



GOKALDAS
EXPORTS LIMITED

Future Ready



2023

INVESTOR
PRESENTATION

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Q4FY23 and

FY23 Highlights

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Quarterly Highlights

Summary of Consolidated Profit & Loss Statement

₹ in Crores

KEY PERFORMANCE METRICS	Q4FY23	Q3FY23	Q4FY22	YOY	QOQ
Revenue from operations	523.0	518.9	585.0	(10.6%)	0.8%
Other Income	7.1	9.2	3.0	137.9%	(22.8%)
Total Income	530.1	528.1	588.0	(9.8%)	0.4%
Adj. EBITDA (excluding ESOP charge) ^{1&2}	82.3	78.4	79.5	3.5%	5.0%
Adj. EBITDA Margin (%)	15.5%	14.8%	13.5%	200 bps	69 bps
EBITDA	77.2	72.4	79.5	(3.0%)	6.6%
EBITDA Margin (%)	14.6%	13.7%	13.5%	103 bps	85 bps
Finance cost	7.4	6.1	9.4	(20.8%)	22.7%
Depreciation and amortisation expenses	19.0	18.6	17.8	6.8%	2.1%
Profit before tax	50.8	47.8	52.4	-3.1%	6.3%
Less: Current tax	9.2	12.7	3.2		
Less: Deferred tax credits	(5.7)	(5.6)	(11.8) ³		
Profit after tax	47.2	40.6	60.9	(22.5%)	16.3%

¹ Adjusted for an ESOP charge of ₹5.1 Cr. which was not in Q4FY22

² Adjusted for an ESOP charge of ₹6 Cr. in Q3FY23

³ in FY22, a deferred tax credit of ₹11.8 Cr. Pertains to the full-year credit but accounted in the Q4 FY22.

REVENUE

₹530 Cr.

The revenue was in line with market conditions, coming in lower as compared to PY on account of major brands consciously liquidating excess inventory holdings and dealing with sluggish retail market. However, the company could maintain a marginally higher revenue than Q3FY23.

-9.8% Y-o-Y

0.4% Q-o-Q

ADJUSTED EBITDA ¹

₹82 Cr.

Superior cost management helped in delivering a strong operating profit of ₹77 Cr. in Q4FY23. The company provided for the ESOP charge of ₹5.1 Cr. in the current quarter which impacted the P&L as a non-cash expense. The EBITDA prior to ESOP charge was ₹82.3 Cr, a growth of 3.5% YoY on a comparative basis.

3.5% Y-o-Y

5.0% Q-o-Q

ADJUSTED PBT ¹

₹ 56 Cr.

The PBT before adjusting for non-cash ESOP charge of ₹5.1 Cr in the current quarter is ₹55.9 Cr despite a nearly 10% reduction in revenue. Better productivity and superior cost management have resulted in healthy profits.

6.7% Y-o-Y

4.1% Q-o-Q

Financial Year Highlights

Summary of Consolidated Profit & Loss Statement

₹ in Crores

KEY PERFORMANCE METRICS	FY23	FY22	+/- Change	YOY
Revenue from operations	2,222.2	1,790.3	431.9	24.1%
Other Income	25.0	10.7	14.3	134.2%
Total Income	2,247.2	1,801.0	446.2	24.8%
Adj. EBITDA (excluding ESOP charge) ¹	318.8	216.2	102.6	47.5%
Adj. EBITDA Margin (%)	14.2%	12.0%	218 bps	
EBITDA	295.8	216.2	79.6	36.8%
EBITDA Margin (%)	13.2%	12.0%	116 bps	
Finance cost	25.7	40.2	(14.5)	(36.0%)
Depreciation and amortisation expenses	71.8	58.9	12.8	21.7%
Profit before tax before exceptional item ¹	198.3	117.0	81.3	69.5%
Exceptional income	6.1	-	6.1	
Less: Current Tax	48.3	11.7	31.5	
Less: Deferred Tax credit	(16.9)	(11.8)		
Profit after tax	173.0	117.1	55.9	47.7%

¹ ESOP charge of ₹ 23 Crs in FY23

REVENUE

₹2247 Cr.

Overall revenue growth was led by a strong order book in the first half of the year followed by excellence in execution. Export revenue grew by 24.2% over the previous year, while Indian apparel exports grew by about 1% in FY23.

24.8% Y-o-Y

ADJUSTED EBITDA ¹

₹319 Cr.

Adjusted EBITDA is excluding the ESOP charge of ₹23.0 Cr. which went into effect from the first quarter of the current year. A strong EBITDA growth of 47.5% is a testament to our dedicated team and unwavering commitment to excellence.

47.5% Y-o-Y

ADJUSTED PBT ¹

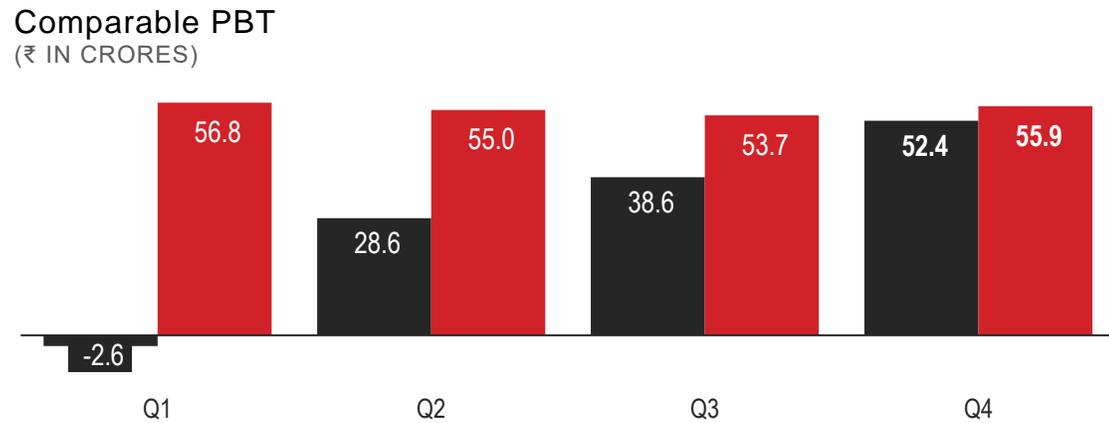
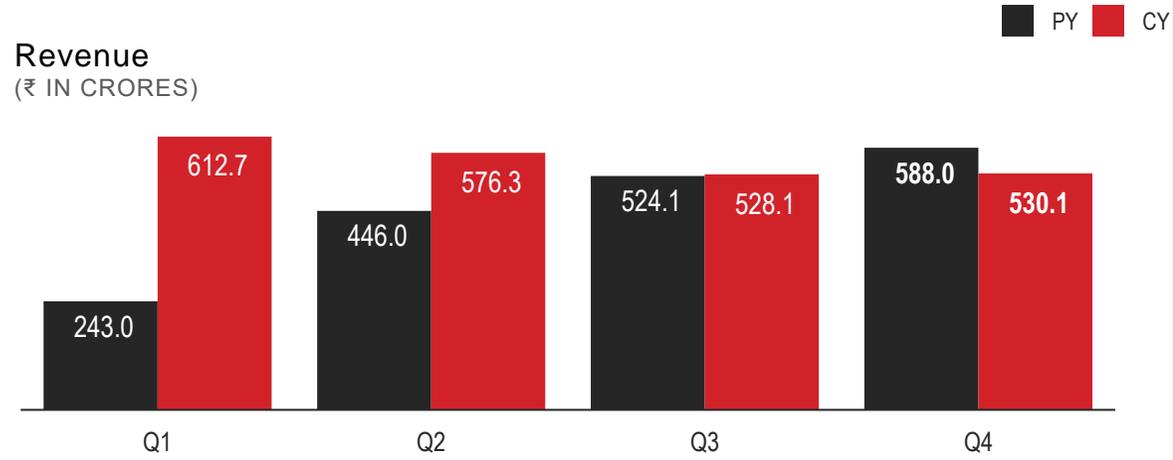
₹221 Cr.

While the profit before tax before exceptional income was ₹198.3 Cr but adjusting the ESOP charge of ₹23.0 Cr., the PBT for FY23 was ₹221 Cr. vs. ₹117 Cr on a comparable term.

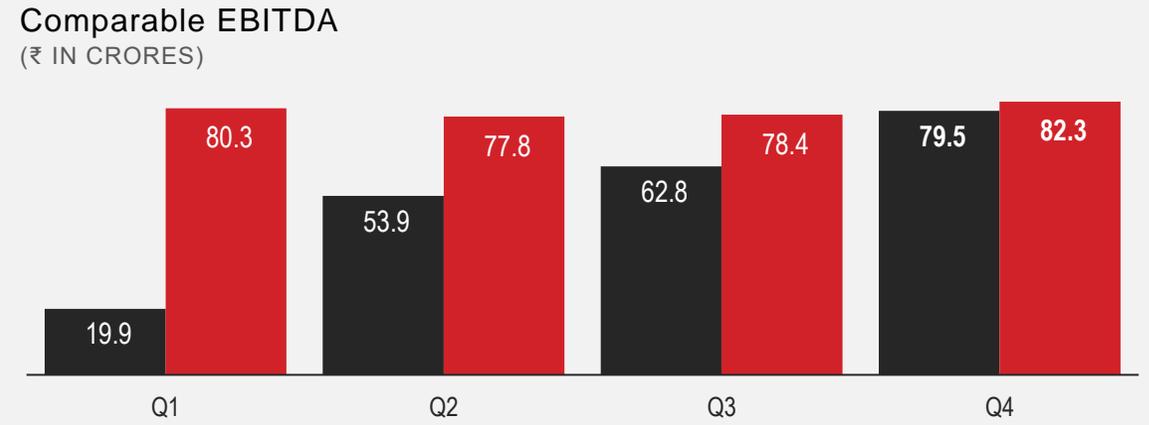
Increased revenue and better cost management have resulted in healthy profits.

89.1% Y-o-Y

Consistency in Profitability Trend, FY23



PBT excludes exceptional income of ₹ 6 Cr. in Q2 FY23 and adjusted for ESOP charges of each quarter



EBITDA excludes exceptional income of ₹ 6 Cr. in Q2 FY23 and adjusted for ESOP charges of each quarter



For a like-for-like comparison of the PAT with the previous year, PAT for FY23 was adjusted for the exceptional items of ₹ 6 Cr., deferred Tax credits, and ESOP charges of the respective quarter. Further, deferred Tax credits and ESOP charges have been adjusted by the effective tax rates of each quarter. (Effective tax rate is the current year tax divided by PBT)

Financial Year Highlights

Analysis of Financial Position

₹ in Crores

KEY PERFORMANCE METRICS	FY23	FY22	YOY
NON CURRENT ASSET			
Investment in Fixed Assets	275.1	169.1	106.0
Other non-current assets	74.6	68.5	6.1
Total non-current assets	349.7	237.6	112.1
CURRENT ASSET			
Inventories	293.0	433.6	(140.6)
Trade receivables	135.8	92.2	43.6
Other current assets	83.0	135.9	(52.9)
Total current assets	511.8	661.7	(149.9)
Less: Current Liabilities			
Trade payables	84.0	117.8	(33.8)
Other current liabilities	203.9	185.5	18.3
Total current liabilities	287.9	303.4	(15.5)
Net Current Assets	223.9	358.3	(134.4)
CAPITAL EMPLOYED*	573.6	595.9	(22.3)
SOURCES OF FUNDS			
Equity	886.3	708.2	178.1
Long term Borrowings	9.6	2.4	7.3
Short term Borrowings	25.8	60.7	(34.9)
Total Borrowings	35.5	63.1	(27.6)
Less: Fixed Deposits held with Banks	9.3	15.0	(5.7)
Less: Cash and cash equivalents includes investment in MFs	358.7	167.1	191.6
Net Borrowings / Net Debt	(332.5)	(119.0)	(213.5)
Long term provisions	13.5	6.7	6.8
Lease Liabilities (Net)#	6.4	0.1	6.3
TOTAL SOURCES OF FUNDS	573.6	595.9	(22.3)

Note: *Capital employed does not include cash and cash equivalents including investment in mutual funds.
#Lease liabilities are net of a right of use of assets and liabilities.

NET CURRENT ASSETS

The net current assets reduced by ₹134 Cr majorly due to a reduction in inventory holding since a higher inventory was held in March 2022. The company has a strong liquidity position that is sufficient to meet its current obligations. Other receivables were reduced due to the realization of export incentives during the year.

NET CASH

₹333 Cr.

The company continues to be a **ZERO NET DEBT** company. The company's gross borrowing reduced by ₹28 Cr. YoY and adjusting the cash on hand, fixed deposits, and investments in liquid mutual funds, the company has a net cash surplus of ₹333 Cr., compared to net cash of ₹119 Cr as of 31st March 2022.

Financial Year Highlights

Cash Flow Analysis

₹ in Crores

KEY PERFORMANCE METRICS	FY23	FY22
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before exceptional items and tax	198.3	117.0
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortisation expenses	71.8	58.9
Provision for doubtful debts / advances	0.3	2.8
Provision for doubtful deposits and advances	-	1.6
Other non-cash adjustments	26.1	25.2
Operating profit/(loss) before working capital changes	296.5	205.6
Changes in operating assets and liabilities:	72.3	(88.4)
Net cash flows from/ (used in) operating activities (A)	368.8	117.2
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment (including intangible assets and capital work-in-progress)	(135.4)	(79.8)
Proceeds from sale of property, plant and equipment	9.0	1.6
Investments / redemption of bank deposits	5.7	132.0
Investments / redemption in mutual funds	(173.6)	(114.9)
Other elements	3.0	8.8
Net cash flows from/ (used in) investing activities (B)	(291.4)	(52.3)
Net cash flows from/ (used in) financing activities (C)	(75.4)	(43.0)
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	2.0	21.9
Cash and cash equivalents at the beginning of the year	12.7	(9.2)
Cash and cash equivalents at the end of the year	14.7	12.7
RECONCILIATION OF CASH AND CASH EQUIVALENTS AS PER THE CASH FLOW STATEMENT		
Cash and cash equivalents as per above comprise of the following		
Cash and cash equivalents	14.7	12.7
Bank overdraft	-	-
Balances per statement of cash flows	14.7	12.7

CASH FROM OPERATION

₹297 Cr.

The company has **incrementally** generated cash of ₹91 Cr from the operations during the year over the previous year. Also, generated additional cash of ₹161 Cr from working capital changes.

CAPITAL EXPENDITURE

₹135 Cr.

During the year, the company invested ₹135 Cr. in modernization and upgradation of machines and towards new projects. These investments are expected to increase revenue and improve operational productivity in the future.



- 11* Key Performance Indicators
- 14* Our Global Delivery Reach
- 15* Investment Tracker

Operational
KPI's

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Key Performance Indicators

Key Performance Indicators

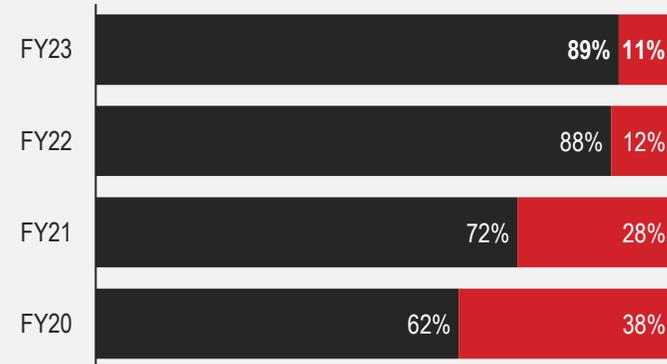
NUMBER OF PIECES SHIPPED



■ Shipped (Mn Nos.)

Growth in volume together with the increase in average realization per piece has supported a strong revenue growth. Volumes in FY21 were impacted due to pandemic-driven order cancellations.

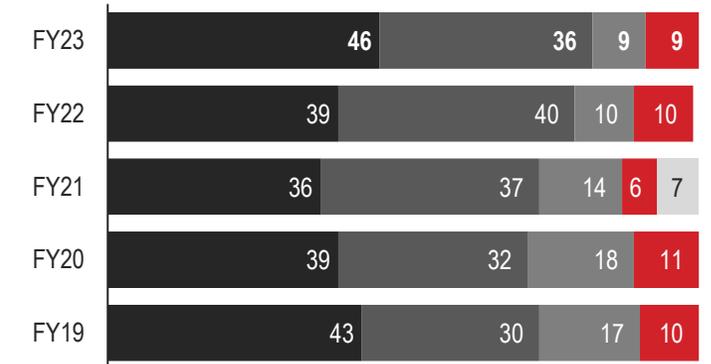
SALES CONTRIBUTION BASIS ASP



■ ASP (<₹) <450 ■ ASP (>₹) >450

Higher contribution from high ASP products. Sales contribution is shown with reference to the average price per woven garment exported from India.

PRODUCT CATEGORY SALES



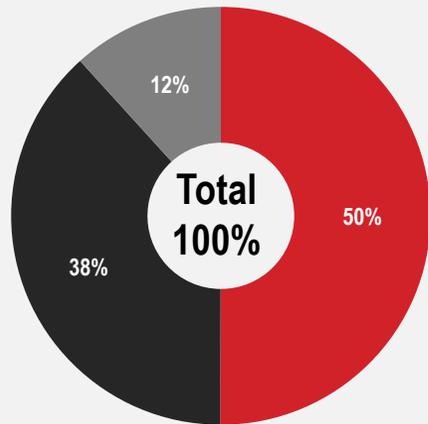
■ Fashionwear ■ Outerwear ■ Bottom wear
 ■ Sportswear ■ Healthcare

Excess inventory with brands in outerwear resulted in somewhat muted demand from that segment in FY23. While outerwear revenue grew over FY22 in absolute terms, fashionwear segment had a more robust growth improving share,

Key Performance Indicators

Client Servicing Metrics

LONG STANDING RELATIONSHIPS WITH GLOBAL MARQUEE BRANDS



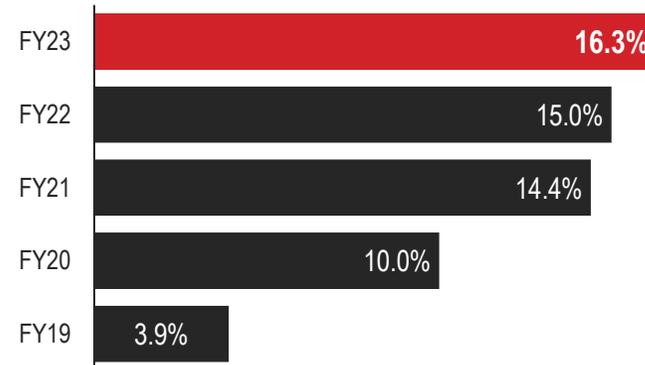
Years of Relationship

10+ 5+ <5

Sales contribution in FY23 (in %)

Nurtured these long-term relationships by continuously upgrading our skills, technology, and processes to meet the evolving demands of our customers.

REVENUE CONTRIBUTIONS FROM CUSTOMERS ADDED IN LAST 5 YEARS

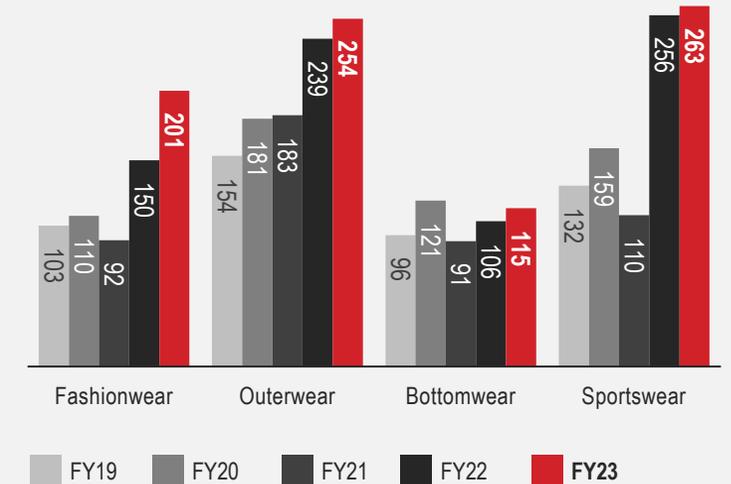


Revenue contributions

Successfully worked towards growing our customer base enhancing their share of contribution to our revenue. With better distribution of capacity and its utilization in FY23, ensured all-round customer satisfaction.

PRODUCT CATEGORY GROWTH INDEX

Base FY18

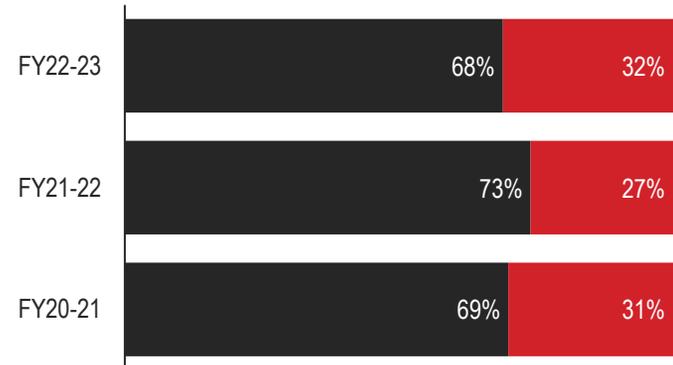


Growth across all key segments, except commoditized bottom wear which is strategically not a focus area.

Key Performance Indicators

Supply Side Metrics

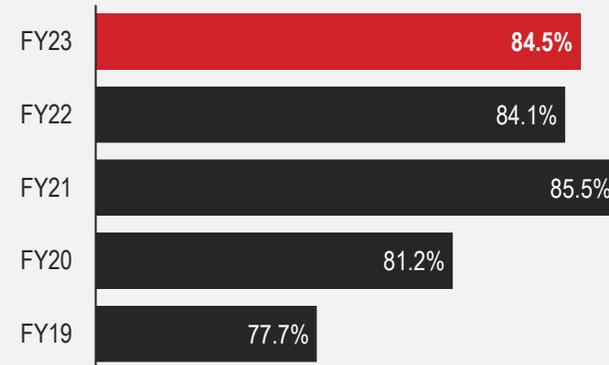
PURCHASE COMPOSITION



Domestic
 Imported

Higher focus on high value products and outerwear results in the import share being around 30%.

INBOUND SUPPLY CHAIN EFFICIENCY (IN %)



Inbound Supply Chain Efficiency

On-time receipt of raw materials from various suppliers internationally is critical to ensure on-time delivery of finished goods. Supply chain disruptions were rampant in FY22, limiting further improvement.

OUTBOUND SUPPLY CHAIN EFFICIENCY (IN %)

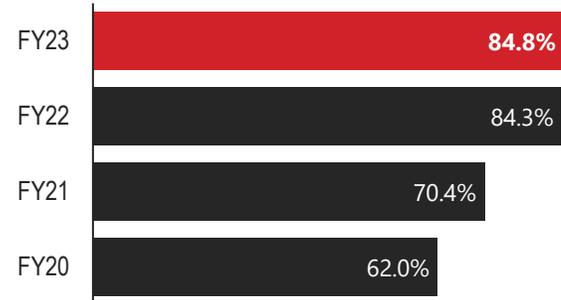


Outbound Supply Chain Efficiency

We have consistently shipped on time, thereby demonstrating our commitment to service excellence. This strong performance in client-serving metrics makes us the preferred choice of partner for brands across the globe.

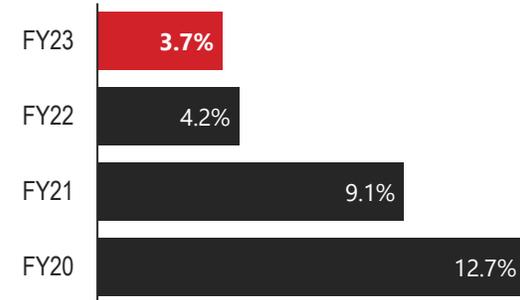
Our Global Delivery Reach

North America (NA) (IN %)

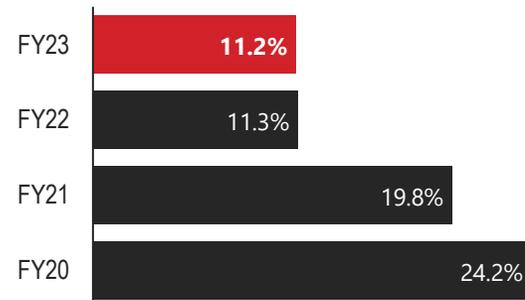


North American market witnessed a strong recovery in FY22.

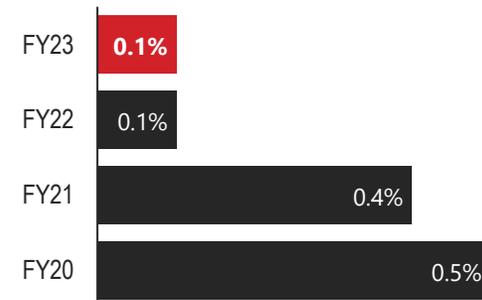
Europe (EU) (IN %)



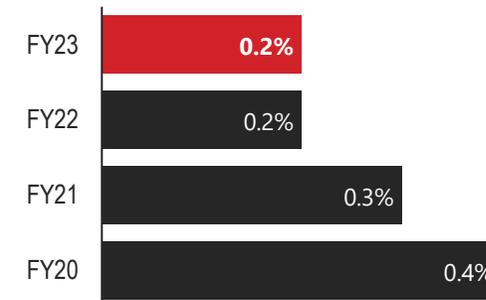
Asia (AS) (IN %)



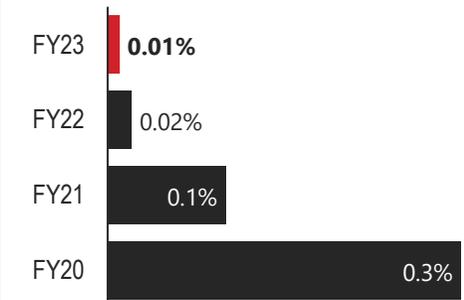
South America (SA) (IN %)



Oceania (OC) (IN %)



Africa (AF) (IN %)

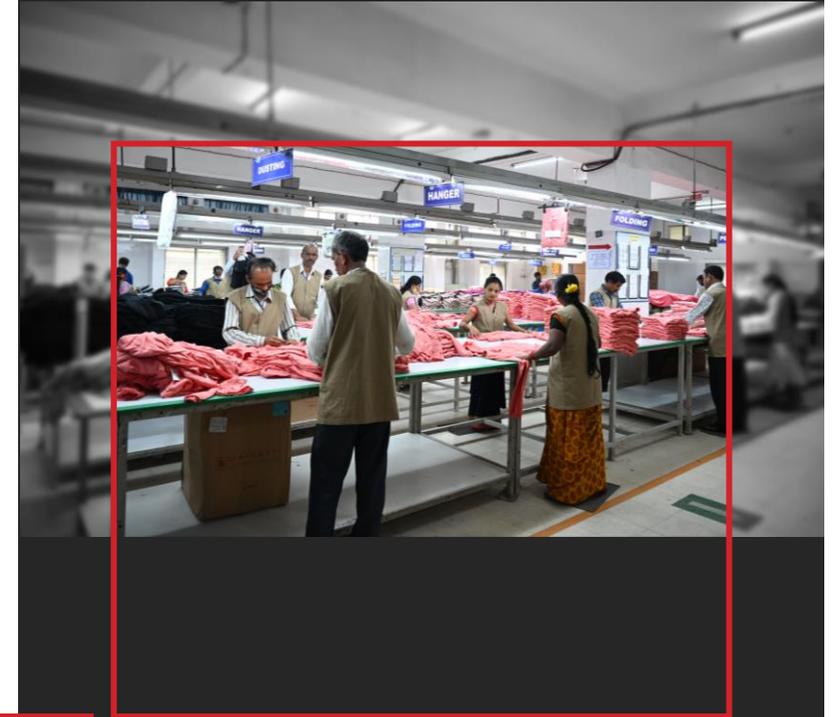


Continue to Invest in Machinery for Expansion and Upgradation

Capital Expenditure (₹ Cr)

YEAR	MODERNIZATION AND UPGRADES	NEW CAPACITY AND NEW PROJECTS	TOTAL
FY22	28	56	84
FY23	38	97	135
FY24e	30	115	145
Total	96	268	364

The company intends to exercise judicious control over capex spending taking into consideration the market conditions.



₹135 Cr.
OF CAPEX DURING THE YEAR



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Global Apparel

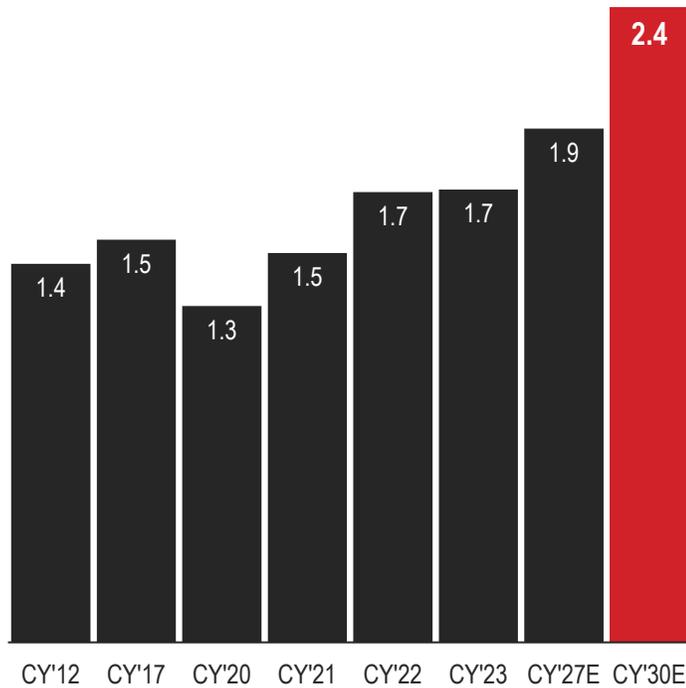
Industry Trends

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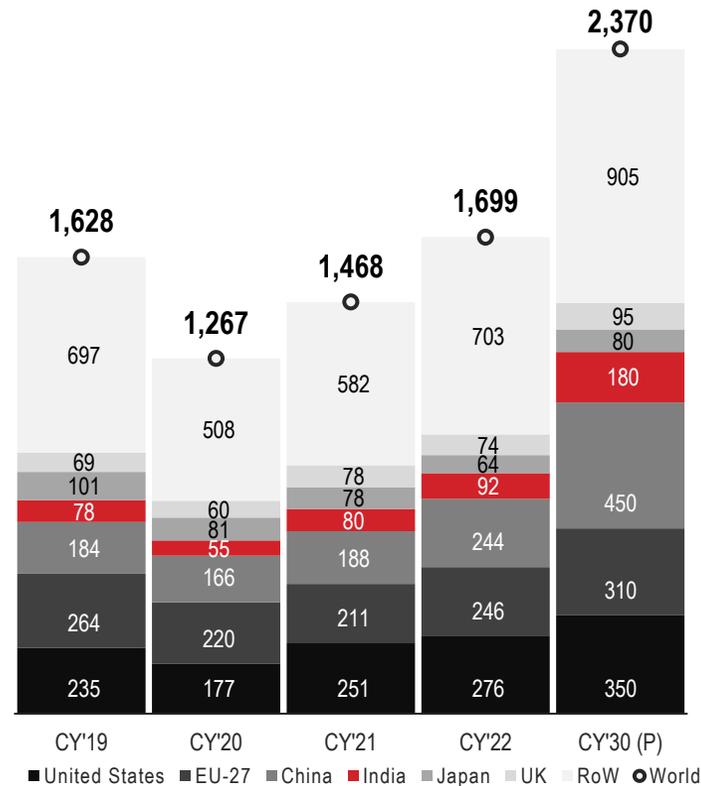
Global Apparel Market Expected to Grow Steadily

Global Apparel Retail Market
(IN US\$ TR)



Source: Statista & Wazir

Global Apparel Market Expected Growth
(IN US\$ BN)



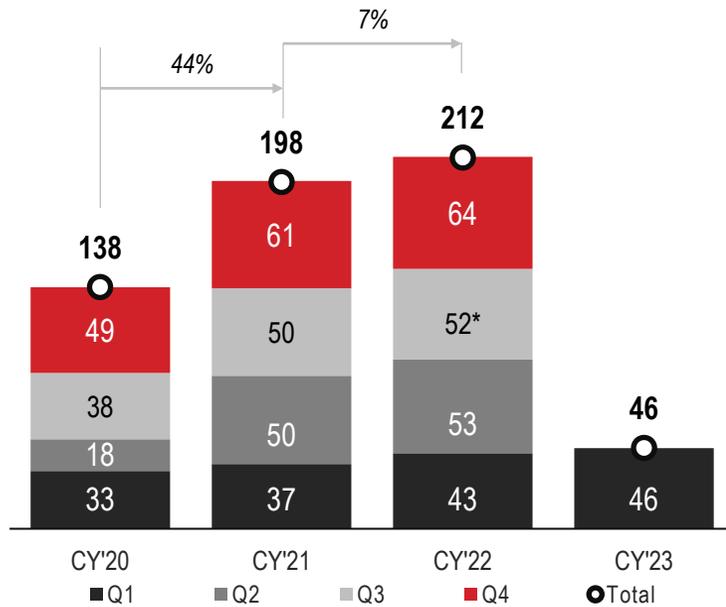
Source: Wazir

Takeaway

- The apparel market encompasses every kind of clothing from sportswear to business wear, from value clothing to statement luxury pieces.
- US constitutes 15% share of world retail apparel market making it the largest in 2022.
- China is expected to become the largest retail apparel market by 2025, followed by US and EU-27.
- China and India are leading the growth at 8%-9%.

US Consumer Sales Remained Strong so far

US Clothing Retail Store Sales
(IN US\$ BN)

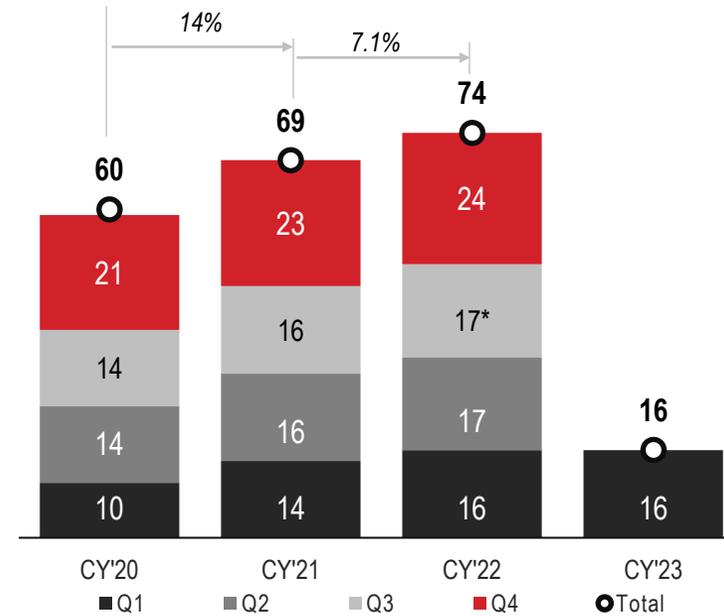


Retail Store Sales back to Pre-covid Levels

US monthly apparel store sales have been on the rise consistently crossing the pre-covid level. 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
(IN US\$ BN)

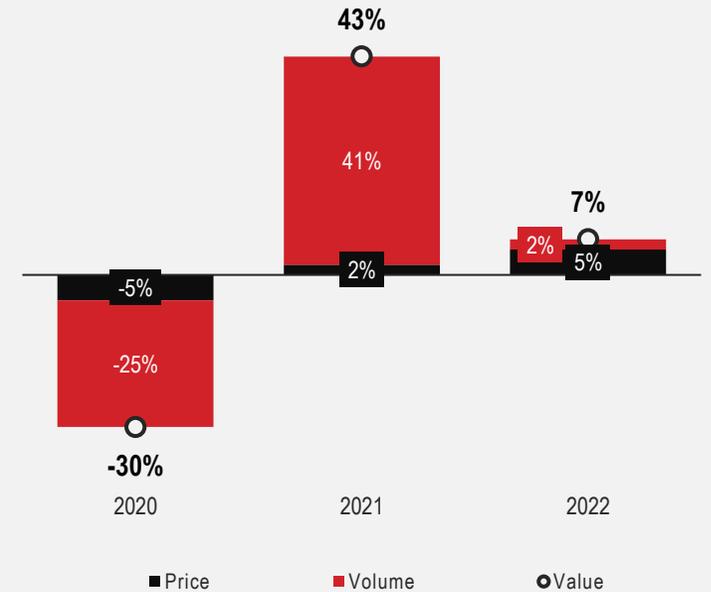


The Continuing Trend of Rising Contribution from E-com

US E-com clothing and accessories sales continues to witness growth but has stagnated in early CY23.

Source: Euro Stat

Price v/s Volume Contribution
(IN %)



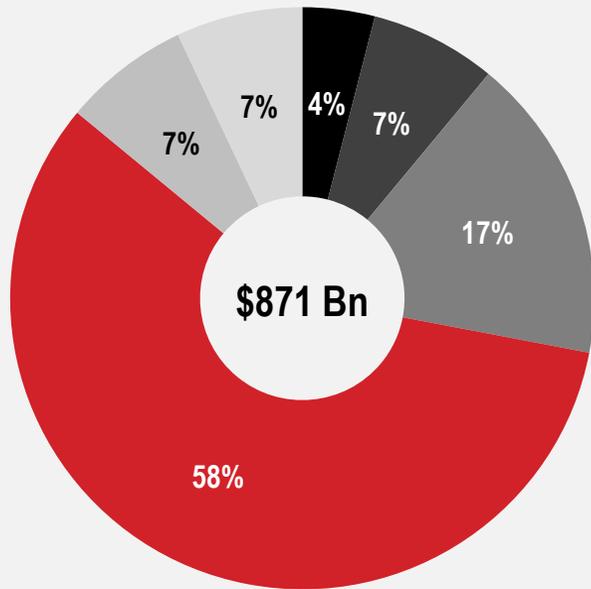
Retail Sales in 2022 mainly driven by price increases.

Overall retail sales value was mainly contributed by the price increases compared to increase in volume. The buoyant consumer demand and lower discounts lead brands to realize higher prices.

Source: US Census Bureau

Apparel Dominates the Global Textiles Business

Global Textile Trade (2021)
(IN %)

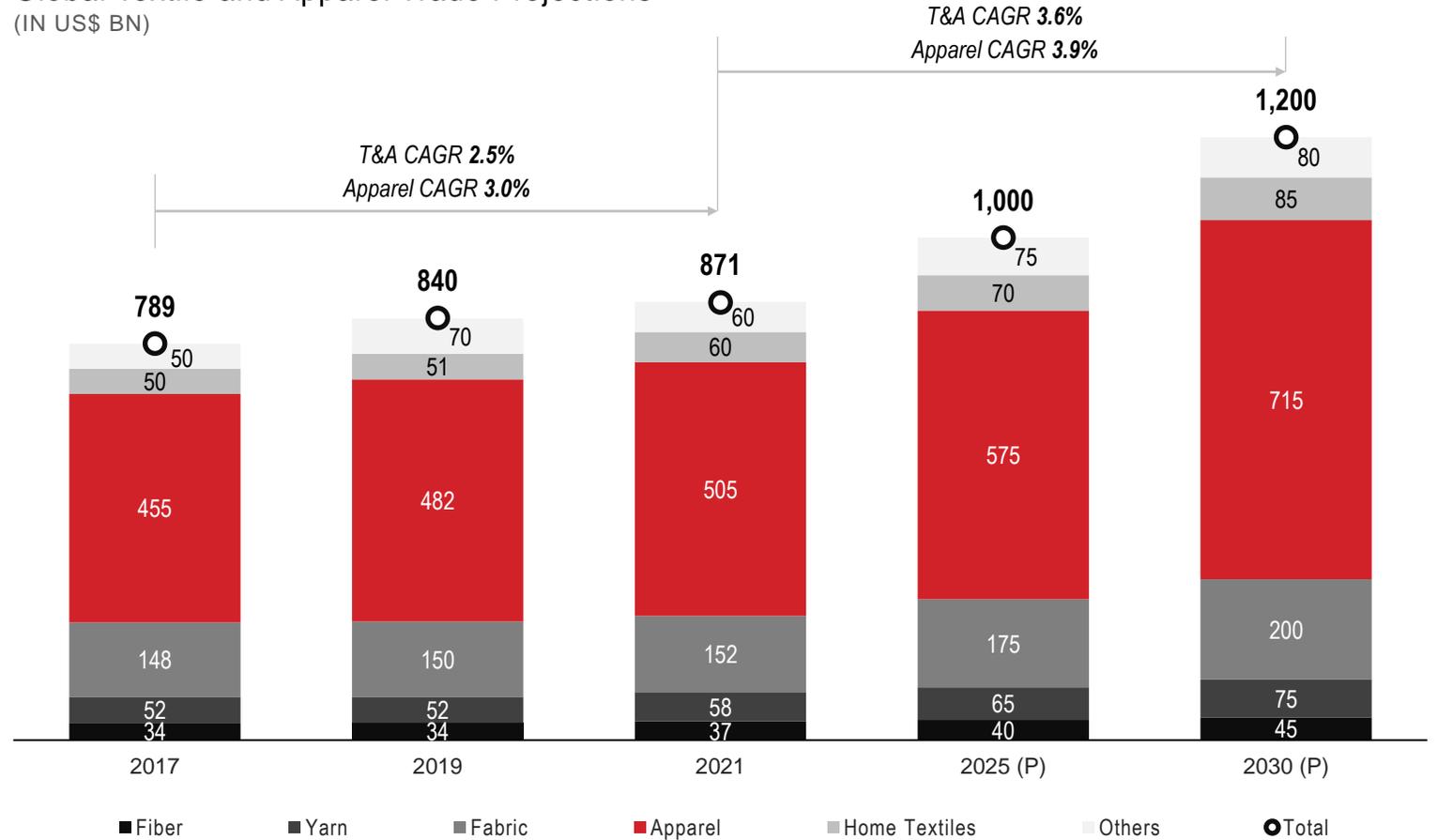


■ Fiber ■ Yarn ■ Fabric ■ Apparel ■ Home Textiles ■ Others

Global Textile trade in CY 2021 was US\$ 871 billion, with apparel trade at US\$ 505 billion.

Source: WTO

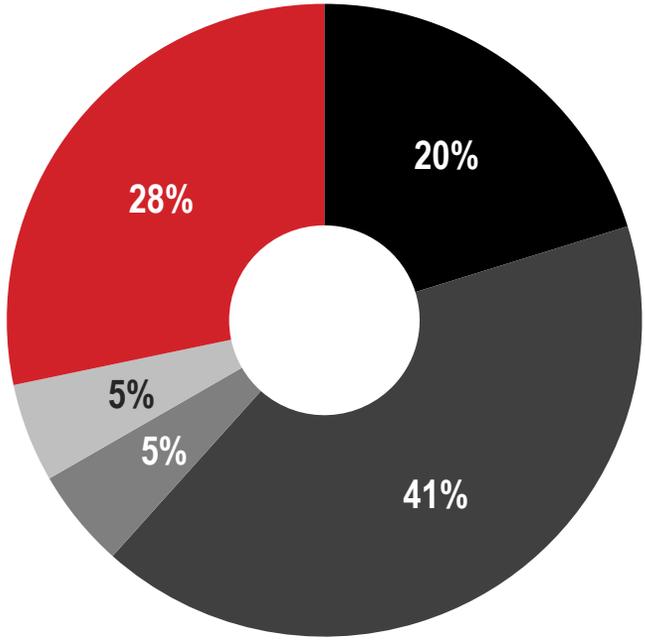
Global Textile and Apparel Trade Projections
(IN US\$ BN)



Source: Wazir, WTO

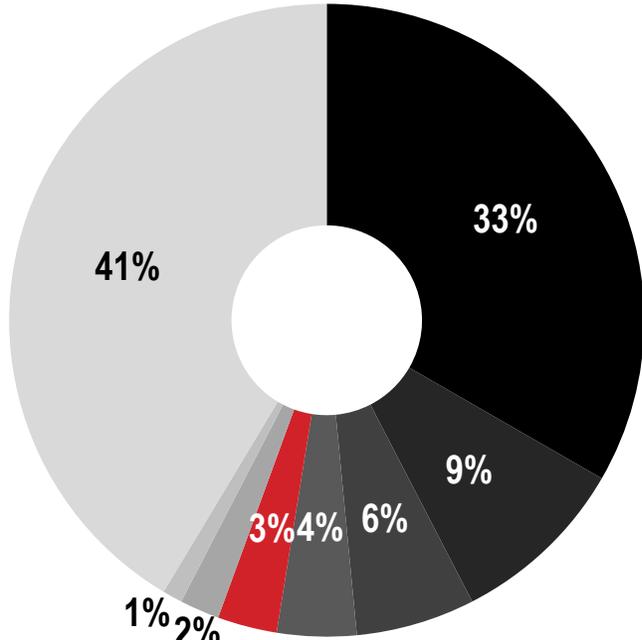
China Leads the World in Apparel Export with 33% Share

Major Apparel Importing Countries (2021)
(IN %)



■ USA ■ EU-27 ■ Japan ■ UK ■ Others

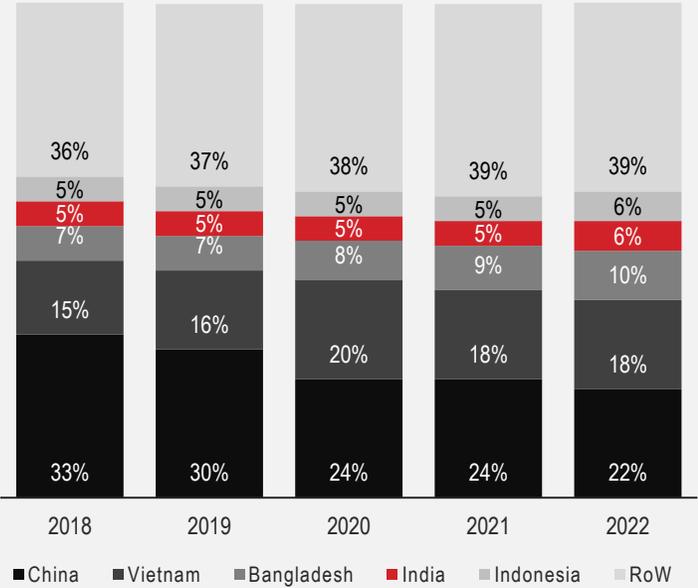
Major Apparel Exporting Countries (2021)
(IN %)



■ China ■ Bangladesh ■ Vietnam ■ Turkey ■ India ■ Indonesia ■ Cambodia ■ Others

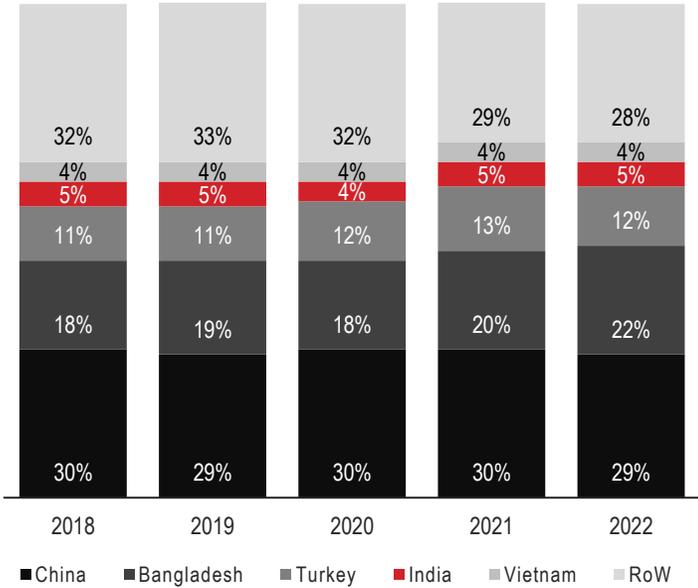
China Losing Share in the US Market

Major Exporting Countries to US
(IN US\$ BN)



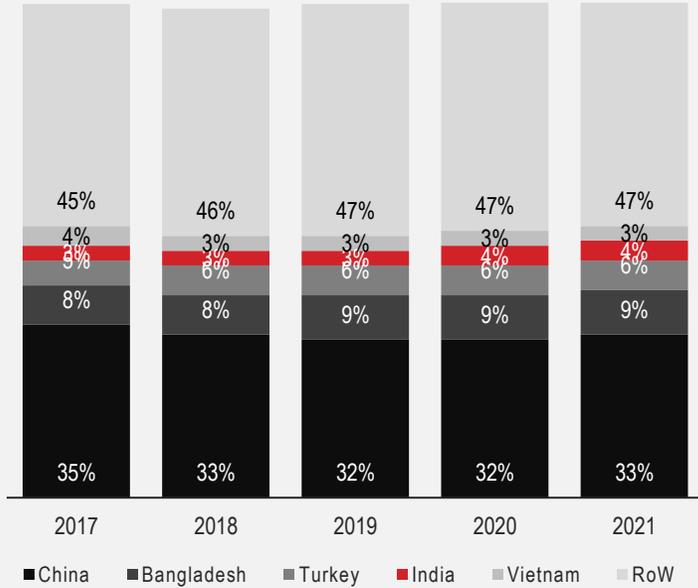
Source: Investing.com

Major Exporting Countries to EU-27
(IN US\$ BN)



Source: Euro Stat

World Apparel Exports Trend
(IN US\$ BN)

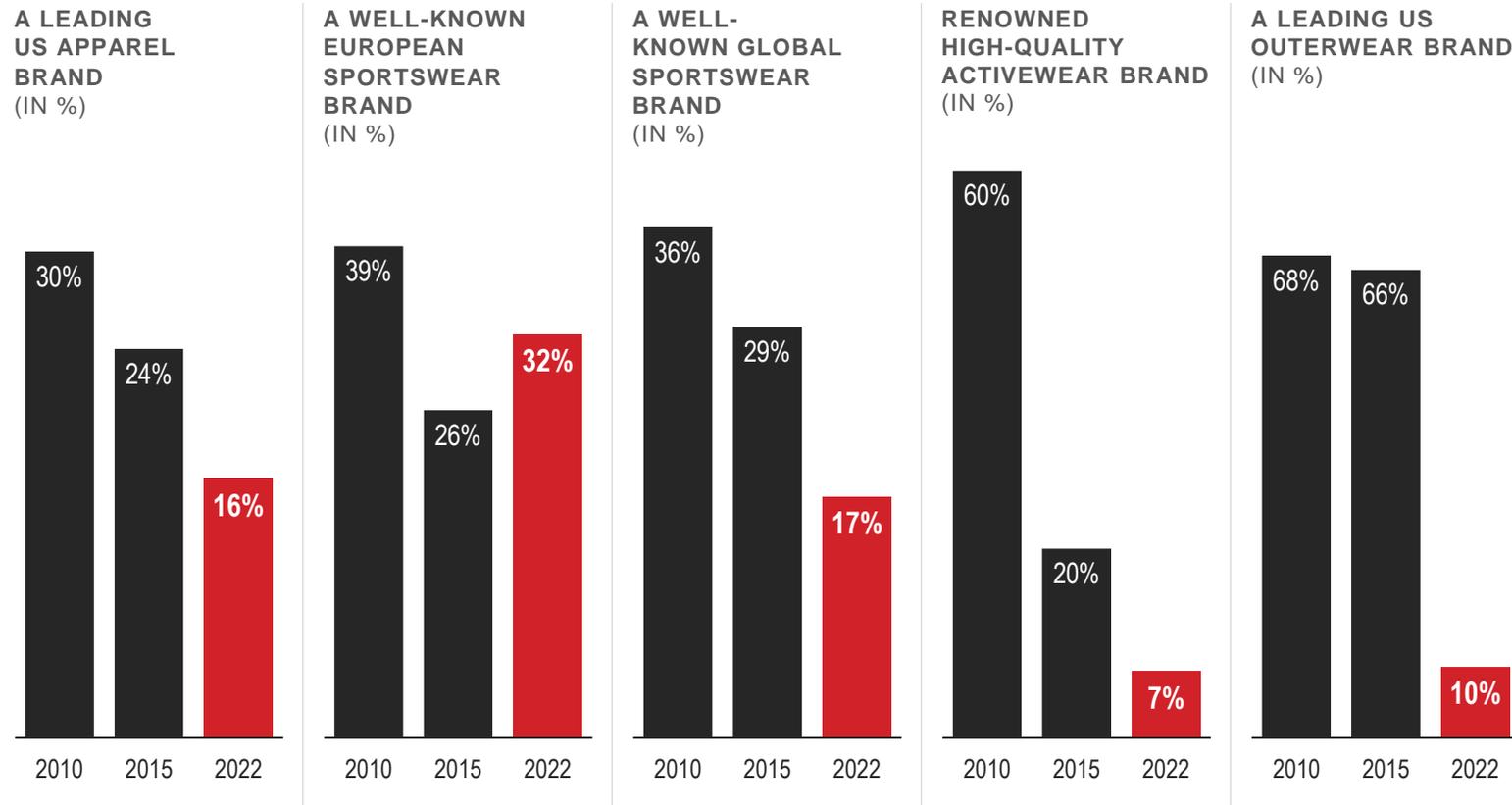


Source: WTO
Note: World Data is available only till 2021.

The rising labour costs and geopolitical tensions have the potential to shift the focus of exports from China towards other countries, creating new opportunities and growth in the other Asian countries apparel industry.

Big Brands Reducing Dependence on China

Brands' Procurement from China as A Percentage of Their Overall Procurement



Source : Companies

Some of the biggest brands across the globe are reducing their exposure to China over time.

This is a trend that is expected to continue in the years to come. A strong presence of China in the entire textiles value chain slows down the erosion of share. Brands are continuing to develop alternate suppliers in other regions as they seek to reduce cost of procurement and de-risk themselves.

Comparative Advantage of Major Alternate Exporting Countries

Import Duty Structure

IMPORTING COUNTRY	EXPORTING COUNTRY			
	China	Bangladesh	Vietnam	India
US	16%	16%	16%	16%
EU	12%	0%	0%	12%
Japan	9%	0%	0%	0%
UK	12%	0%	0%	12%
Canada	12%	0%	0%	12%

All four countries (China, Bangladesh, Vietnam, India) have a 16+% import duty to the US. Bangladesh and Vietnam enjoy duty-free access to the EU, Japan, UK, and Canada. India has a duty-free access to Japan and is actively pushing for a similar FTA with the UK.

Source: Kearney - Creating a competitive advantage for India in the global textile and apparel industry & Other Sources.

Factor Costs

COST ELEMENTS	EXPORTING COUNTRY			
	China	Bangladesh	Vietnam	India
Cost of labour (US \$ per month)	514	139	300	180
Labour skills	High	High	High	High
Cost of electricity (US¢ / kWh)	9-15	9	8	7-12
Lead Time (days)	30-45	50-70	35-50	40-60
Textile integration	High	Medium	Medium	High (Cotton)

India boasts a low labor cost and an abundant skilled labor pool in terms of skills. Despite being lower than Bangladesh, the country's lead time is still higher than that of Vietnam and China. India has a strong textile integration, primarily in cotton, and a competitive power cost advantage. Overall, India offers a balanced mix of cost, skills, and textile strength.

Other Qualitative Factors

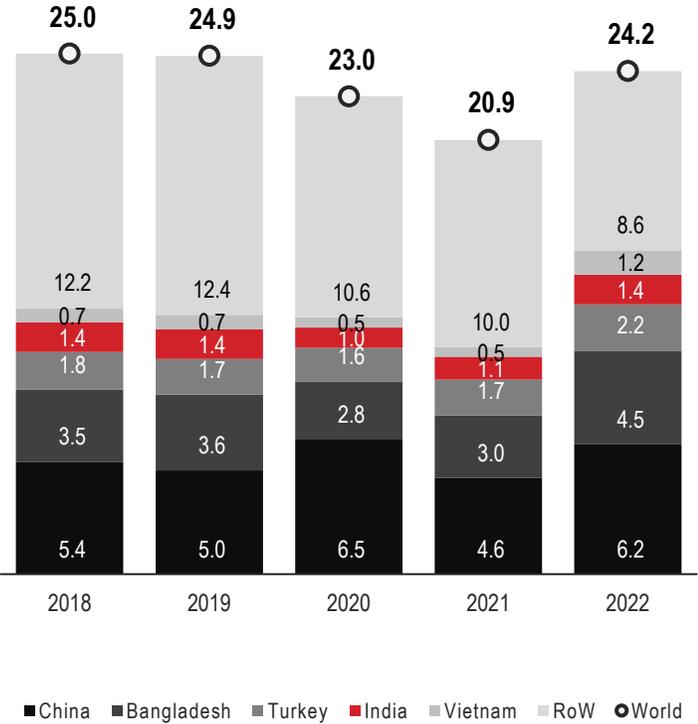
EXPORTING COUNTRY	EXPORTING COUNTRY			
	China	Bangladesh	Vietnam	India
Port Connectivity (Customs Index)	3.29	2.3	2.95	2.96
General Infrastructure (Index)	3.75	2.39	3.01	2.91
Government Pro Activity	Moderate	High	High	High
Geo-political Stability	Unfavourable	Favourable	Favourable	Favourable
Port Connectivity (Customs Index)	3.29	2.3	2.95	2.96

India has strong port connectivity, ranking 2nd along with Vietnam. However, there is a slight lag in general infrastructure. Geopolitical uncertainty has created a favorable scenario for India, with the government actively pushing for China+1 policies that can greatly benefit the industry in the long run.

Note: Port connectivity and general infra index are from scale 1 to 5, with 1 being the lowest rank and 5 being the highest rank.

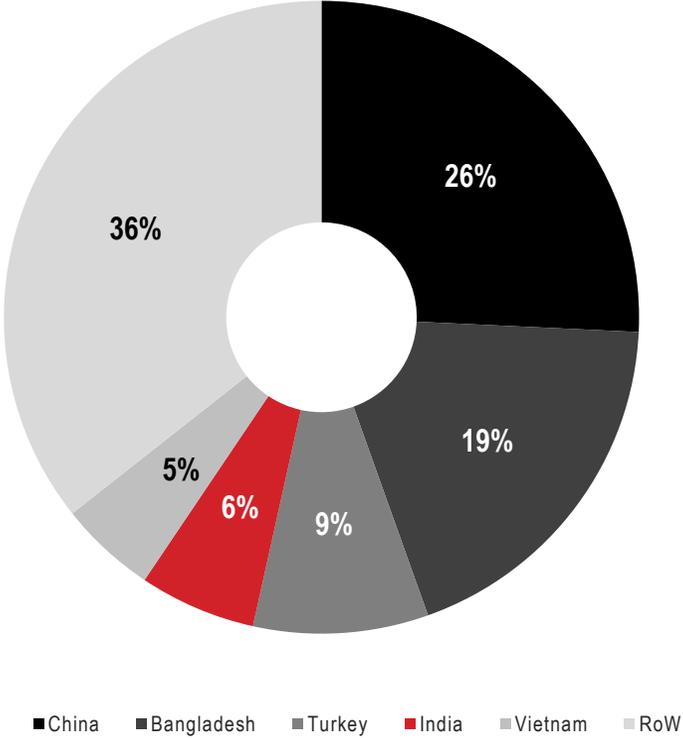
FTA with UK will be beneficial to Indian Apparel Exports

UK Apparel Imports
(IN US\$ BN)



Source : WTO

Top UK Apparel Exporters
(%)

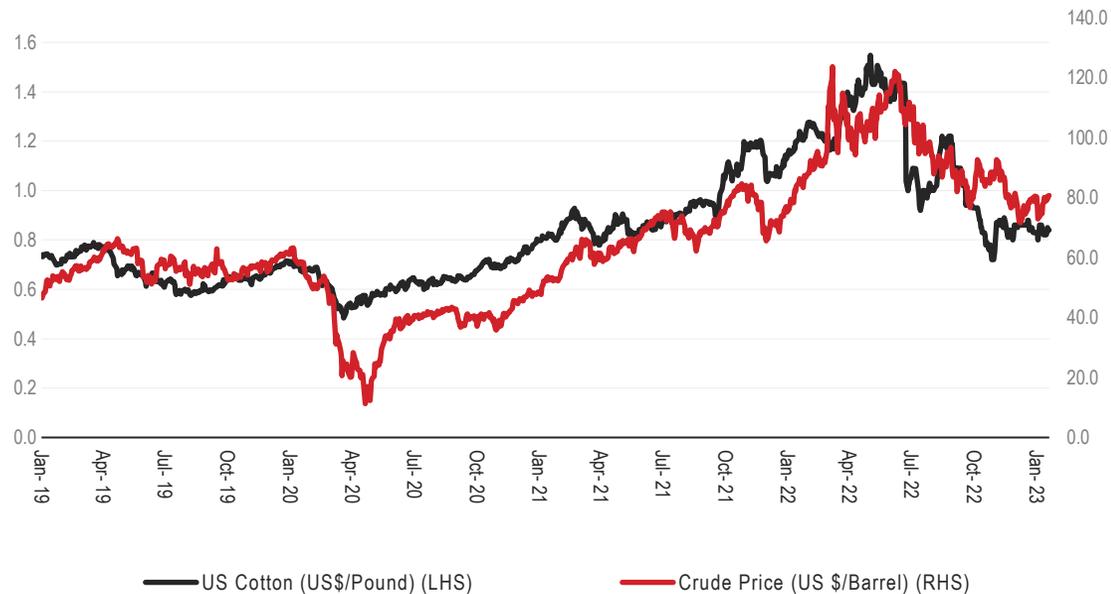


Takeaway

- As per Department of International Trade (UK) estimates, textiles is one of the major sectors of the Indian economy to benefit the most from a India-UK FTA in the long run.
- The UK tariff on final textile goods is up to 12%, which is applied on imports of apparel from India. It is estimated that annual duties on Indian exports of textiles and textile articles to the UK were £120 million in 2019.

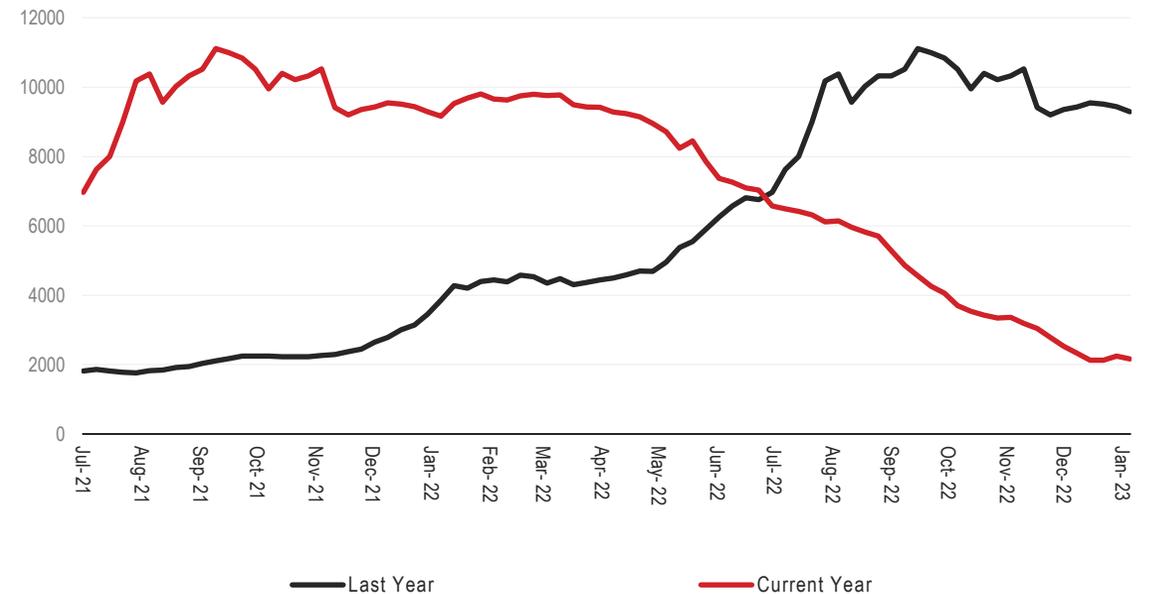
Value Chain to Benefit from Easing Input Costs

Commodity Prices Started Correcting



Source: Investing.com

The Freight Prices Started Correcting in the Current Fiscal (FREIGHT PRICE PER CONTAINER)

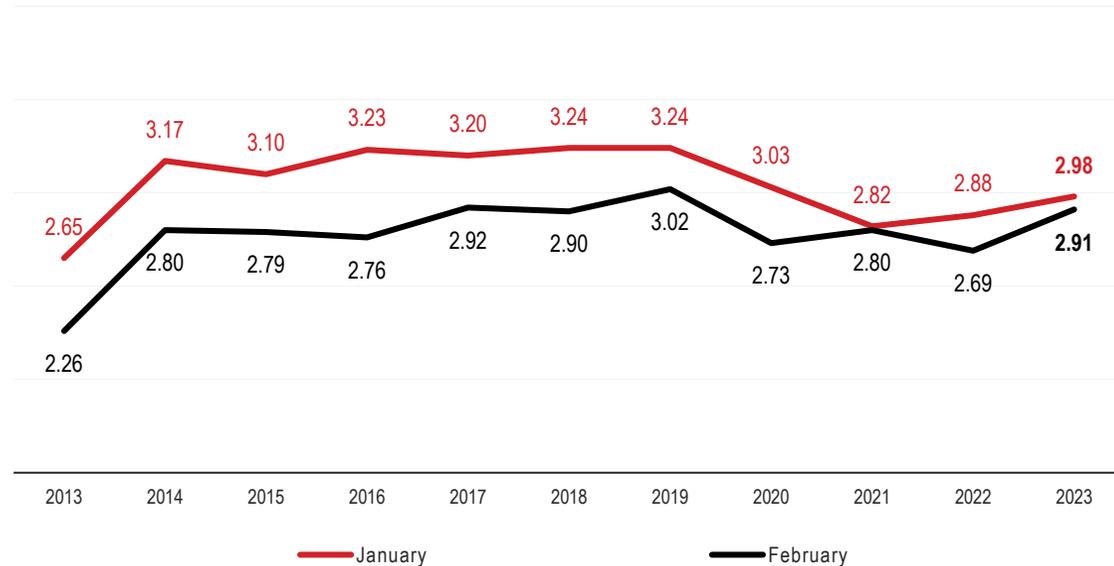


Source: Freightos limited. Licensed under freightose master services agreement

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 42%, 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.

Industry's Inventory/Sales ratio

Retail Clothing store Inventory / Sales ratio for Jan & Feb Since 2013
(IN %)



Brands to maintain their inventories lean:

Inventory to sales ratio for Clothing & Clothing accessories Stores in January & February 2023 stood at 2.98 & 2.91 compared to 10 year average ratio of 3.05 & 2.78 in respective months. This indicates that the retailers are intending to keep the inventory levels more lean and inline with their expected sales.

Brand's commentary on Inventory

- “ **GAP Inc:**
“Anticipate sales and inventory growth to be much more closely aligned....this year, cleaner in inventories giving room to newness.....we will not only have lower initial buys, but we will be chasing into trends.....we expect that overall inventory will be lower than sales.”
- “ **TJX:**
“We had forecasted bringing our inventory levels down.....So we did bring the inventory levels down.”
- “ **Ross Stores:**
“We firmly believe it's prudent to be conservative in planning the business..... to start the year, both from an inventory open-to-buy perspective”
- “ **Nordstrom:**
“Looking forward, we have conservative buy plans in place, consistent with our outlook for continued macroeconomic pressure on consumer spending.”
- “ **Levi Strauss:**
“Made significant progress reducing our inventory with total inventory dollars and units down meaningfully. We have achieved this in part by taking deliberate actions to clear inventory in the U.S.”
“Inventory is largely clean. We did get rid of inventory to the extent...the inventory improvement is largely driven by the fact that we proactively cut H1 buys”

Industry to Balance Near-term Obstacles with Long-term Prospects

Long Term Opportunity

- US, EU & China to drive apparel consumption in the coming decade.
- China expected to become the largest apparel consumer by 2025.
- China losing market share due to rising labour costs, geopolitical tensions, and US-China trade issues.
- Buyers seeking alternate production bases outside China, creating opportunities for major Asian suppliers like India, Bangladesh & Vietnam.
- Key raw material prices have stabilized, and logistics costs have decreased.
- India well-positioned to capitalize on the opportunity
 - Government incentives and support from state governments for low-cost locations.
 - Policy regime in place till FY2024.
 - PLI scheme to boost investments in MMF & technical textile ecosystem.
 - Proposed Textile Technology Development Scheme (TTDS) with an allocation of ₹16,634 Cr.
 - Working on FTAs with the UK and EU, providing potential for increased textiles trade.

Near-term Challenges

- Increase in job losses, pressure on personal incomes, and higher mortgage outgo in the US
- Low savings rate and uncertain economic condition might push consumers to increase their savings and reduce consumption
- Similar challenges in the Eurozone, with some relief from the reopening of the Chinese economy
- Fashion retailers aiming for lean inventory, resulting in delayed purchase plans



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Responsible

Corporate Entity

04/



Employee Training

Employee engagement initiatives prioritize training, personal development, cooperation, and supervisory skills to create a productive and harmonious work environment.



Quality Concept: Training to align associates with customer requirements and ensure quality outputs.



Workplace Cooperation Program (WCP): Strengthening relations between management and workers at all levels.



Personal Advancement & Career Enhancement (PACE): Life skills training in health, finance, problem-solving, communication, and well-being.

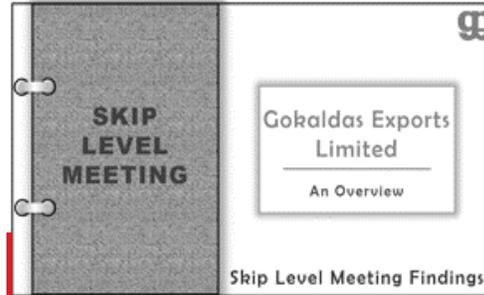


Supervisory Skill Training (SST): Developing effective interpersonal relationships and creating a friendly working environment.

Employee Engagement

Dedicated to fostering a highly engaged workforce.

By prioritizing employee engagement initiatives, the company fosters an environment that fuels innovation and collaboration while promoting continuous growth.



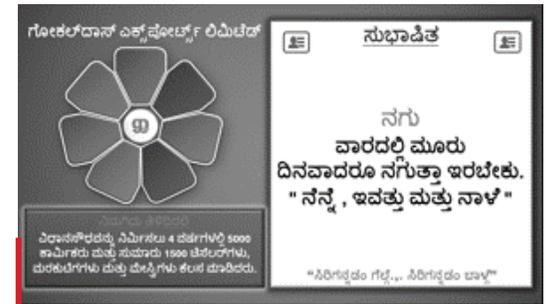
The Company values employee feedback through Skip Level Meetings (SLMs), gaining valuable insights into workforce sentiments and ensuring their voices are heard.



Sankalpa is our behavior re-alignment program that gamifies recognition and rewards, promoting best practices among employees and creating a positive work environment.



The Supervisor Development Program (SDP) empowers supervisors to foster an engaged, productive, and innovative workforce through competency-based training.



Subhashitha, a daily dose of wisdom, sets the tone for a positive and productive start to the day. By incorporating uplifting thoughts or words, we create an environment that fosters happiness and enhances productivity among our employees

Empowering Dreams, Creating Futures: Our New MP Facility and the Women at its Core



MP Phase I facility

Empowering Success: MP Facility Phase-I Inauguration and Training Initiatives:

Our Phase I of the MP facility is inaugurated, introducing a 100,000 square feet production area to accommodate 2,000 employees. The facility prioritizes employee well-being with amenities such as a creche, dispensary, ambulance, and canteen.

A dedicated training facility will support the hiring of 4,000 workers for both the phases and provide advanced machine training for women with basic sewing skills. Comprehensive training programs bridge the technical and behavioral skills gap, resulting in positive outcomes.



Sonam Pal
SEWING OPERATOR

I have joined GAPL as trainee in the Sewing department for 3 months. I am a married woman with two children and we have a poor economic condition as my husband does not have a regular income. Additionally, in our society, the value system does not appreciate women working. However, when I learned about GAPL and its work culture, especially regarding women, I convinced my husband that I should work here.

Due to our financial situation, we were unable to afford my 4-year-old son's education, and he couldn't be admitted to school. But thanks to my regular income from the company, I have been able to enroll my son in school. Today, it's not just me, but a few more women from my family who have also joined the company.



Priya Mali
SEWING DEPARTMENT

I have joined GAPL as trainee water spider, residing near our unit. In this region, people are reluctant to send girls outside for jobs. The opening of this company in our area has created excellent job opportunities for girls like me. We are thrilled to be part of a company that provides opportunities for inexperienced females through training programs. These initiatives not only enhance our skills but also improve our financial stability. I have noticed significant changes in my personal life, as I now receive respect from my family members and people in the surrounding community. Both myself and my parents are happy with the culture, care, and facilities provided for women at GAPL.

Industry's adoption in terms of Sustainability

The textile industry's global reach and complex supply chain have posed challenges for sustainability. With brands often outsourcing production, limited ownership of factories leads to opacity.

Estimates suggest the industry contributes 4-10% of global carbon emissions and accounts for 8-10% of carbon dioxide output in 2021. Additionally, reliance on petroleum-based polyester contributes to 20% of global plastic production. Labor practices are also under scrutiny, leading to increased emphasis on fair practices and improved working conditions in garment factories.

Brands are implementing fair trade certifications, living wage commitments, and worker empowerment programs to promote ethical manufacturing. The fashion industry is now prioritizing sustainability to address these concerns.

Key Areas of Progress and Positive Trends

Sustainable Materials

- The use of recycled fibers has increased from 6.9% in 2016 to 8.5% in 2021, reducing the reliance on virgin fibers
- Organic cotton production has reached 24% of global cotton production, providing a sustainable alternative
- These trends indicate a positive shift towards more sustainable material sourcing

Circular Economy

- The resale market is projected to reach \$64 billion by 2024, promoting circularity and reducing waste
- Many fashion brands have implemented garment recycling programs, contributing to a more sustainable industry

Supply Chain Transparency

- In 2022, 92% of major fashion brands disclosed their first-tier supplier lists, compared to 46% in 2017.
- Over 14,000 facilities are using the Higg Index to measure their environmental and social impacts.
- These advancements enhance transparency within the fashion industry's supply chain.

Ethical Manufacturing

- In 2019, 81% of audited factories achieved an acceptable labor rating, reflecting progress in improving working conditions
- 56% of fashion companies have implemented initiatives to support gender equality in their supply chains
- These efforts contribute to more ethical and inclusive manufacturing practices

Reduced Water and Energy Consumption

- Sustainable fiber use with lower water consumption has increased by 80% in recent years
- Many brands have set targets to reduce emissions and are adopting renewable energy sources
- These actions promote resource efficiency and environmental sustainability

Sustainability Initiatives

We are focused on reducing our environment footprint by investing in resource conservation and efficiency across water, energy and chemical waste.

Initiatives



Zero Liquid Discharge Plant



Rainwater Harvesting



Roof top Solar panels

Certifications



Initiatives



Restore

- Sapling Plantation undertaken
- Rainwater harvesting



Reduce

- Replacement of Oil and fossil fuels with organic biomass



Recycle

- Setup of Zero Liquid Discharge unit at Doddaballapur

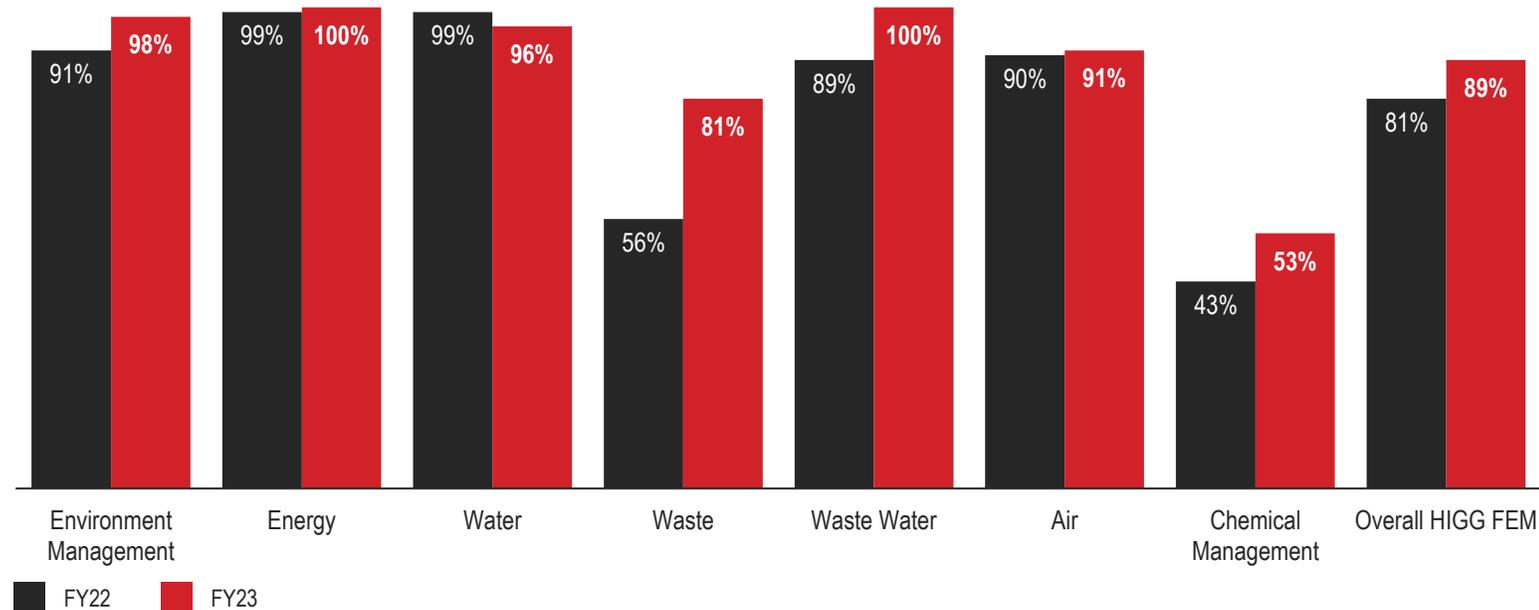


Renewable

- Setup of roof top solar panels at one of our units

Sustainability Initiatives (Contd.)

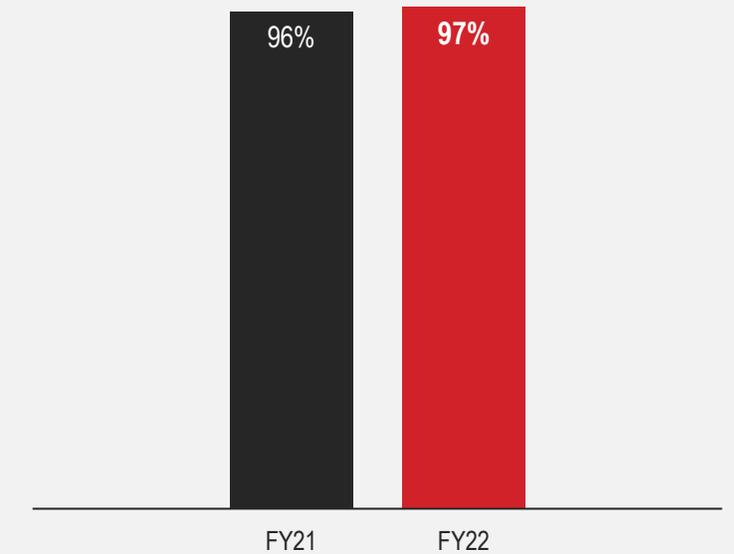
Higg FEM Score
(IN %)



The Higg Facility Environmental Module (Higg FEM) is a global sustainability assessment tool that standardizes how industrial facilities measure and evaluate their environmental performance, year over year. The Higg FEM is designed to measure and quantify the sustainability impacts of a facility. It is central to transforming businesses for exponential impact.

The company is consistent in achieving better scores across all sustainability parameters.

SLCP Score
(IN TIMES)



The Social & Labor Convergence Program (SLCP) is an initiative designed to streamline the auditing of labour standards in apparel and footwear facilities and improve working conditions by using a Converged Assessment Framework (CAF).

Conforming to the Social and Labour Convergence Program involves a self-assessment followed by independent verification by SLCP-approved verifiers. The company conducts SLCP in all its facilities to assess the working conditions and how well its facilities are improving.

Corporate Social Responsibility

Gokaldas Exports Limited is dedicated to corporate social responsibility (CSR), focusing on education, health, environment, and community development.

Our initiatives had a reach and positive impact on nearly +10,000 students across 18 schools located in 6 Districts in two states. Our impactful initiatives align with UN SDGs, fostering sustainable growth while positively impacting the communities.



Gokaldas Exports' CSR initiatives revolve around four main areas:



Education &
Skill Development



Health
& Hygiene



Environment



Community
Development

All these areas contribute to the achievement of UN SDG 4 and UN SDG 6:



UN SDG 4 aims to provide quality education for all, especially girls and vulnerable groups.



UN SDG 6 aims to ensure access to safe and affordable drinking water and sanitation for all.

Corporate Social Responsibility (Contd.)



Education & Skill Development

Gokaldas Exports equipped government high schools with essential resources. They established computer labs, providing access to technology for students' educational development. The initiative also included the provision of desks, chairs, tables, projectors, and library book structures to enhance the learning environment. Moreover, classroom boards were installed to facilitate interactive teaching and learning.



Health & Hygiene

Gokaldas Exports supported the installation of urinals and toilets in several schools, contributing to improved sanitation facilities. Additionally, they ensured access to clean drinking water, benefiting numerous students.



Gokaldas Exports Charitable Foundation was honoured with the prestigious "CSR Excellence Award-2022"

at the 6th State level HR conference held in Bengaluru on 12th November 2022, recognizing their exceptional commitment to corporate social responsibility.



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Performance

Track Record

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Financial Highlights

Summary of Consolidated Profit & Loss Statement

₹ in Crores

KEY PERFORMANCE METRICS	FY19	FY20	FY21	FY22	FY23	YOY
Revenue from operations	1,177.5	1,370.9	1,210.7	1,790.3	2,222.2	24.1%
Other Income	18.7	16.3	12.2	10.7	25.0	134.2%
Total Income	1,196.2	1,387.2	1,222.9	1,801.0	2,247.2	24.8%
Adj. EBITDA (excluding ESOP charge)	83.5	102.1	113.7	216.2	318.8	47.5%
Adj. EBITDA Margin (%)	7.0%	7.4%	9.3%	12.0%	14.2%	218 bps
EBITDA	83.5	102.1	113.7	216.2	295.8	36.8%
EBITDA Margin (%)	7.0%	7.4%	9.3%	12.0%	13.2%	116 bps
Finance Cost	32.9	36.8	34.5	40.2	25.7	(36.0%)
Depreciation & Amortization	19.2	54.8	52.6	58.9	71.8	21.7%
PBT before exceptional Items	31.2	10.4	26.6	117.0	198.3	69.5%
PAT before exceptional Items	25.7*	10.4 [#]	26.5	117.1 ¹	166.9 ²	42.6%
PAT Margin (%)	2.1%	0.8%	2.2%	6.5%	7.4%	93 bps
Basic EPS	6.08	7.10	6.18	23.08	28.60	5.52

Note: *Adjusted for 4% MEIS income of FY2019 reversed pursuant to the Govt. notification

[#]Declined due to a series of headwinds like a retrospective reversal of 4% MEIS, revision of minimum wage in Karnataka retrospectively, and one-off expense

¹ After exhausting carried forward tax loss during the financial year the company recognized deferred tax asset, as per Ind AS 12, giving rise to a deferred tax credit of ₹ 11.8 Cr in Q4 FY22 inflating the Net Profit accordingly. The Adjusted Profit after tax was ₹105.3 Cr

² excludes the exceptional income of ₹ 6.05 Cr

Financial Highlights

Analysis of Financial Position

₹ in Crores

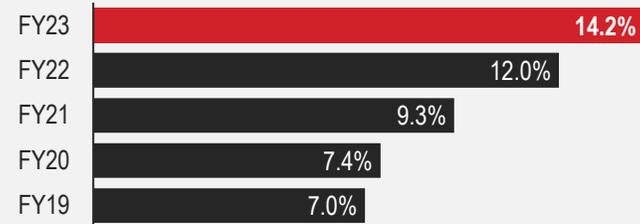
KEY PERFORMANCE METRICS	FY19	FY20	FY21	FY22	FY23	YOY
NON-CURRENT ASSETS						
Investment in Fixed Assets	108.8	130.1	127.2	169.1	275.1	106.0
Other non-current assets	40.6	49.7	45.8	68.5	74.6	6.1
Total non-current assets	149.4	179.8	173.1	237.6	349.7	112.1
CURRENT ASSETS						
Inventories	262.7	289.2	259.2	433.6	293.0	(140.6)
Trade receivables	161.7	143.5	179.8	92.2	135.8	43.6
Other current assets	91.9	82.3	68.7	135.9	83.0	(52.9)
Total current assets	516.3	515.1	507.7	661.7	511.8	(149.9)
LESS: CURRENT LIABILITIES						
Trade payables	85.7	114.3	86.0	117.8	84.0	(33.8)
Other current liabilities	98.4	137.6	130.1	185.5	203.9	18.3
Total current liabilities	184.1	251.9	216.1	303.4	287.9	(15.5)
Net Current Assets	332.2	263.1	291.6	358.3	223.9	(134.4)
Capital Employed *	481.6	442.9	464.7	595.9	573.6	(22.3)
Sources of Funds						
Equity	240.4	226.6	290.1	708.2	886.3	178.1
Long term Borrowings			18.8	2.4	9.6	7.3
Short term Borrowings	380.7	391.0	346.4	60.7	25.8	(34.9)
Total Borrowings	380.7	391.0	365.2	63.1	35.5	(27.6)
Less: Fixed Deposits held with Banks	132.4	139.0	146.9	15.0	9.3	(5.7)
Less: Cash and cash equivalents includes investment in MFs	11.2	47.8	52.1	167.1	358.7	191.6
Net Borrowings / Net Debt	237.1	204.1	166.2	(119.0)	(332.5)	(213.5)
Long term provisions	4.1	4.6	5.3	6.7	13.5	6.8
Lease Liabilities (Net)#	-	7.6	3.1	0.1	6.4	6.3
Total Sources of Funds	481.6	442.9	464.7	595.9	573.6	(22.3)

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

#Lease liabilities are net of a right of use of assets and liabilities.

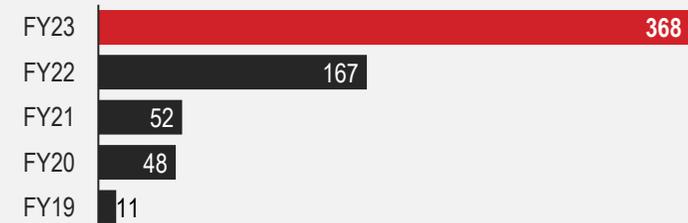
Ratio Analysis

EBITDA Margin (IN %)

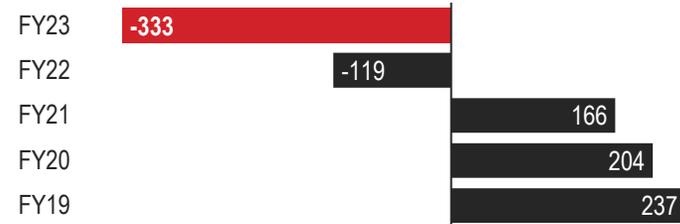


Note: FY23, does not include ESOP Charge (non-cash expense) of ₹23 Crore.

Cash and Cash Eq. (₹ CRORES)

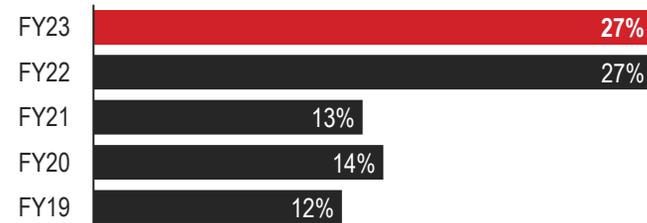


Net Debt (₹ CRORES)



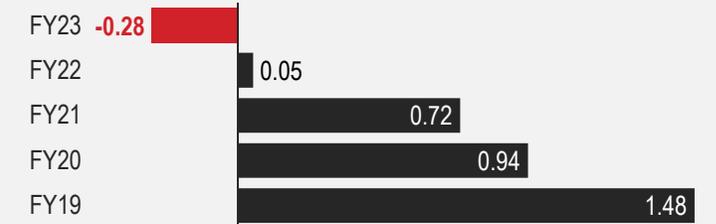
Note: Net debt is gross borrowings reduced by cash and cash equivalents

Return on Capital Employed (IN %)



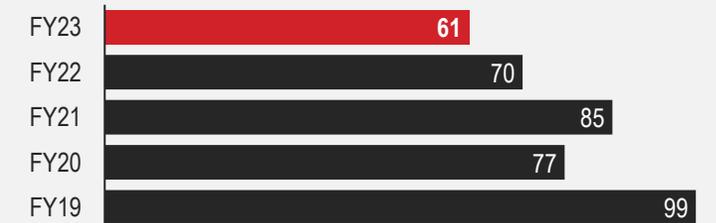
Note: Lease assets and liabilities, cash and cash equivalents, fixed deposits held against loan etc., eliminated for capital employed calculation.

Net Debt / Equity (IN TIMES)



Note: Average net debt/ average equity.

Net Working Capital (IN NUMBERS OF DAYS)



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



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Investment
Merits

06/

07

Investment Merits



Well diversified across geographies, products and clients



Globally recognized vendor of complex value-added garments



Professional management



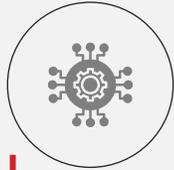
Benefiting from China +1 and other industry tailwinds



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

Management Commentary and Outlook for FY24

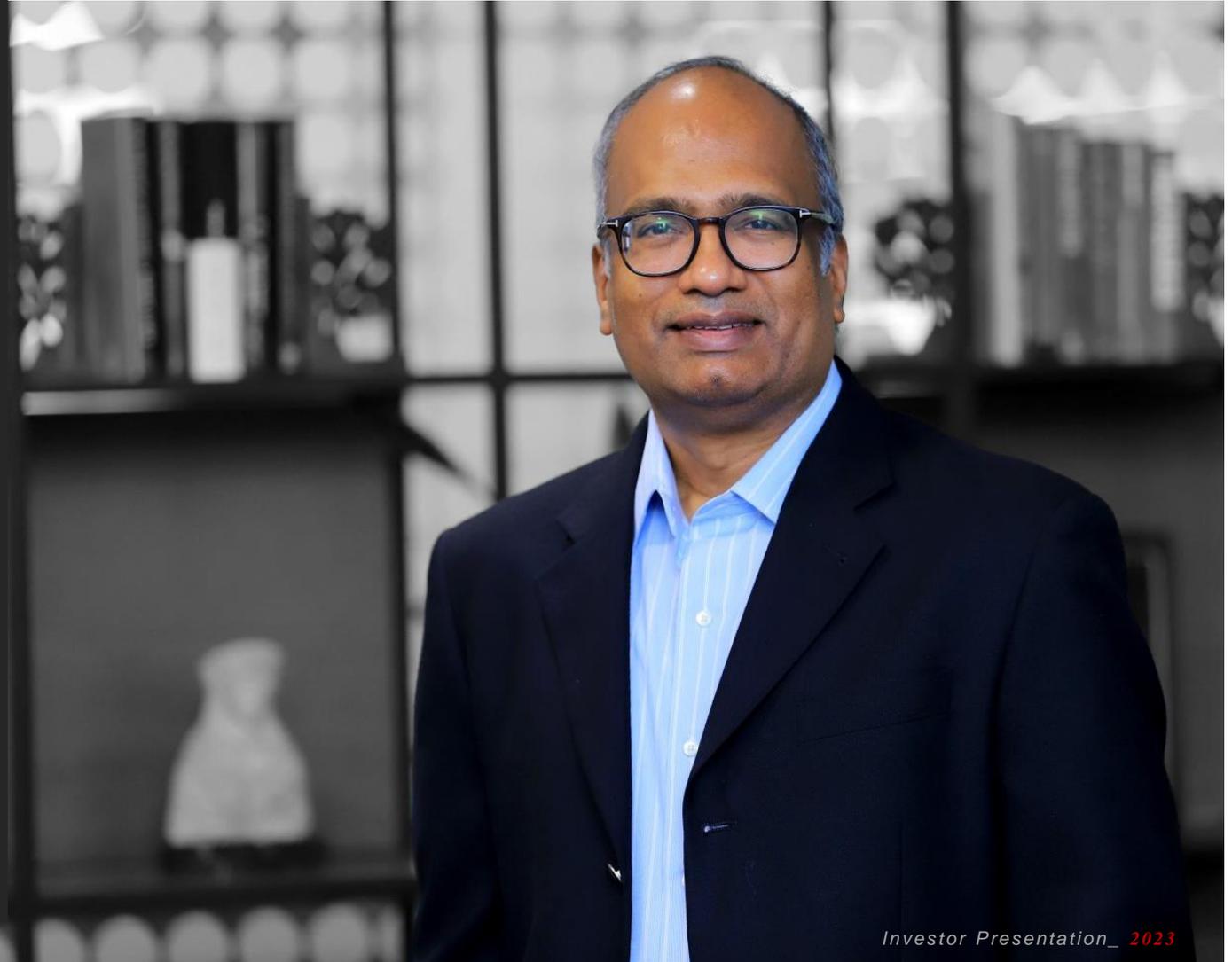
Our performance is a testament to our dedicated team and unwavering commitment to excellence which propelled us to new heights, delivering outstanding results in a challenging market environment globally.

The year started with strong revenue and profit growth resulting from a robust order book, and effective capacity utilization. The second half of the year saw muted volume in line with market conditions. Major brands were consciously liquidating excess inventory holdings and dealing with sluggish retail market. We managed our operation very well and consistently grew our operating margin and delivered improved PAT quarter on quarter. Our ability to effectively balance capacity with orders on hand and execution excellence played very well in delivering 25% revenue growth and 48% net profit year on year. For context, the Indian apparel exports for FY23 grew by about 1%. We generated cash from operation of about ₹ 296 Crore during the year securing a healthy financial base for the company.

We continue to closely monitor potential macroeconomic risks and take measures to mitigate them by focusing on strengthening customer relationships and service excellence. We are vigilant to concerns such as ongoing military conflicts, global monetary tightening, and China's economic trajectory. Our immediate focus is on maintaining exceptional service delivery while navigating potential short-term challenges.

The long-term prospects for the industry remain intact with a continuing shift of global sourcing away from China, supplier consolidation towards efficient and well-capitalized players, and supply-side instabilities in several countries. Favorable currency, PLI, and FTAs with key markets should drive the company to a strong future.

We are committed to gaining market share and preparing ourselves for business growth when market conditions turn more favourable. Our capacity addition is also in line with this. As an organization, we are future-ready.





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About the
Company

07/

07

Gokaldas Exports at a Glance

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**

Apparel Manufacturing
Operations

20+

State-of-the-art
manufacturing units

**Sustainability
focused**

Operations

26,000+

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

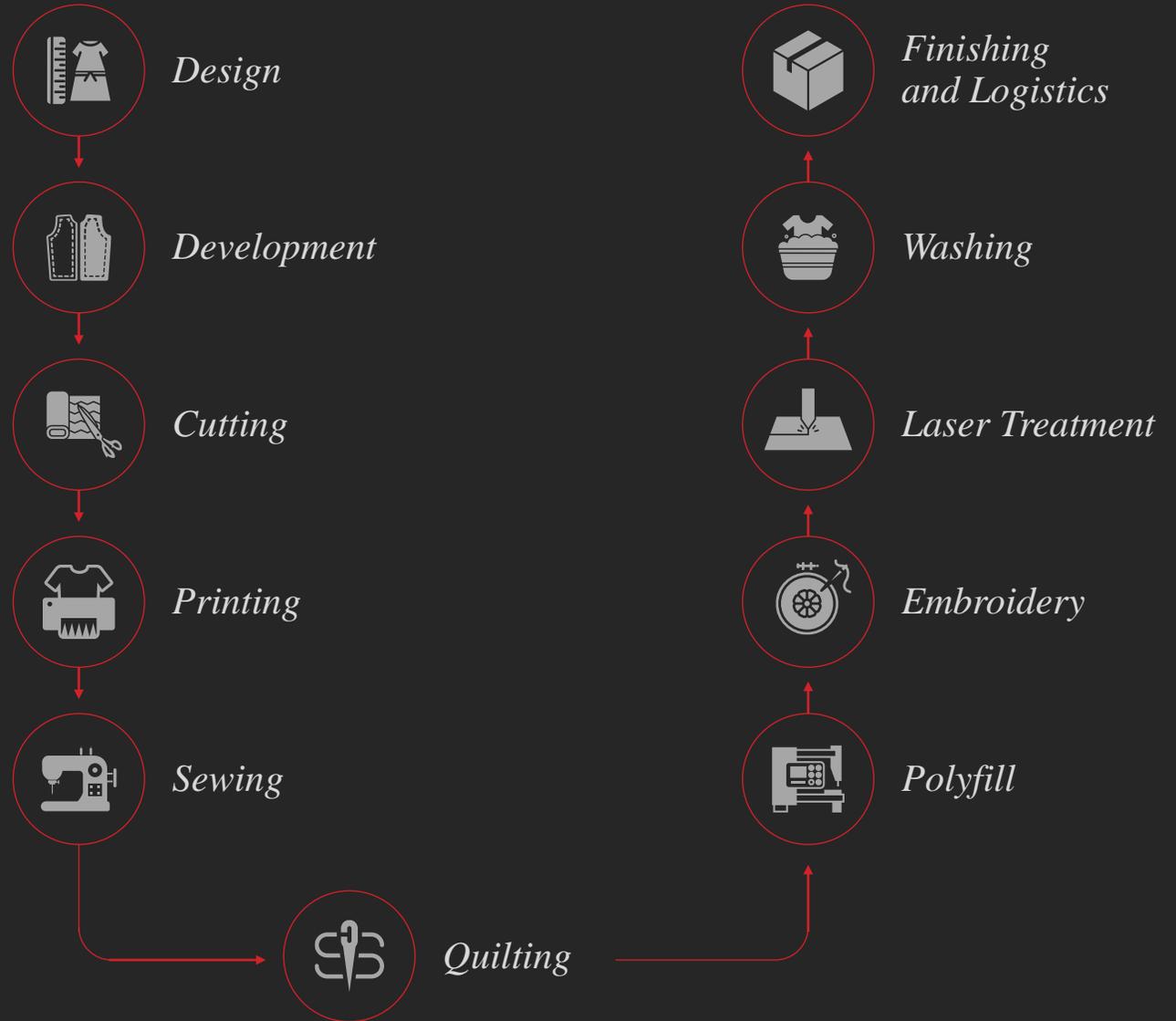


Modern printing set-up with 12 state-of-the-art automatic machines

- 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.





GOKALDAS
EXPORTS LIMITED

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Thank You

