



GOKALDAS
EXPORTS LIMITED

Reconfigured for Growth

BSE – GOKEX | NSE – GOKEX

INVESTOR PRESENTATION
Q3 FY 2023



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Management Commentary

Resilient companies do better at the outset of a downturn and after.

Gokaldas Exports has delivered the third quarter performance with strength and resilience when the industry is encountering a challenging global macroeconomic environment.

Currently, major consuming markets are passing through uncertain times and there are signs of a global economic slowdown as macroeconomic factors and declining consumer confidence seem to undermine the past gains.

Having said that, amidst these, we continue to stay focused on operational excellence and customer service as these are cornerstones of our growth levers. During the quarter, as volume growth remained flat, we strongly focused on improving employee and operational productivity, balanced our orders on hand with the capacities well, and also, reduced operating expenses. We continue to manage our working capital well and generated adequate free cash flow to support our growth ambition.

We are closely watching the macroeconomic environment for any developments that may be adverse to the business in the short run and our response is to further strengthen relations with the customers and ensure execution excellence and service delivery.

We view the long-term macroeconomic factors are 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 commence commercial production in Q1 FY2024 and our knits project in Tamil Nadu too is progressing well, setting the stage for a strong future.

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

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

Sivaramakrishnan Ganapathi

VICE CHAIRMAN &
MANAGING DIRECTOR

Financial Highlights

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Quarterly Highlights

REVENUE

528.1 Crores

↑ 0.8%

Revenue grew in the quarter and remained flat (up by 0.8% YoY) compared to Q3 FY22

ADJ. EBITDA¹

78.4 Crores

↑ 24.8%

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

The Company provided for ESOP Charge of ₹6 Cr. starting the first quarter, which impacts the P&L as a non-cash expense. The EBITDA after considering the ESOP Charge was ₹78.4 Cr, giving a growth of 24.8% YoY on a comparative term.

ADJ. EBITDA MARGIN¹

14.8%

↑ 2.8%

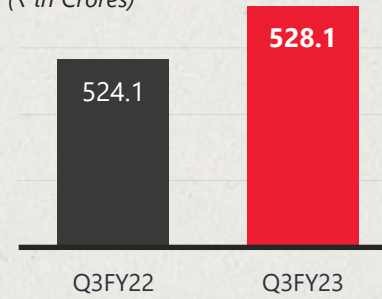
The EBITDA margin grew by 2.8% YoY. However, after considering the ESOP charge of ₹6 Cr., the EBITDA margin is 13.7%, higher than the Q3 FY22 level of 12.0%.

The current quarter's EBITDA includes one-off income of ₹3.3 Cr. that accounts for ~0.6%, excluding which, the EBITDA Margin is 14.2% vs. 13.5% in the Q2 FY23 and 12% in the Q3 FY22.

↑ Y-o-Y

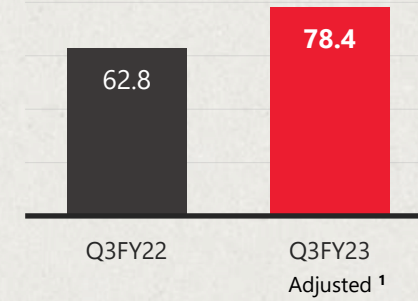
REVENUE

(₹ in Crores)



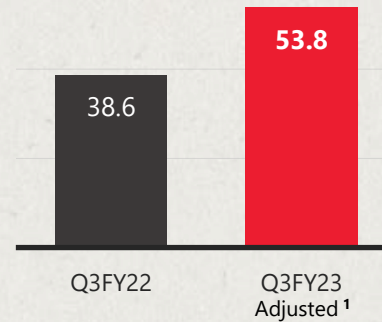
EBITDA

(₹ in Crores)



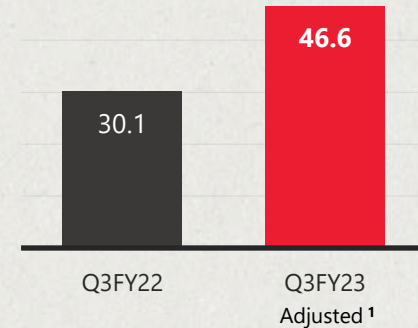
PBT

(₹ in Crores)



PAT

(₹ in Crores)



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

Quarterly Highlights

ADJ. PBT¹

53.8 Crores

↑ 39.2%

The PBT after considering the non-cash ESOP charge of ₹6 Cr in the quarter, is ₹47.8 Cr. Hence, the adjusted PBT is 53.8 Cr.

Despite a flat revenue growth, better productivity and cost management have resulted in healthy profits.

ADJ. PAT¹

46.6 Crores

↑ 54.5%

Adjusted PAT is before adjusting for the ESOP charge of Rs.6 Cr.

Starting this year, the company has been subject to normal tax incidence impacting PAT in each quarter, while the company did not have any tax impact in Q1 And Q2 of FY22, due to accumulated losses and tax impact for the 3 quarters of FY22 was factored in Q3 FY22. Hence, quarterly PAT variance could be non-comparable. Even otherwise, the PAT growth YoY is higher.

↑ Y-o-Y

Summary of Consolidated Profit & Loss Statement

₹ in Crores

KEY PERFORMANCE METRICS	Q3FY22	Q2FY23	Q3FY23	YOY	QOQ
Revenue from operations	520.6	569.7	518.9	-0.3%	-8.9%
Other Income	3.5	6.7	9.2	166.9%	38.5%
Total Income	524.1	576.3	528.1	0.8%	-8.4%
Adj. EBITDA ¹ (excluding ESOP charge)	62.8	77.8	78.4	24.8%	0.7%
Adj. EBITDA Margin¹ (%)	12.0%	13.5%	14.8%	2.8%	1.3%
EBITDA	62.8	71.9	72.4	15.4%	0.7%
EBITDA Margin (%)	12.0%	12.5%	13.7%	1.7%	1.2%
Finance cost	9.2	5.8	6.0	-34.4%	4.2%
Depreciation and amortisation expenses	15.0	17.1	18.6	24.4%	9.0%
Profit before tax before exceptional item	38.6	49.0	47.8	23.7%	-2.6%
Tax expense	8.5	9.3	7.2	-15.5%	-22.5%
Profit after tax	30.1	39.8	40.6	34.8%	2.1%
Exceptional item ²	-	6.1	-		
Profit after tax after exceptional item	30.1	45.8	40.6	34.8%	-11.4%

¹ Q2 and Q3 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.

9M Highlights

REVENUE

1,717.1 Crores

↑ 41.6%

While growth was led by capacity increase and strong execution, it was also aided by a weak Q1FY22, impacted by the second wave of COVID. Export revenue grew by 42.1% over the previous year (9M FY22).

ADJ. EBITDA¹

236.5 Crores

↑ 73.1%

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

The Company provided for an ESOP Charge of ₹17.9 Cr. starting the first quarter of the current year. The EBITDA after considering the ESOP Charge is ₹218.6 Cr, giving a growth of 60% YoY.

ADJ. EBITDA MARGIN¹

13.8%

↑ 2.5%

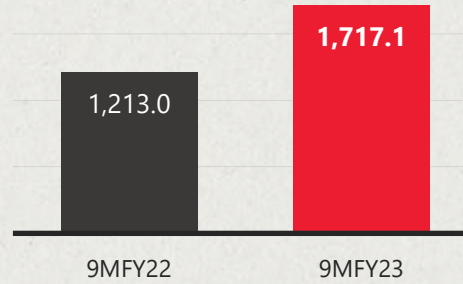
The EBITDA margin without considering the ESOP charge of Rs.17.9 Cr grew by 2.5% YoY.

After considering the ESOP charge, the EBITDA margin was 12.7%, higher than the FY22 level of 11.3%.

↑ Y-o-Y

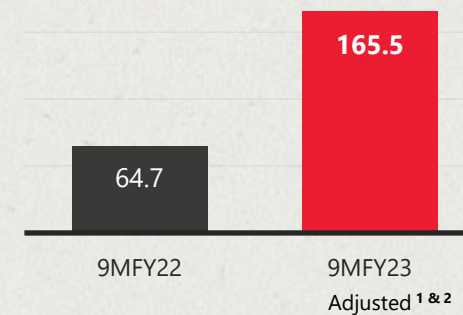
REVENUE

(₹ in Crores)



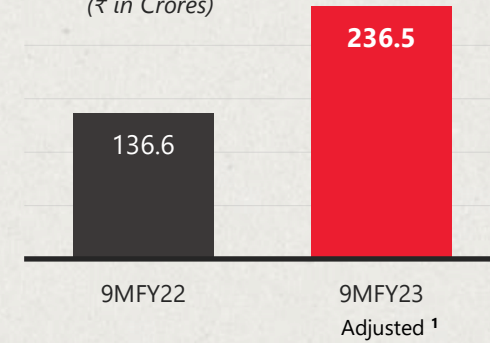
PBT

(₹ in Crores)



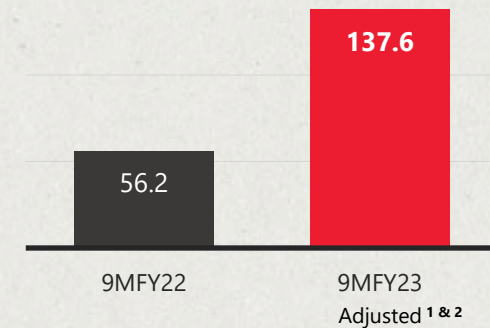
EBITDA

(₹ in Crores)



PAT

(₹ in Crores)



¹ 9M FY23, does not include ESOP Charge (non-cash expense) of ₹17.9 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.

9M Highlights

ADJ. PBT¹

165.5 Crores

Increased revenue and better cost management have resulted in healthy profit.

↑ 155.9%

ADJ. PAT^{1 & 2}

137.6 Crores

PAT growth is healthy with increased revenue and better productivity in operation.

↑ 144.9%

↑ Y-o-Y

Summary of Consolidated Profit & Loss Statement

₹ in Crores

KEY PERFORMANCE METRICS	9MFY22	9MFY23	YOY
Revenue from operations	1,205.4	1,699.2	41.0%
Other Income	7.7	17.9	138.8%
Total Income	1,213.0	1,717.1	41.6%
Adj. EBITDA ¹ (excluding ESOP charge)	136.6	236.5	73.1%
Adj. EBITDA Margin¹ (%)	11.3%	13.8%	2.5%
EBITDA	136.6	218.6	60.0%
EBITDA Margin (%)	11.3%	12.7%	1.4%
Finance cost	30.8	18.3	-40.7%
Depreciation and amortisation expenses	41.2	52.8	28.2%
Profit before tax before exceptional item	64.7	147.6	128.3%
Tax expense	8.5	27.9	228.3%
Profit after tax	56.2	119.7	113.1%
Exceptional item ²	-	6.1	
Profit after tax after exceptional item	56.2	125.8	123.9%

¹ 9M FY23 does not include ESOP Charge (non-cash expense) of ₹17.9 Crore.

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

Financial Position

CAPEX
80 Crores

The company invested ₹80 Cr during the last nine months of the year upon modernization and upgradation of machinery, new project expansion. These investments are expected to increase revenue and improve operational productivity in the years ahead..

NET CASH
340 Crores

Net cash is cash and cash equivalents less total borrowings

Gross borrowing was ₹22.8 Crs reduced by ₹40.3 Crs over the debt as of 31st March. Continues to be a **Zero Net Debt company**.

Analysis of Consolidated Financial Position

₹ in Crores

PARTICULARS	31 st Dec 2021	31 st Mar 2022	31 st Dec 2022
Non-Current Assets			
Fixed Assets, capital WIP	150.8	169.1	219.3
Other non-current assets	53.0	68.5	86.7
Total non-current assets	203.8	237.6	306.0
Current assets			
Inventories	397.9	433.6	310.0
Trade receivables	171.3	92.2	124.7
Other current assets	141.7	135.9	81.7
Total current assets	710.9	661.7	516.4
Less: Current Liabilities			
Trade payables	158.4	117.8	98.0
Other current liabilities	164.6	185.5	250.7
Total current liabilities	322.9	303.4	348.7
Net Current Assets	388.0	358.3	167.7
Capital Employed*	591.8	595.9	473.7
Sources of Funds			
Equity	654.7	708.2	801.8
Long term Borrowings	8.9	2.4	7.2
Short term Borrowings	168.0	60.7	15.6
Total Borrowings	177.0	63.1	22.8
Less: Fixed Deposits held with Banks	152.0	15.0	29.3
Less: Cash and cash equivalents includes investment in MFs	96.3	167.1	333.0
Net Borrowings / Net Debt	(71.3)	(119.0)	(339.5)
Long term provisions	5.3	6.7	6.7
Lease Liabilities (Net)#	3.1	0.1	4.7
Total Sources of Funds	591.8	595.9	473.7

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



₹ 164 Crores
OF CAPEX SINCE FY22 TILL Q3
FY23

Tentative Capital Expenditure

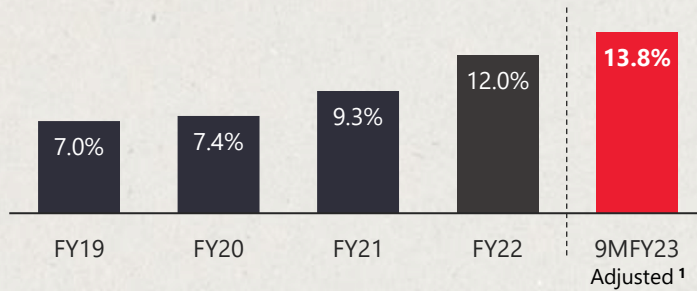
₹ in Crores

YEAR	MODERNIZATION AND UPGRADES	NEW CAPACITY AND NEW PROJECTS	NEW INITIATIVES	TOTAL
FY22	28	44	12	84
9M FY23	27	22	31	80
Q4 FY23e	7	10	47	64
Next 18 Months	30	75	45	150
Total	92	151	135	378

Ratio Analysis

EBITDA Margin

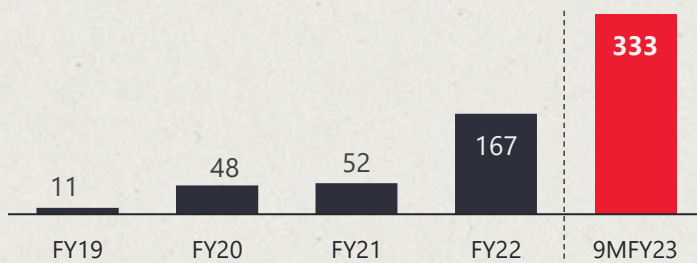
(In %)



¹ 9M FY23, does not include ESOP Charge (non-cash expense) of ₹17.9 Crore.

Cash and Cash Eq.

(₹ In Crores)



Net Debt

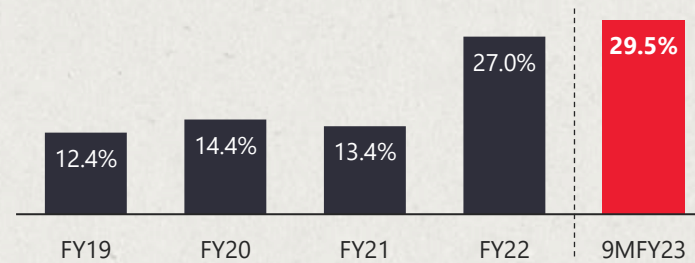
(₹ In Crores)



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 (other than funds committed for capex), etc., are eliminated for capital employed calculation.

Net Debt / Equity

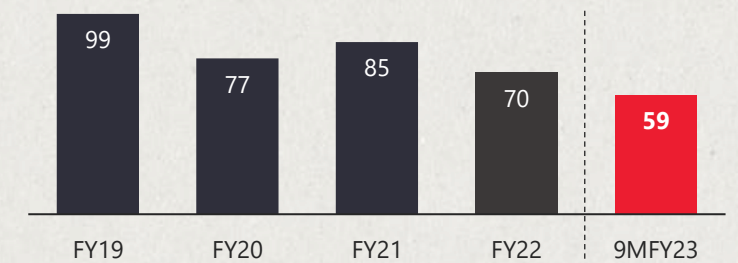
(In Times)



Note: Average net debt/ average equity.

Net Working Capital

(In Number of days)



Note: Cash and cash equivalents (other than funds committed for Capex) and lease assets are not included in working capital.

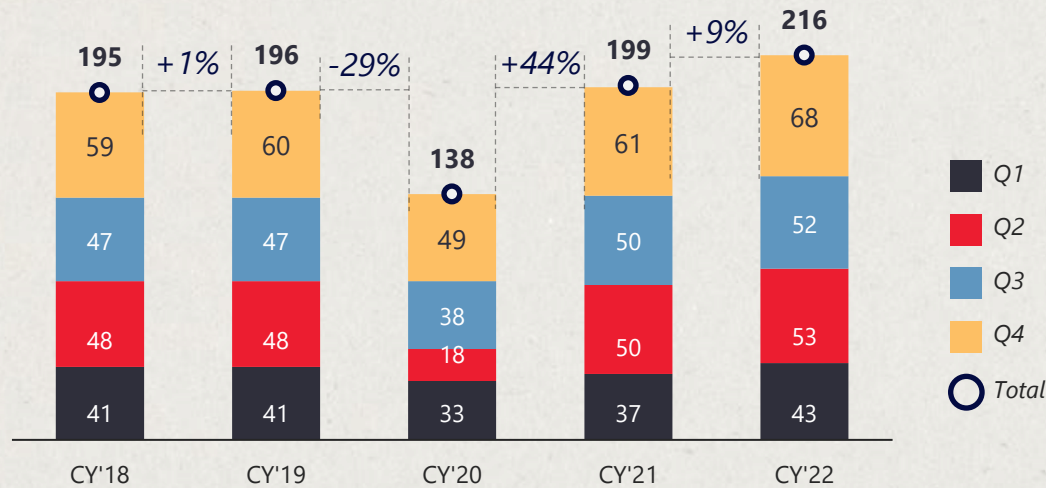
Market Overview

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



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

US Clothing Retail Store Sales (US\$ Bn)

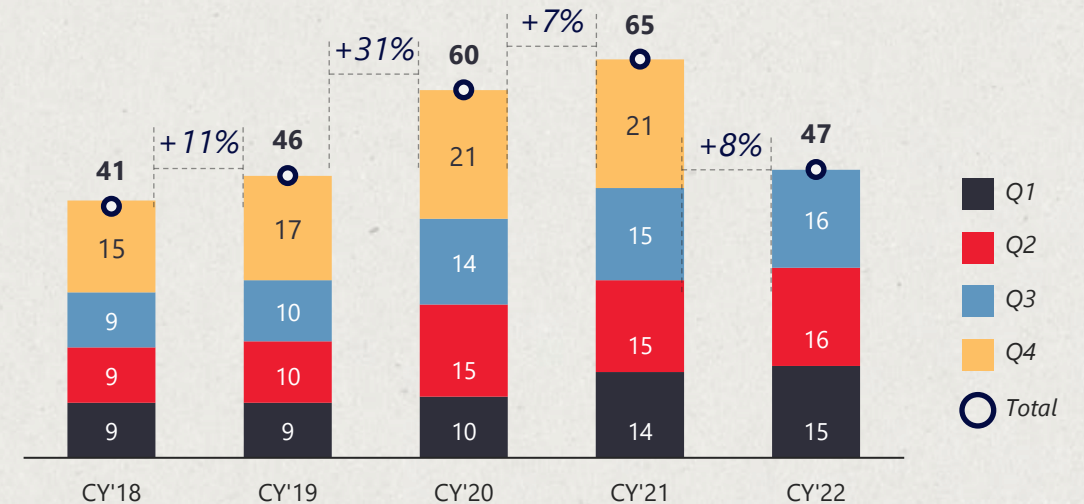


Retail Store sales back to pre-covid levels

US monthly apparel store sales have been on the rise consistently crossing the pre-covid level. CY 2022 sales is 8.9% higher than 2021 and 10.2% higher than the 2019 pre-COVID level. 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)

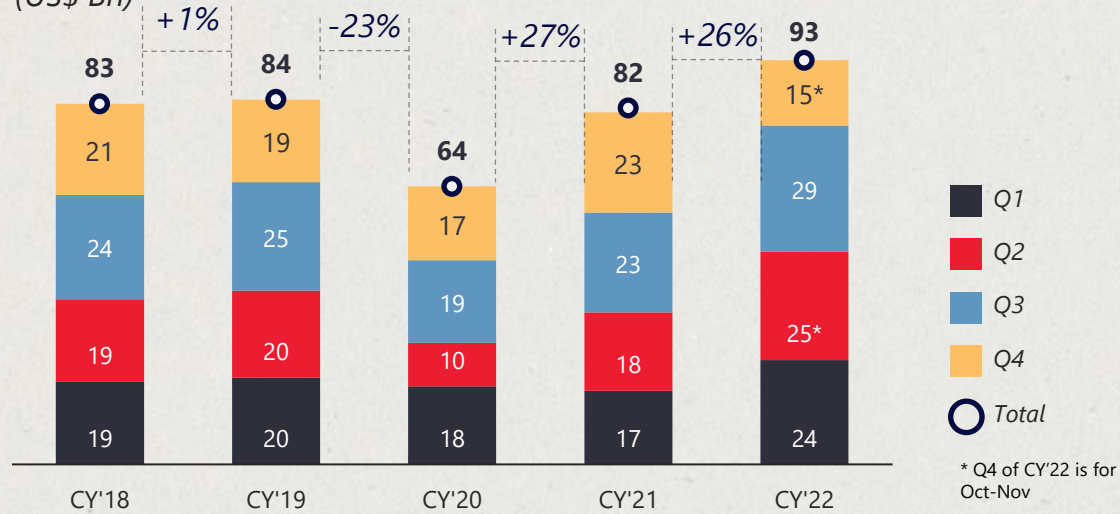


The continuing trend of rising contribution from E-com

US E-com clothing and accessories sales continues to witness stable growth.

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

US Apparel Imports
(US\$ Bn)



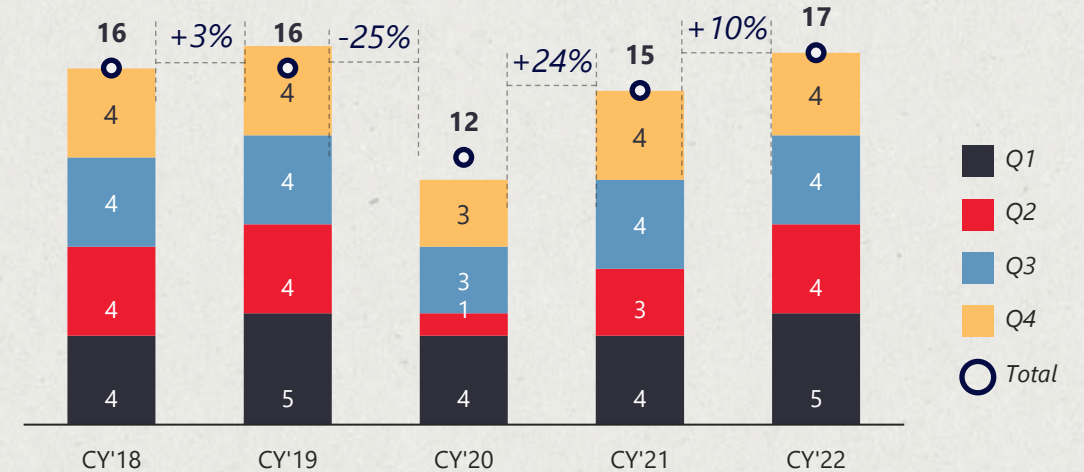
Showing surge, but may taper

US import for YTD Nov in 2022 is higher by 26% 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 and 5.7% in YTD CY November 2022.

Source: US Census Bureau

Indian Apparel Exports
(US\$ Bn)



India's apparel export continues to remain strong

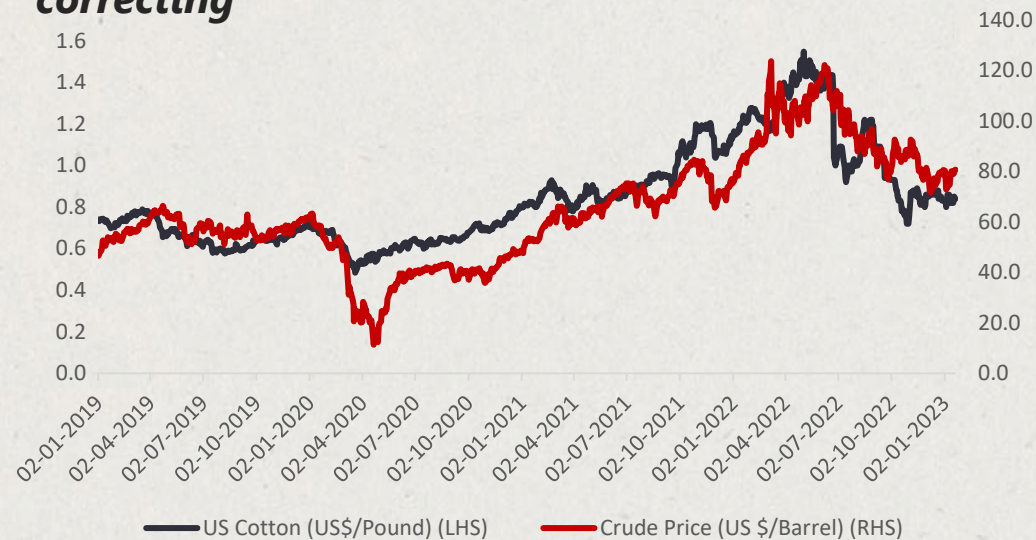
India's global apparel export grew by 10% in CY22 to US\$ 16.7 Bn compared to US\$ 15.2 Bn in the same period a year ago.

India's export to the N. America in CY22 stood at US\$ 6.3 Bn, a 25% growth over previous year. India's share of exports to N. America has increased compared to other regions from 33% to 38% CY22.

Source: Ministry of Commerce

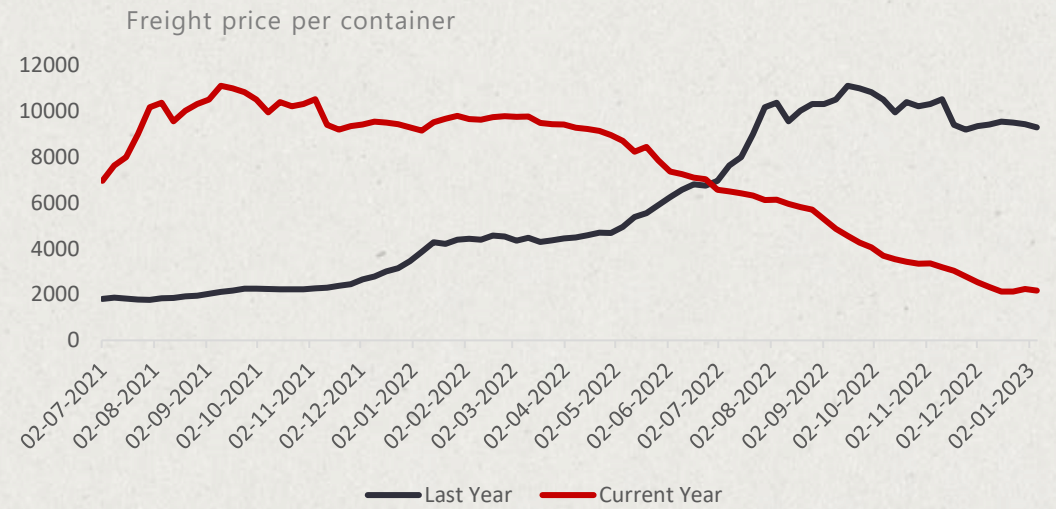
Inflation impact on the value chain

Commodity prices started correcting



Source: Investing.com

The freight Prices started correcting in the current fiscal



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 ~46% and 35%, 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

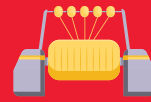


About Gokaldas Exports Limited



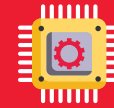
Gokaldas Exports Limited has been a leading apparel manufacturer since 1979, designing, manufacturing, and exporting a diverse range of apparel products for all seasons.

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



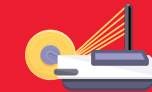
Sustainability focused

Operations



25,000+

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

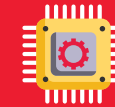


Capable of executing innovative wash on denims and non-denims

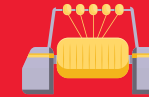
- Combined capacity of producing 1,50,000 pieces/day, including garment dyeing and all kinds of dry processes
- Modern ETP with a capacity to treat 0.7 million litres/day
- Zero liquid discharge plant for washing



In-house testing lab accredited by our leading customers



Integrated embroidery set-up



Polyfill manufacturing with the latest technology

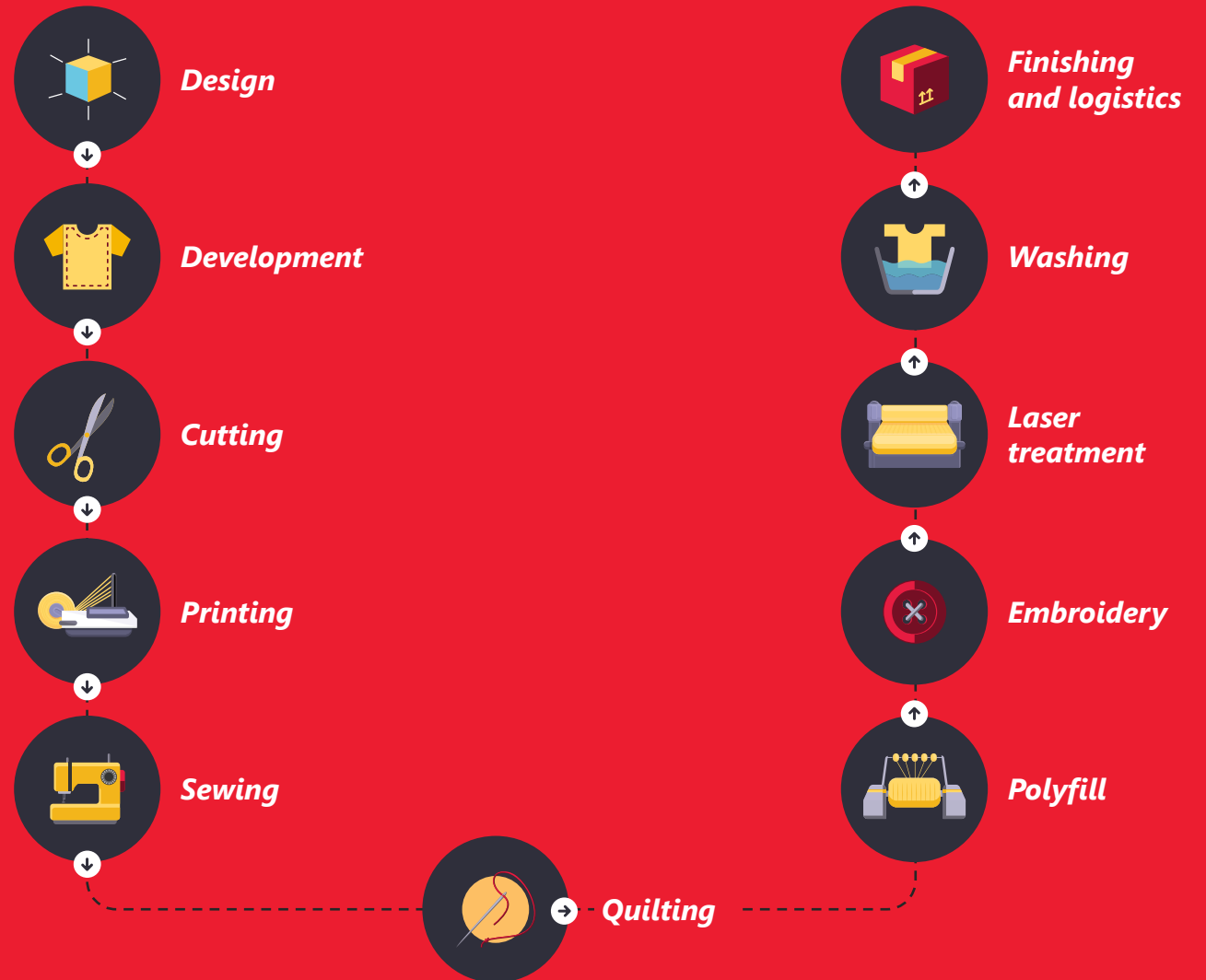


Modern printing set-up with 12 state-of-the-art automatic machines

- 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



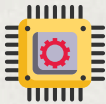
Benefiting from China +1 and other industry tailwinds



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

CONTACT US

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*Thank
You*