



GOKALDAS
EXPORTS LIMITED

Reconfigured for Growth

BSE – GOKEX | NSE – GOKEX

INVESTOR PRESENTATION
Q2 FY 2023



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Management Commentary

The goal of leadership is not to eradicate uncertainty but rather to navigate it
- Andy Stanley

Gokaldas Exports continues to deliver strong, resilient performance in a seasonally weak quarter for the Indian apparel industry and despite a challenging macroeconomic business environment.

We continued our focus on operational excellence and customer service. During the quarter, we strongly focused on reducing operating expenses. We faced supply chain challenges from China as we heavily depend on imported fabrics and trims, but we worked with other suppliers to ameliorate such risks. We continue to manage our working capital well and generate adequate free cash flow to support our growth ambition.

We are closely watching the marco-economic environment for any developments that may be adverse to the business in the short run. The continued military conflict, the extent of global monetary tightening and the trajectory of China's economy are causes for concern. In the short run, our response is to further strengthen relations with the customers and ensure impeccable operations.

We view the long term macro-economic factors as very favourable for the growth of the business. With this in mind, we are progressing well with our capex plan. The unit in Madhya Pradesh is expected to come on stream in this financial year and the knits fabric processing unit in the next financial year.

Our growth trajectory for this financial year is intact, while we continue to build a firm foundation for strong growth in the years ahead.

We are closely watching the marco-economic environment for any developments that may be adverse to the business in the short run.

We view the long term macro-economic factors as very favourable for the growth of the business. With this in mind, we are progressing well with our capex plan.

Sivaramakrishnan Ganapathi

VICE CHAIRMAN &
MANAGING DIRECTOR



Financial Highlights

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Quarterly Highlights

REVENUE

576.3 Crores

↑ 29.2%

Revenue grew by 29.2% YoY compared to Q2 FY22 in a seasonally weak quarter. Export revenue grew by 24.4% over the previous year Q2, while India's apparel exports fell short by 6.3% compared to the PY Q2. A well planned execution and on-time delivery has helped such growth.

ADJ. EBITDA¹

77.8 Crores

↑ 44.3%

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

The Company provided for ESOP Charge of ₹6 Cr. starting the previous quarter, which impacts the P&L as a non-cash expense. The EBITDA after considering the ESOP Charge was ₹71.9 Cr, giving a growth of 33.3% YoY.

ADJ. EBITDA MARGIN¹

13.5%

↑ 1.4%

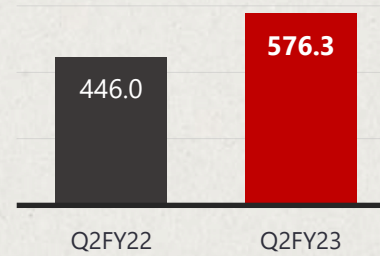
The EBITDA margin grew by 1.4% YoY.

After considering the ESOP charge of ₹6 Cr, the EBITDA margin is 12.5%, still higher than the FY22 level of 12.1%.

↑ Y-o-Y

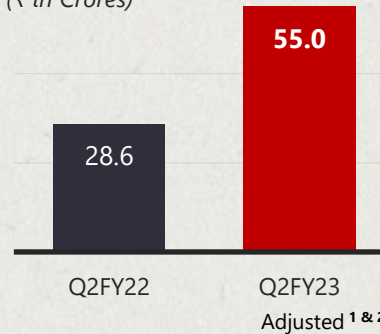
REVENUE

(₹ in Crores)



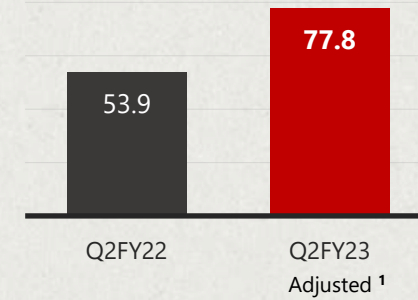
PBT

(₹ in Crores)



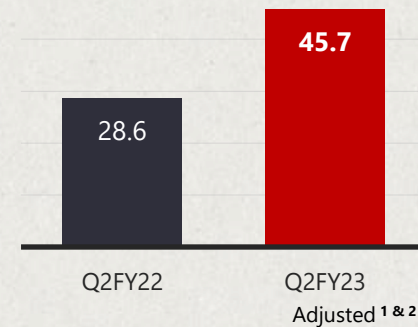
EBITDA

(₹ in Crores)



PAT

(₹ in Crores)



¹ Does not include ESOP Charge (non-cash expense) of ₹6 Crore.

² Does not include an exceptional item of ₹6.05 Crore on account of profit on the sale of an unutilized own building on a lease hold premises.

Quarterly Highlights

ADJ. PBT¹

55.0 Crores

↑ 92.1%

The PBT after considering the non-cash ESOP charge of ₹6 Cr in the quarter, is ₹49 Cr. Increased revenue and better cost management have resulted in consistent healthy profits.

ADJ. PAT¹ & 2

45.7 Crores

↑ 59.7%

Starting this year, the company is subject to normal tax incidence impacting PAT in each quarter, while the company did not have any tax impact in Q2 FY22, due to accumulated losses.

↑ Y-o-Y

Summary of Consolidated Profit & Loss Statement

₹ in Crores

KEY PERFORMANCE METRICS	Q2FY22	Q1FY23	Q2FY23	YOY	QOQ
Revenue from operations	443.8	610.6	569.7	28.4%	-6.7%
Other Income	2.2	2.1	6.6	198.7%	222.6%
Total Income	446.0	612.7	576.3	29.2%	-5.9%
Adj. EBITDA ¹ (excluding ESOP charge)	53.9	80.3	77.8	44.3%	-3.0%
Adj. EBITDA Margin¹ (%)	12.1%	13.1%	13.5%	1.4%	0.4%
EBITDA	53.9	74.3	71.9	33.3%	-3.3%
EBITDA Margin (%)	12.1%	12.1%	12.5%	0.4%	0.4%
Finance cost	11.5	6.4	5.8	-49.7%	-9.7%
Depreciation and amortisation expenses	13.8	17.1	17.1	23.9%	-0.1%
Profit before tax before exceptional item	28.6	50.8	49.0	71.3%	-3.6%
Tax expense	-	11.4	9.2		-18.9%
Profit after tax	28.6	39.4	39.8	38.9%	0.9%
Exceptional item ²	-	-	6.1		
Profit after tax after exceptional item	28.6	39.4	45.8	60.1%	16.3%

¹ Q1 and Q2 FY23 does not include ESOP Charge (non-cash expense) of ₹6 Crore provided in each quarter.

² Exceptional item is relating to profit on the sale of an unutilized own building on a lease hold premises.

H1 Highlights

REVENUE

1,189.0 Crores

↑ 72.6%

While Q1FY22 was severely impacted by the second wave of COVID, setting aside this aberration, revenue grew by 72.6% YoY, export revenue grew by 74.2% over the previous year (H1 FY22).

ADJ. EBITDA¹

158.1 Crores

↑ 114.0%

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

The Company provided for an ESOP Charge of ₹11.9 Cr. starting the previous quarter, which impacts the P&L as a non-cash expense. The EBITDA after considering the ESOP Charge is ₹146.2 Cr, giving a growth of 98% YoY.

ADJ. EBITDA MARGIN¹

13.3%

↑ 2.6%

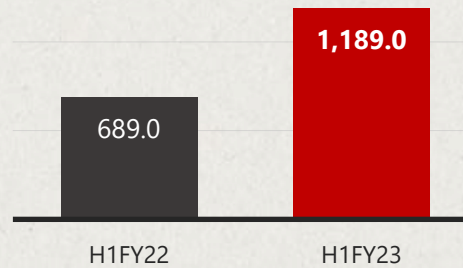
The EBITDA margin grew by 2.6% YoY.

After considering the ESOP charge of ₹11.9 Cr, the EBITDA margin was 12.3%, still higher than the FY22 level of 10.7%.

↑ Y-o-Y

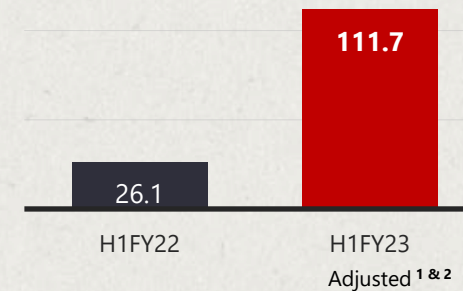
REVENUE

(₹ in Crores)



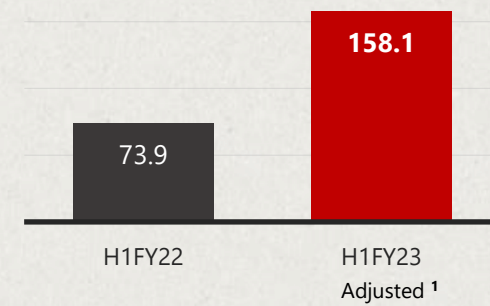
PBT

(₹ in Crores)



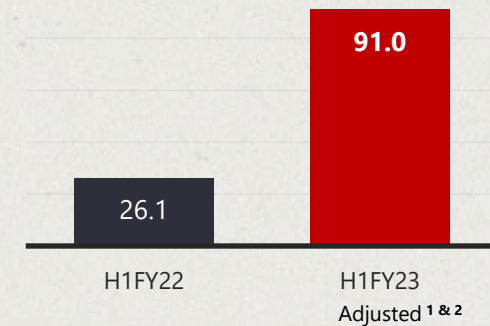
EBITDA

(₹ in Crores)



PAT

(₹ in Crores)



¹ H1 FY23, does not include ESOP Charge (non-cash expense) of ₹11.9 Crore.

² Does not include an exceptional item of ₹6.05 Cr on account of profit on the sale of unutilized own building on a lease hold premises.

H1 Highlights

ADJ. PBT¹

111.7 Crores

Increased revenue and better cost management have resulted in consistent healthy profits.

↑ 328.7%

ADJ. PAT¹ & 2

91.0 Crores

Starting this year, the company is subject to normal tax incidence impacting PAT in each quarter, while the company did not have any tax impact in Q2 FY22, due to accumulated losses.

↑ 249.4%

↑ Y-o-Y

Summary of Consolidated Profit & Loss Statement

₹ in Crores

KEY PERFORMANCE METRICS	H1FY22	H1FY23	YOY
Revenue from operations	684.7	1,180.3	72.4%
Other Income	4.2	8.7	105.1%
Total Income	689.0	1,189.0	72.6%
Adj. EBITDA ¹ (excluding ESOP charge)	73.9	158.1	114.0%
Adj. EBITDA Margin¹ (%)	10.7%	13.3%	2.6%
EBITDA	73.9	146.2	97.9%
EBITDA Margin (%)	10.7%	12.3%	1.6%
Finance cost	21.6	12.2	(43.4%)
Depreciation and amortisation expenses	26.2	34.1	30.3%
Profit before tax before exceptional item	26.1	99.8	283.1%
Tax expense	-	20.7	
Profit after tax	26.1	79.1	203.7%
Exceptional item ²	-	6.1	
Profit after tax after exceptional item	26.1	85.2	226.9%

¹ H1 FY23 does not include ESOP Charge (non-cash expense) of ₹11.9 Crore.

² Exceptional item is relating to profit on the sale of an unutilized own building on a lease hold premises.

Financial Position

CAPEX
51 Crores

The company invested ₹51 Cr during the first half of the year for capacity expansion and business growth. These investments are expected to increase revenue and improve operational productivity in FY24 and beyond.

NET CASH
369 Crores

Net cash is cash and cash equivalents less total borrowings

Gross borrowing was ₹23.5 Crs reduced by ₹39.6 Crs over the debt as of 31st March. Continues to be a **Zero Net Debt** company.

Analysis of Consolidated Financial Position

₹ in Crores

PARTICULARS	30 th Sep 2021	31 st Mar 2022	30 th Sep 2022
Non-Current Assets			
Fixed Assets, capital WIP	146.2	169.1	200.1
Other non-current assets	50.7	68.5	82.3
Total non-current assets	196.9	237.6	282.4
Current assets			
Inventories	366.1	433.6	340.5
Trade receivables	156.3	92.2	33.8
Other current assets	96.2	135.9	86.3
Total current assets	618.7	661.7	460.6
Less: Current Liabilities			
Trade payables	131.1	117.8	88.0
Other current liabilities	143.3	185.5	263.4
Total current liabilities	274.4	303.4	351.3
Net Current Assets	344.3	358.3	109.3
Capital Employed*	541.2	595.9	391.7
Sources of Funds			
Equity	318.0	708.2	750.6
Long term Borrowings	10.1	2.4	3.3
Short term Borrowings	409.1	60.7	20.2
Total Borrowings	419.3	63.1	23.5
Less: Fixed Deposits held with Banks	152.0	15.0	30.9
Less: Cash and cash equivalents includes investment in MFs	50.8	167.1	361.2
Net Borrowings / Net Debt	216.5	(119.0)	(368.6)
Long term provisions	5.3	6.7	6.7
Lease Liabilities (Net) [#]	1.4	0.1	3.0
Total Sources of Funds	541.2	595.9	391.7

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

[#] Lease liabilities are net of right of use of assets and liabilities.

Continue to Invest in Business Infrastructure for Expansion and Upgradation



₹ 135 Crores
OF CAPEX DURING THE LAST
EIGHTEEN MONTHS

Tentative Capital Expenditure

₹ in Crores

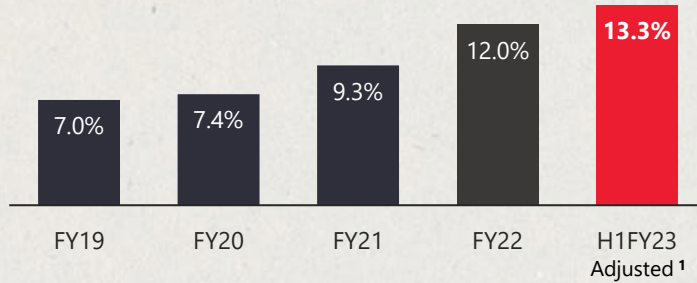
YEAR	MODERNIZATION AND UPGRADES	NEW CAPACITY AND NEW PROJECTS	NEW INITIATIVES	TOTAL
FY22	28	44	12	84
H1 FY23	14	15	22	51
H2 FY23e	6	40	60	106
FY24e	20	60	45	125
Total	68	159	139	366

The company plans to invest ~₹280 Crores on various new initiatives, on the existing, ongoing projects in the next two years.

Ratio Analysis

EBITDA Margin

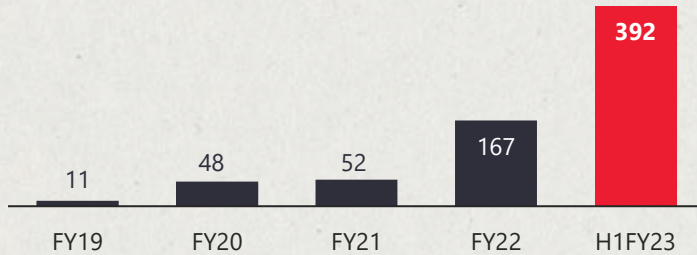
(In %)



¹ H1 FY23, does not include ESOP Charge (non-cash expense) of ₹11.9 Crore.

Cash and Cash Eq.

(₹ In Crores)



Net Debt

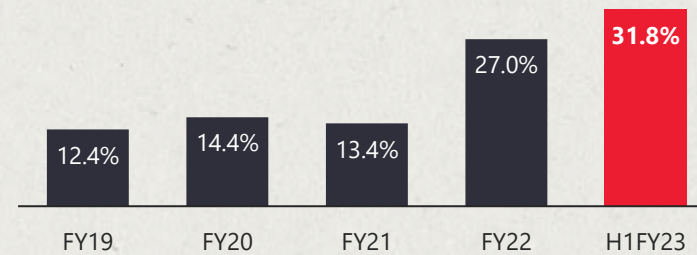
(₹ In Crores)



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

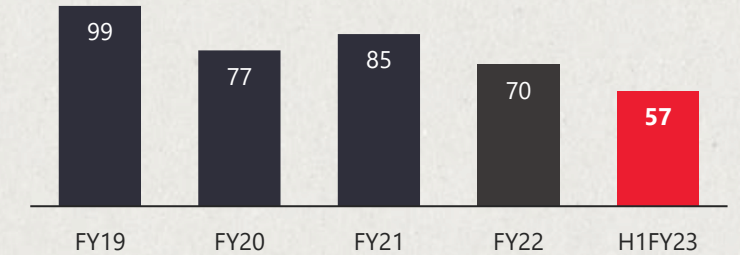
(In Times)



Note: Average net debt/ average equity.

Net Working Capital

(In Number of days)



Note: Cash and cash equivalents to the extent earmarked for capex, lease assets are not included in working capital.

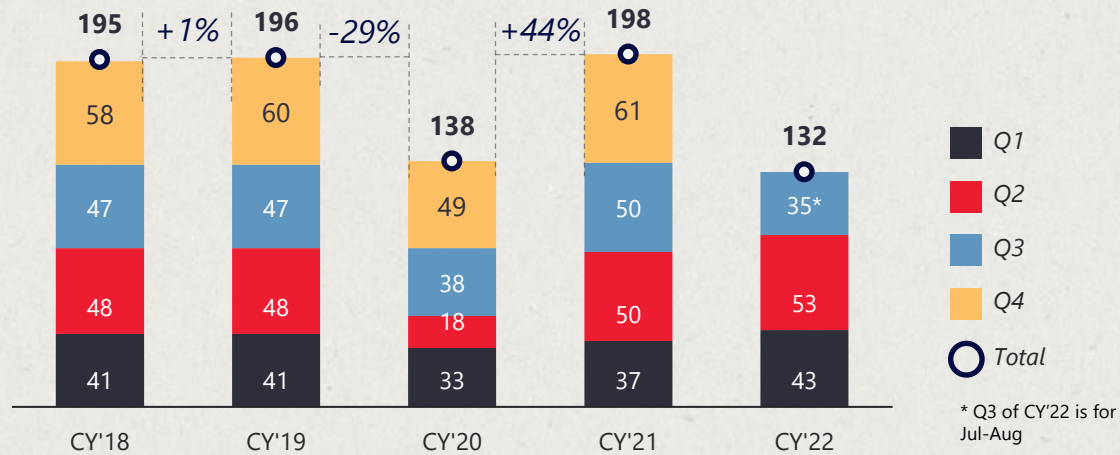
Market Overview

- 14** US Consumer Sales
- 15** US Apparel Imports
- 16** Inflation Impact



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

US Clothing Retail Store Sales (US\$ Bn)

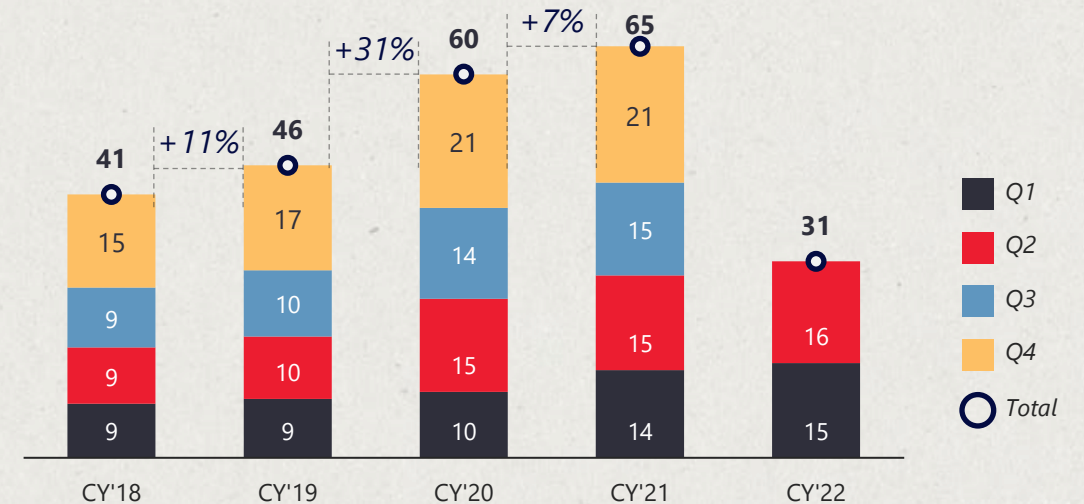


Retail Store sales back to pre-covid levels

US monthly apparel store sales have been on the rise consistently crossing the pre-covid level. YTD Aug sales in 2022 is 8.3% higher than in 2021 and 7.9% higher than the 2019 pre-COVID level. Retail offtake in the H1 is higher than the H1 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)



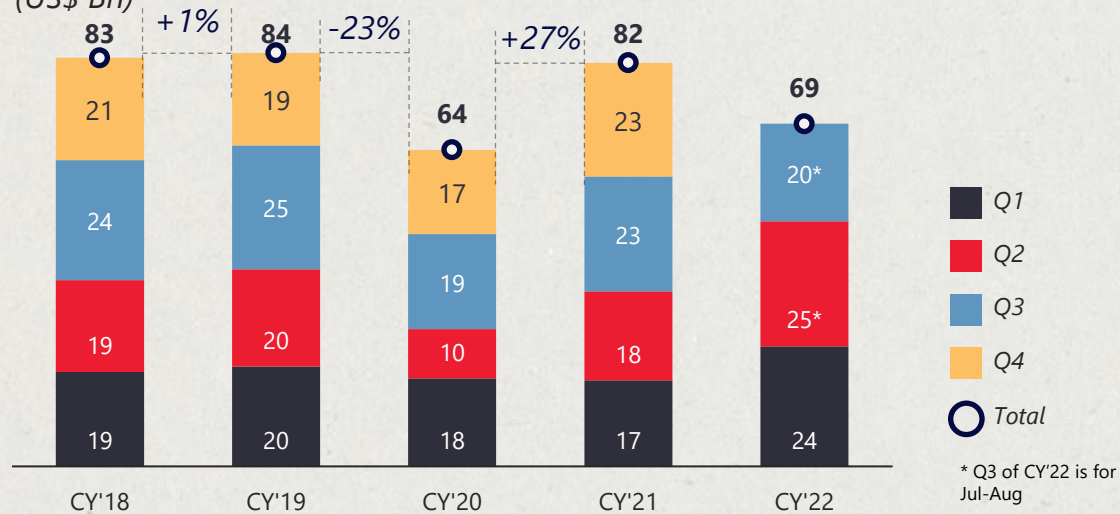
The continuing trend of rising contribution from E-com

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 7.5% compared to CY21.

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

US Apparel Imports

(US\$ Bn)



Showing surge, but may taper

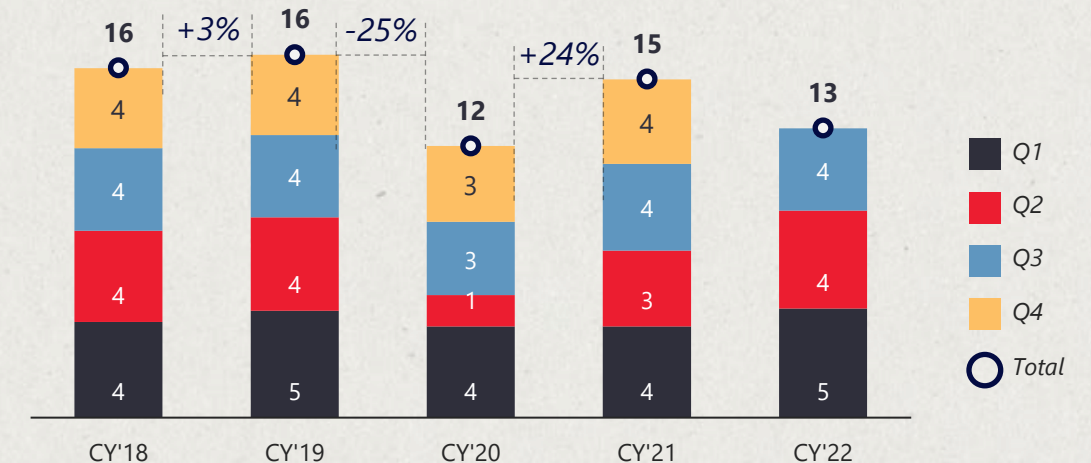
US import for YTD Aug in 2022 is higher by 37.4% over the same period year ago. Higher inventories and rising inflation may pose a challenge in the near term.

India's share of US imports has increased from 4.3% in CY 2015 to 5.1% in CY 2021. 6.0% in YTD CY Aug 2022 vs 5.3% in same period last year.

Source: US Census Bureau

Indian Apparel Exports

(US\$ Bn)



India's apparel export continues to remain strong

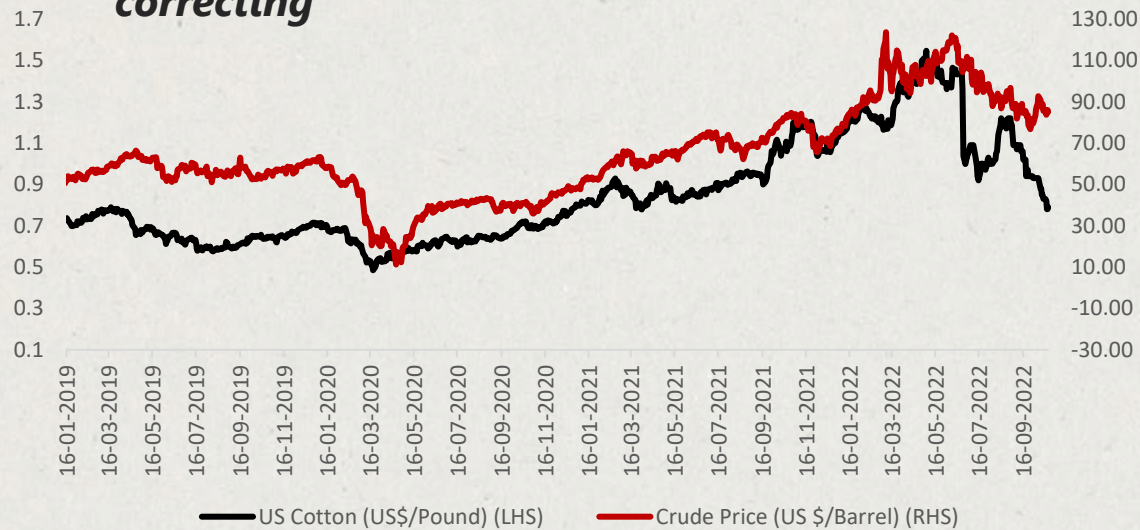
India's global apparel export grew by 14% in the last nine months (Jan-Sep'22) to US\$ 13.0 Bn compared to US\$ 11.4 Bn in the same period a year ago.

India's export to the N. America from Jan to Aug'22 is US\$ 4.6 Bn, a 47.3% growth over previous year. India's share of exports to N. America has increased compared to other regions from 27% to 35% YTD CY Aug 2022.

Source: Ministry of Commerce

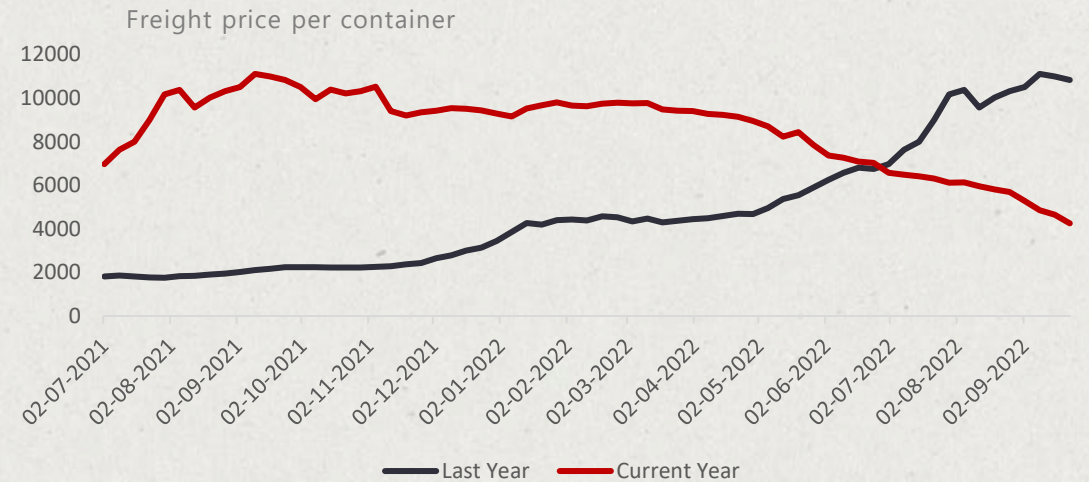
Inflation impact on the value chain

Commodity prices started correcting



Source: Investing.com

The freight Prices started correcting in the current fiscal, may undergo a change



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 ~49% and 31.2%, respectively 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.

About the Company

- 18** About Gokaldas Exports Limited
- 19** Manufacturing Prowess
- 20** Integrated Value Chain

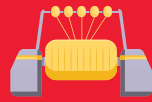


About Gokaldas Exports Limited



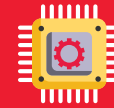
Gokaldas Exports Limited has been a leading apparel manufacturer since 1979, designing, manufacturing, and exporting a diverse range of apparel products for all seasons.

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



28,000+

*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

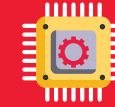


Capable of executing innovative wash on denims and non-denims

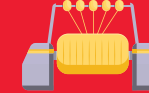
- Combined capacity of producing 1,50,000 pieces/day, including garment dyeing and all kinds of dry processes
- Modern ETP with a capacity to treat 0.7 million litres/day
- Zero liquid discharge plant for washing



In-house testing lab accredited by our leading customers



Integrated embroidery set-up



Polyfill manufacturing with the latest technology

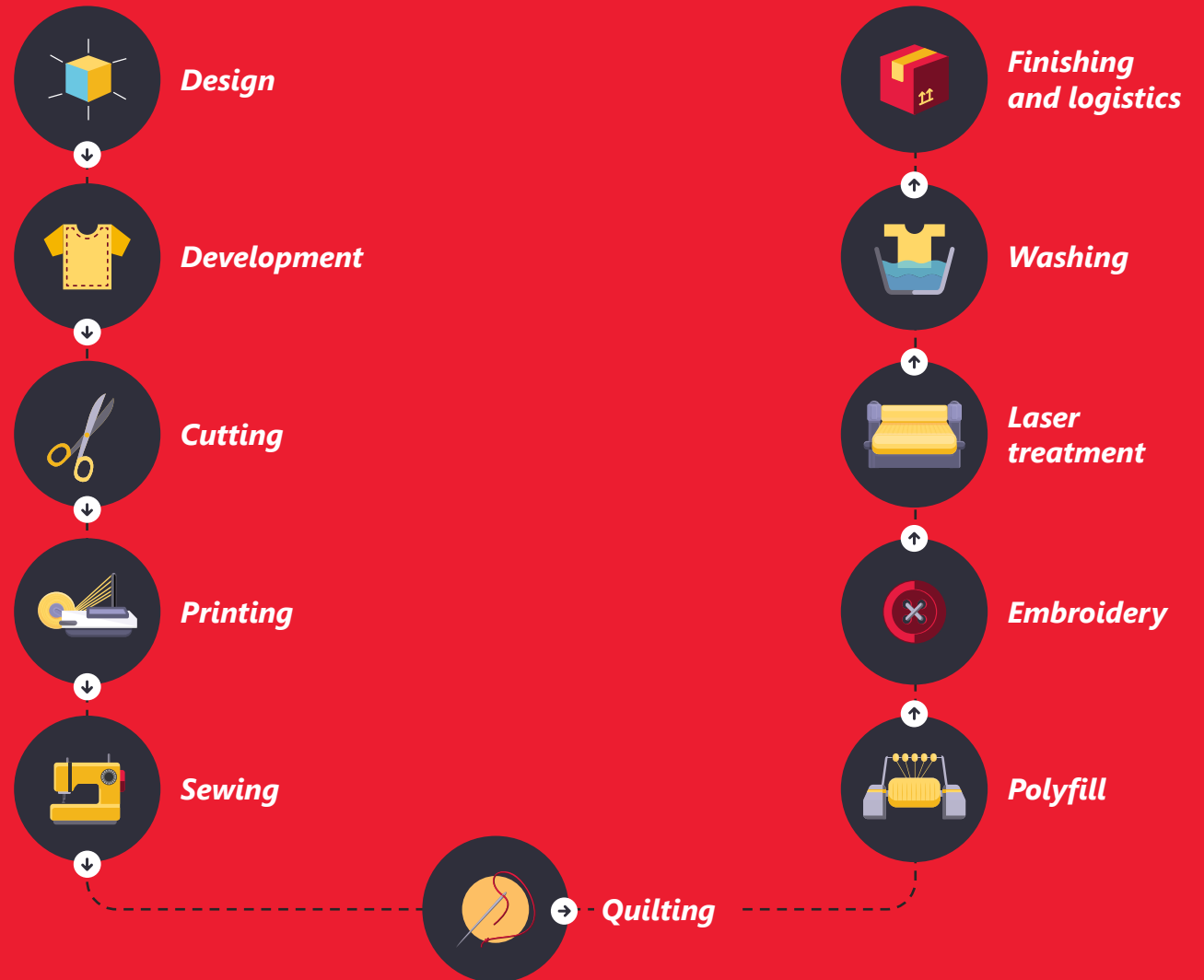


Modern printing set-up with 12 state-of-the-art automatic machines

- Capacity to produce 54 million impressions/annum
- 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

22 Investment Merits



Investment Merits



Well diversified across geographies, products and clients



Globally recognized vendor of complex value-added garments



Professional management



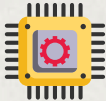
Benefiting from China +1 and other industry tailwinds



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

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***Thank
You***