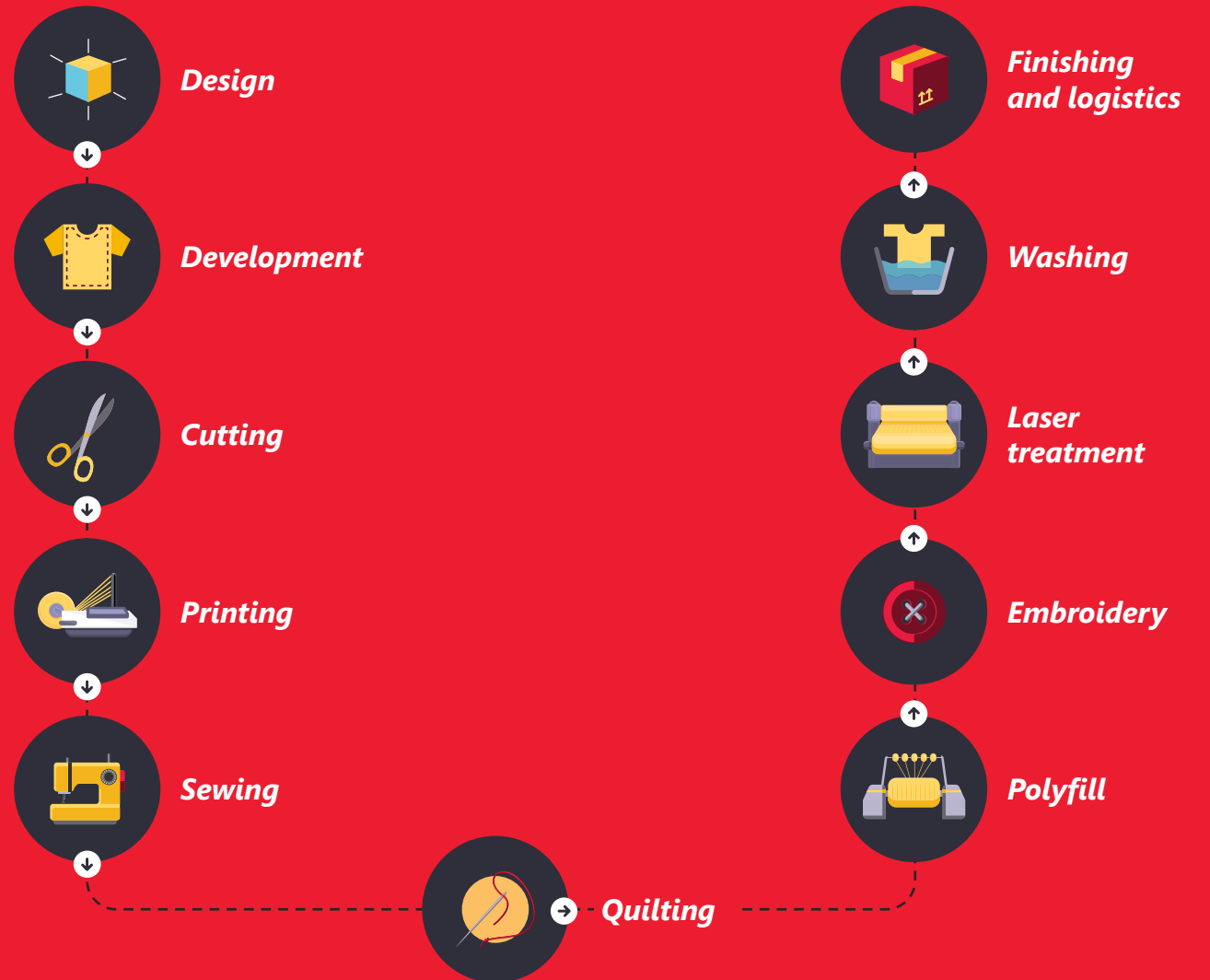


**Modern printing set-up with 12 state-of-the-art automatic machines**

- Capacity to produce 43 million impressions/month
- Capability to print multiple options on all types of fabric qualities

# Integrated Value Chain

Over the years, we have enhanced our capabilities to include a vast array of processes within our manufacturing set-up. Our strong presence across the value chain, enables us to become the preferred partner of choice for some of the most distinguished brands across the globe.



# *Investment Merits*

**21** Investment Merits



# Investment Merits



*Well diversified across geographies, products and clients*



*Globally recognized vendor of complex value-added garments*



*Professional management*



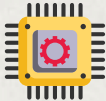
*Benefiting from China +1 and other industry tailwinds*



*Incremental Capacities to accelerate growth momentum*



*Sustainability focused operations*



*Fully integrated manufacturing operations, including design services*



*Long standing relationships with eminent global brands spanning over decades*



*Adhering to high standards of EHS compliance*



*Credible track record on client servicing metrics and a preferred choice for large brands*



GOKALDAS  
EXPORTS LIMITED

## CONTACT US

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*Thank  
You*