



GOKALDAS
EXPORTS LIMITED

Future Ready

Q3 FY24

INVESTOR
PRESENTATION



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Q3 & 9M FY24

Highlights

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Management Commentary

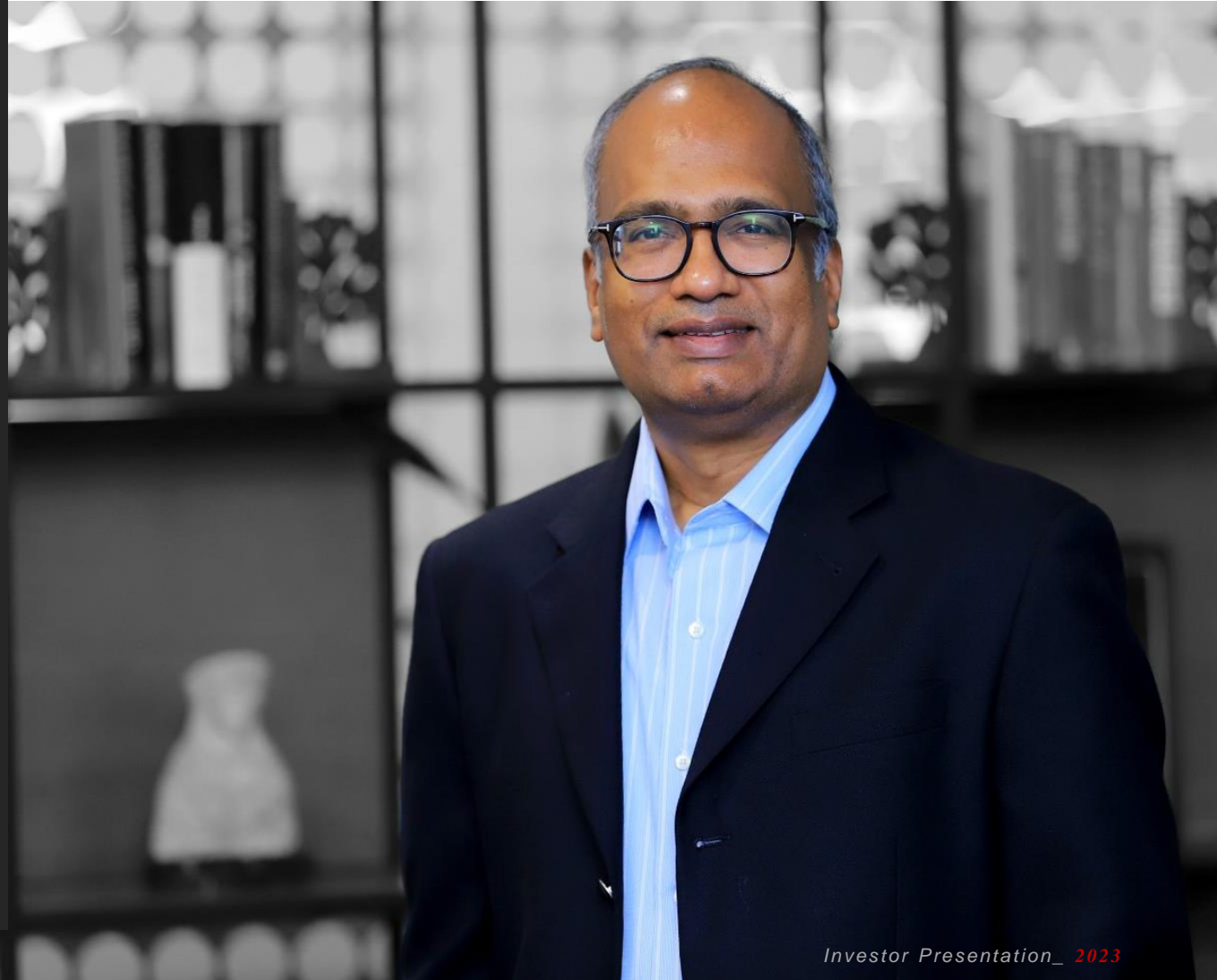
In 3Q24, the revenue grew by 6% YoY and 10% sequentially. This is against the backdrop of Indian apparel exports witnessing a decline of 12% YoY and remaining flat sequentially. This improved performance indicates the resilience of the Company in face of adversity.

In this quarter, our EBITDA margin stood at 12.6%, improving QoQ by +163 bps due to better operating leverage. However, despite an increase in statutory minimum wages in Karnataka, employees ramp up in anticipation of volume growth in Q4, start up costs at our MP unit, and certain one off expenses, the Company managed to contain the margin decline to 112 bps on a YoY basis. In the nine months of the financial year, the Company generated ₹141 Cr. in cash from operations which covered the capital expenditure of ₹102 Cr.

Our new manufacturing unit in Madhya Pradesh is expected to turn profitable in the forthcoming financial year, while offsetting the initial operating cost incurred in training the large number of employees and bringing them to productive levels. The fabric processing unit in Tamil Nadu is in advanced stages of completion, and we expect trial production in 4Q24. We have completed our acquisition of Atraco and are in the early stages of integrating its operations.

Improving supply chain trends and leaner inventory positions with retailers have helped facilitate a return to a more normalized planning and ordering timeline bringing in greater predictability. It has taken almost 12-18 months for retailers to unwind excess inventory positions that was built up in early 2022, when inflation and global turbulence began to impact consumer demand. Sales growth is now outpacing inventory for many brands, which is a welcome sign. We are expecting a positive momentum for us in the calendar year 2024 and expect sequential growth to pick up over the next quarters.

We view the long-term macroeconomic factors as favourable for the growth of business. With this in view, we signed a definitive agreement to acquire Matrix Clothing. We feel that Matrix, with its strong track record of performance, expands the Company's offering, brings in a stronger position in the Knits category, introduces new customers, improves geographical spread to Europe and complements our investment in fabric processing. We are confident that our growth strategy will lay a solid foundation for a strong and sustainable future.



Quarterly Highlights

Summary of Consolidated Profit & Loss Statement

₹ in Crores

KEY PERFORMANCE METRICS	Q3FY24	Q2FY24	Q3FY23	YOY	QOQ
Total Income	559.8	509.0	528.1	6.0%	10.0%
Revenue from operations	551.6	500.3	518.9	6.3%	10.3%
Other Income	8.2	8.8	9.2	-10.9%	-6.3%
Adjusted EBITDA	74.5	61.0	72.4	2.9%	22.1%
Adjusted EBITDA Margin (%)	13.3%	12.0%	13.7%	(40 bps)	133 bps
Less: One time expenses ^{1&2}	4.0	5.2			
EBITDA	70.5	55.8	72.4	-3%	26%
EBITDA Margin (%)	12.6%	11.0%	13.7%	(112 bps)	(163) bps
Finance cost	5.5	5.7	6.1	-9.7%	-4.3%
Depreciation and amortisation expenses	21.5	20.8	18.6	15.5%	3.6%
Profit before tax before exceptional items	43.5	29.3	47.8	-8.8%	48.5%
Less: Current tax	14.7	10.1	12.7		
Less: Deferred tax credits	-1.6	-4.5	-5.6		
Profit after tax	30.4	23.7	40.6	-25.0%	28.3%
Exceptional items	-	-	-		
Profit after tax after exceptional item	30.4	23.7	40.6	-25.0%	28.3%

1. ₹ 4 Cr relates to acquisition-related expense of ₹1.3 Cr. and initial startup expense in MP unit of ₹ 2.7Cr.

2. ₹ 5.2 Cr relates to acquisition-related expense of ₹1.6 Cr. and initial startup expense in MP unit of ₹ 3.6Cr.

REVENUE

₹560 Cr.

The revenue in the quarter improved both sequentially and year on year. This is against the backdrop of Indian exports witnessing a 12% YoY decline in the quarter. There is a sign of increased traction in order placements as brands are making good progress in managing their inventory.

6.0% Y-o-Y

10.0% Q-o-Q

ADJ. EBITDA

₹74.5 Cr.

ADJ. EBITDA Margin

13.3%

EBITDA declined slightly, primarily due to (a) an increase in minimum wages for the labor force in Karnataka, (b) an increase in the workforce in anticipation of volume growth in Q4.

2.9% Y-o-Y

-40 bps YoY

22.1% Q-o-Q

133 bps QoQ

PBT

₹44 Cr.

PBT declined YoY due to minimum wage revisions in Karnataka, cost of building-up labor for Q4 volumes and startup cost in new unit.

-8.8% Y-o-Y

48.5% Q-o-Q

9M FY24 Highlights

Summary of Consolidated Profit & Loss Statement

₹ in Crores

KEY PERFORMANCE METRICS	9MFY24	9MFY23	YOY
Total Income	1,591.0	1,717.1	-7.3%
Revenue from operations	1,566.5	1,699.2	-7.8%
Other Income	24.6	17.9	37.0%
Adjusted EBITDA	204.3	218.6	-6.6%
Adjusted EBITDA Margin (%)	12.8%	12.7%	11 bps
Less: One-time expenses ¹	10.2		
EBITDA	194.1	218.6	-11.2%
EBITDA Margin (%)	12.2%	12.7%	(53) bps
Finance cost	16.7	18.3	-8.7%
Depreciation and amortisation expenses	61.3	52.8	16.3%
Profit before tax before exceptional items	116.1	147.6	-21.4%
Less: Current tax	36.7	39.1	
Less: Deferred tax credits	-7.3	-11.2	
Profit after tax	86.7	119.7	-27.6%
Exceptional items	-	6.1	
Profit after tax after exceptional item	86.7	125.8	-31.1%

¹ ₹ 10.2 Cr relates to acquisition-related expense of ₹ 3.6 Cr. and initial start-up expense in MP-Unit of ₹ 6.6 Cr.

REVENUE

₹1591 Cr.

This has to be viewed in the backdrop of 14% decline in overall Indian apparel exports during the same period. The brands have been optimizing their inventory with lower purchases. The excess inventory with brands are more or less easing now.

-7.3% Y-o-Y

ADJ. EBITDA

₹204 Cr.

ADJ. EBITDA Margin

12.8%

The EBITDA declined, primarily due to the increase in minimum wage revision for the workmen in Karnataka and the ramping-up of the capacity in anticipation of volume growth in Q4.

-6.6% Y-o-Y

11 bps Y-o-Y

PBT

₹116 Cr.

PBT declined YoY due to minimum wage revision in Karnataka, higher depreciation costs and startup cost in new unit.

-21.4% Y-o-Y

Financial Year Highlights

Analysis of Financial Position

₹ in Crores

KEY PERFORMANCE METRICS	31 st Dec 2023	31 st Mar 2023	Changes (+/-)
NON CURRENT ASSET			
Investment in Fixed Assets	356.0	275.1	80.9
Other non-current assets	68.7	74.6	-5.9
Total non-current assets	424.7	349.7	75.0
CURRENT ASSET			
Inventories	275.8	293.0	-17.2
Trade receivables	214.8	135.8	79.0
Other current assets	114.0	83.0	31.0
Total current assets	604.6	511.8	92.8
Less: Current Liabilities			
Trade payables	117.0	84.0	33.0
Other current liabilities	204.3	203.9	0.5
Total current liabilities	321.4	287.9	33.5
Net Current Assets	283.2	223.9	59.3
CAPITAL EMPLOYED*	707.9	573.6	134.3
SOURCES OF FUNDS			
Equity	1,007.0	886.3	120.7
Long term Borrowings	29.9	9.6	20.2
Short term Borrowings	58.7	25.8	32.9
Total Borrowings	88.6	35.5	53.1
Less: Fixed Deposits held with Banks	72.7	9.3	63.5
Less: Cash and cash equivalents includes investment in MFs	336.3	358.7	-22.4
Net Borrowings / Net Debt	-320.5	-332.5	12.0
Long term provisions	13.2	13.5	-0.3
Lease Liabilities (Net)#	8.2	6.4	1.8
TOTAL SOURCES OF FUNDS	707.9	573.6	134.3

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 increased by ₹59 Cr, mainly due to an increase in working capital needs during the period. Receivables increased as delivery traction rose during the period.

NET CASH

₹320 Cr.

The company continues to be a **ZERO NET DEBT** company. The company's gross borrowing has increased by ₹53 Cr. over the balance as of 31-Mar-23 and adjusting the cash on hand, fixed deposits, and investments in liquid mutual funds, the company has a net cash surplus of ₹320Cr. compared to net cash of ₹333 Cr as of 31st March 2023.

Net debt post investment in Atraco during January 2024 stands at approx. ₹175 Cr.

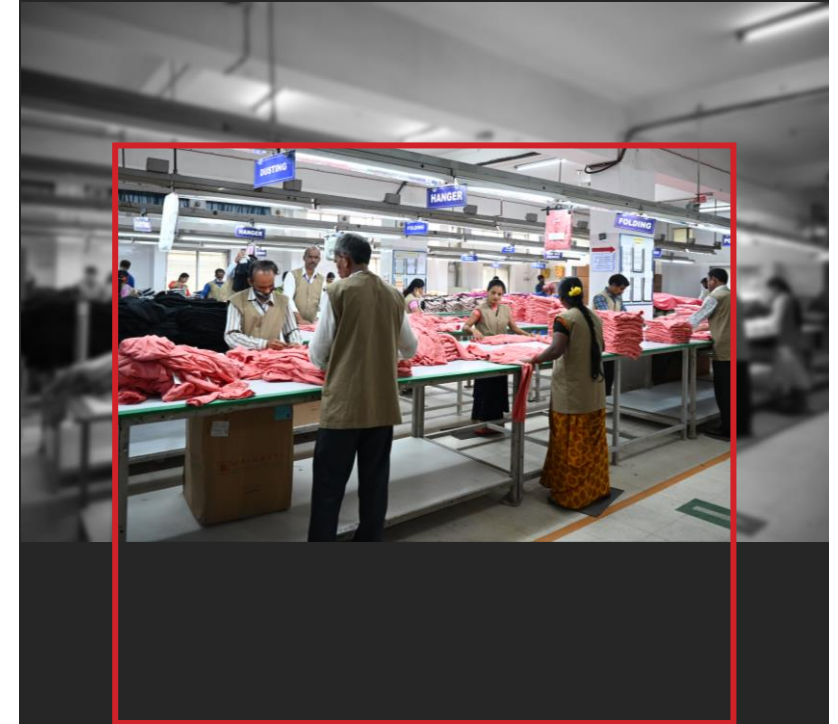
Continue to Invest in Machinery for Expansion and Upgradation

Capital Expenditure

(In ₹ Crore)

YEAR	MODERNIZATION AND UPGRADES	NEW CAPACITY AND NEW PROJECTS	TOTAL
FY22	28	56	84
FY23	38	97	135
9M FY24	27	75	102
Q4 FY24P	10	33	43
Total	103	261	364

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



₹145 Cr.

CAPEX PLANNED DURING THE YEAR



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Global Apparel

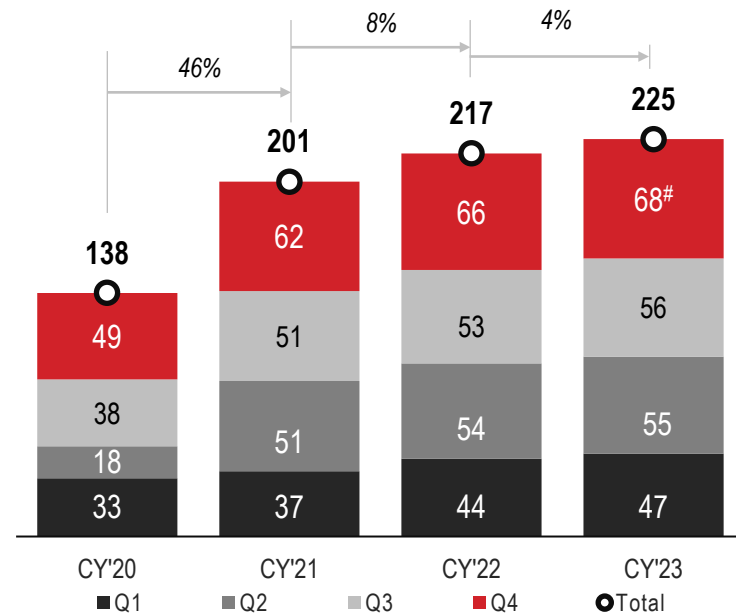
Industry Trends

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US Retail Sales Remained Resilient in 2023

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



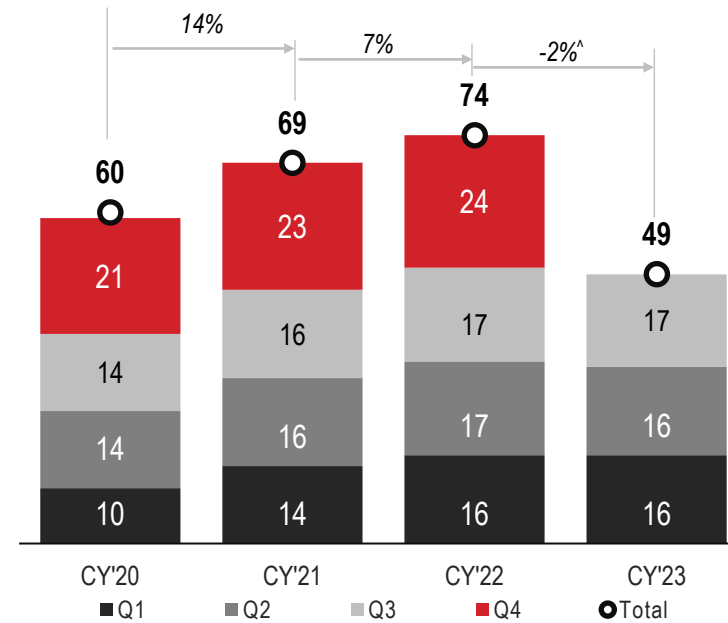
Retail store sales experienced favorable growth

Despite rising inflation and efforts by the central bank to curb it with interest rate hikes, monthly apparel store sales in the US have displayed remarkable resilience, maintaining a robust performance.

[#]Note: Data for the month of December in the quarterly figure is as per our estimates.
Note: Data for CY22 & CY23 revised as per the source

Source: US Census Bureau

US E-com Clothing Sales (IN US\$ BN)



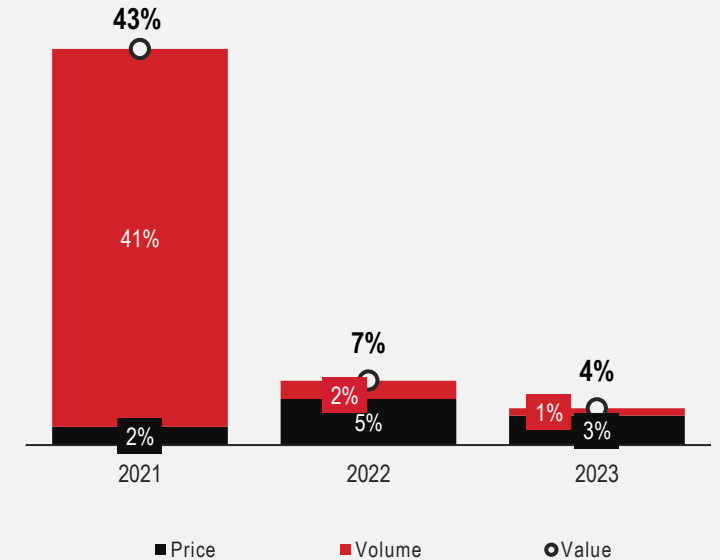
E-commerce sales experienced a modest decline

Clothing and accessories E-commerce sales in the US witnessed a modest decline of 2% during the nine months of the calendar year 2023.

^{*}Note: Represents 9M CY2023 v/s 9M CY2022

Source: US Census Bureau

Price v/s Volume Contribution (IN %)



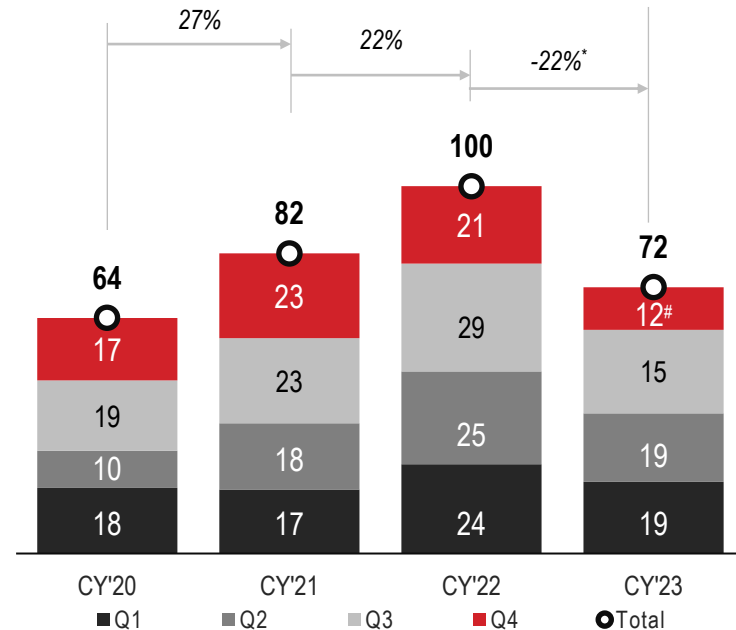
Price increases remained buoyant contributing to overall value in 2023

The predominant factor contributing to the overall retail sales value was price hikes rather than an uptick in sales volume. Robust in-store sales and minimized discounts enabled brands to attain full-price sales.

Source: US Census Bureau

US & EU Apparel Imports Down Sharply

US Apparel Imports (IN US\$ BN)



US Apparel Imports Continue to Decline

US monthly Apparel imports have been on the decline since the start of 2023. YTD November 2023 Apparel imports declined by 22% compared to the same period previous year.

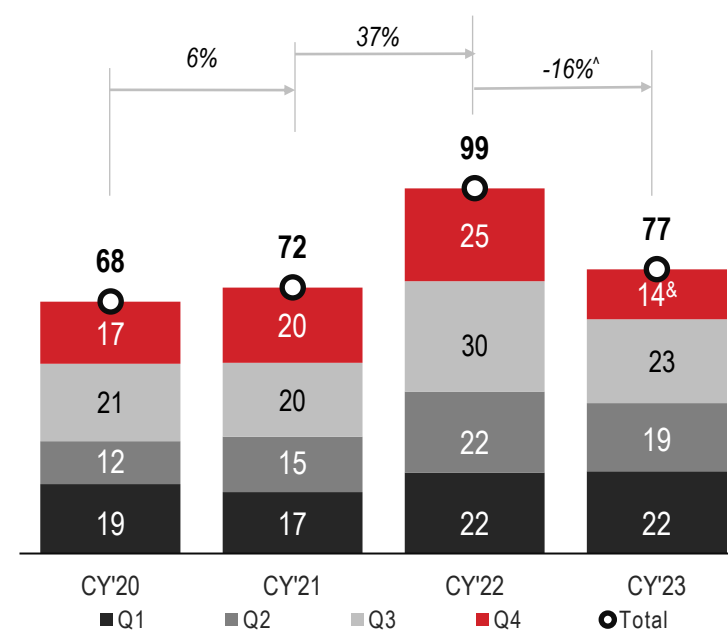
*Note: Represents YTD November CY2023 v/s YTD November CY2022

#Note: Data represents October + November as December data is yet to be released.

Note: Data for 2022 & 2023 revised as per the source

Source: Otexa

EU-27 Apparel Imports (IN EUR BN)



EU-27 Apparel Imports Show Gradual Deceleration

Apparel Imports by EU-27 for the YTD November 2023 declined by 16% compared to the same period last year.

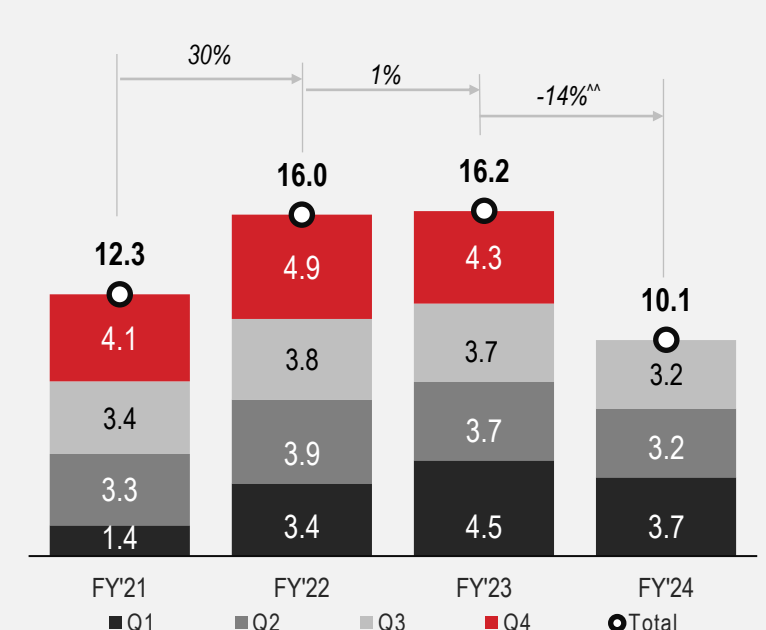
[^]Note: Represents YTD November CY2023 v/s YTD November CY2022.

[&]Note: Data represents October + November as December data is yet to be released.

Note: Data for CY21 & CY22 revised as per the source

Source: Eurostat

India Apparel Exports (IN US\$ BN)



Indian Apparel Exports Continue to Decline

Overall Indian Apparel exports continued to remain weak as the brand continue to slow down their purchases. Apparel Exports in 9M FY24 declined by 14% compared to the same period last year.

^{^^}Note: Represents 9M FY24 v/s 9M FY23.

Source: Ministry of Commerce and Trade

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

Long Term Opportunity

- US, EU, and China to drive apparel consumption in the coming decade.
- 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 is impacted by the foreign exchange crisis and Vietnam by high factor costs.
- Key raw material prices have stabilized.
- India is well-positioned to capitalize on the opportunity
 - Stable policy regime with the extension of RoSCTL till March 2026.
 - Government incentives and support from state governments for low-cost locations.
 - PLI scheme to boost investments in MMF and technical textile ecosystem.
 - FTAs with the UK and EU, have a huge potential for increased textiles trade.

Near-term Challenges and Opportunities

- Heightened Red Sea issue is leading to an increase in insurance costs, and choosing alternative routes has resulted in delayed delivery, capacity crunch, and increased costs.
- Interest rates might have peaked in the US, and expected rate cuts this year would ease the pressure on higher mortgage outgo, thus supporting consumption in general.
- Similar situation exists in the UK and Eurozone.
- Retailers are indicating improved appetite for purchases as their inventory holding have started reaching optimal level.



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Performance

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Financial Highlights

Summary of Five Years Consolidated Profit & Loss Statement

₹ in Crores, unless specified

KEY PERFORMANCE METRICS	FY19	FY20	FY21	FY22	FY23	YOY
Total Income	1,196.2	1,387.2	1,222.9	1,801.0	2,247.2	24.8%
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%
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
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 in Rupees	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 Five Year Financial Position

₹ in Crores

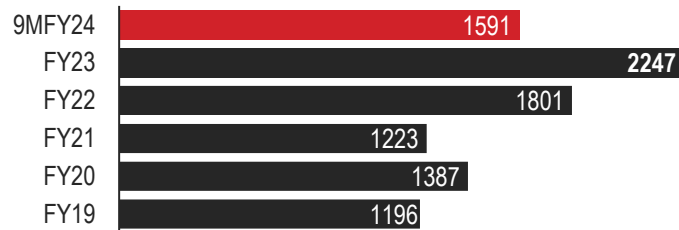
KEY PERFORMANCE METRICS	FY19	FY20	FY21	FY22	FY23	YOY
NON-CURRENT ASSETS						
Investment in Fixed Assets	108.8	130.1	127.2	169.1	275.1	106.0
Other non-current assets	40.6	49.7	45.8	68.5	74.6	6.1
Total non-current assets	149.4	179.8	173.1	237.6	349.7	112.1
CURRENT ASSETS						
Inventories	262.7	289.2	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.

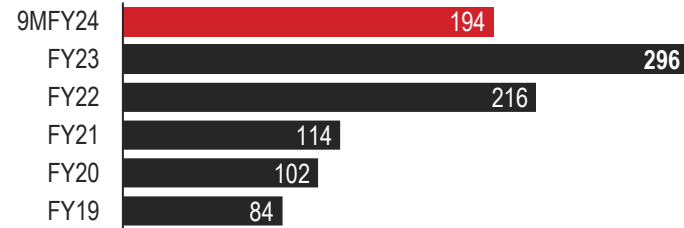
[#]Lease liabilities are net of a right of use of assets and liabilities.

KPIs and Ratios

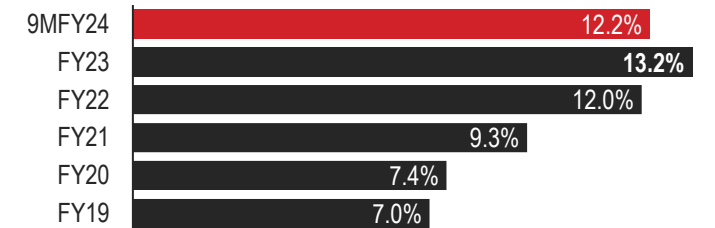
REVENUE (₹ CRORES)



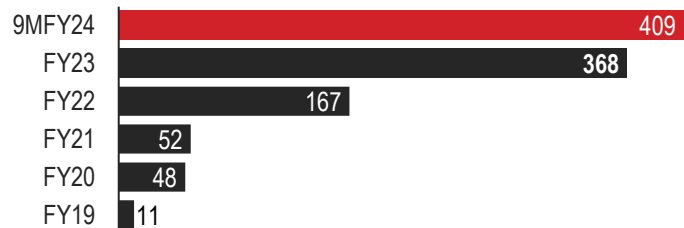
EBITDA (₹ CRORES)



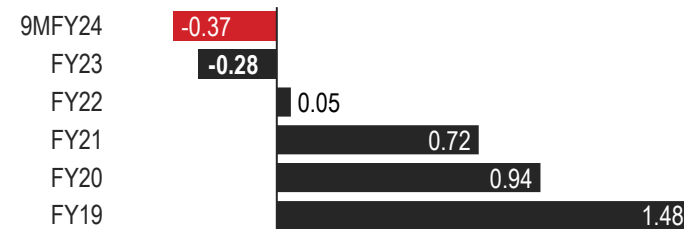
EBITDA Margin (IN %)



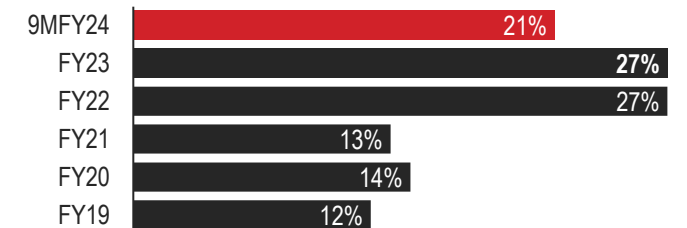
Cash and Cash Eq. (₹ CRORES)



Net Debt / Equity (IN TIMES)



Return on Capital Employed (IN %)



Note: Average net debt/ average equity.

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

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



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About the
Company

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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

33,000+

Strong workforce
with 75% women

50+

Countries Exported to



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

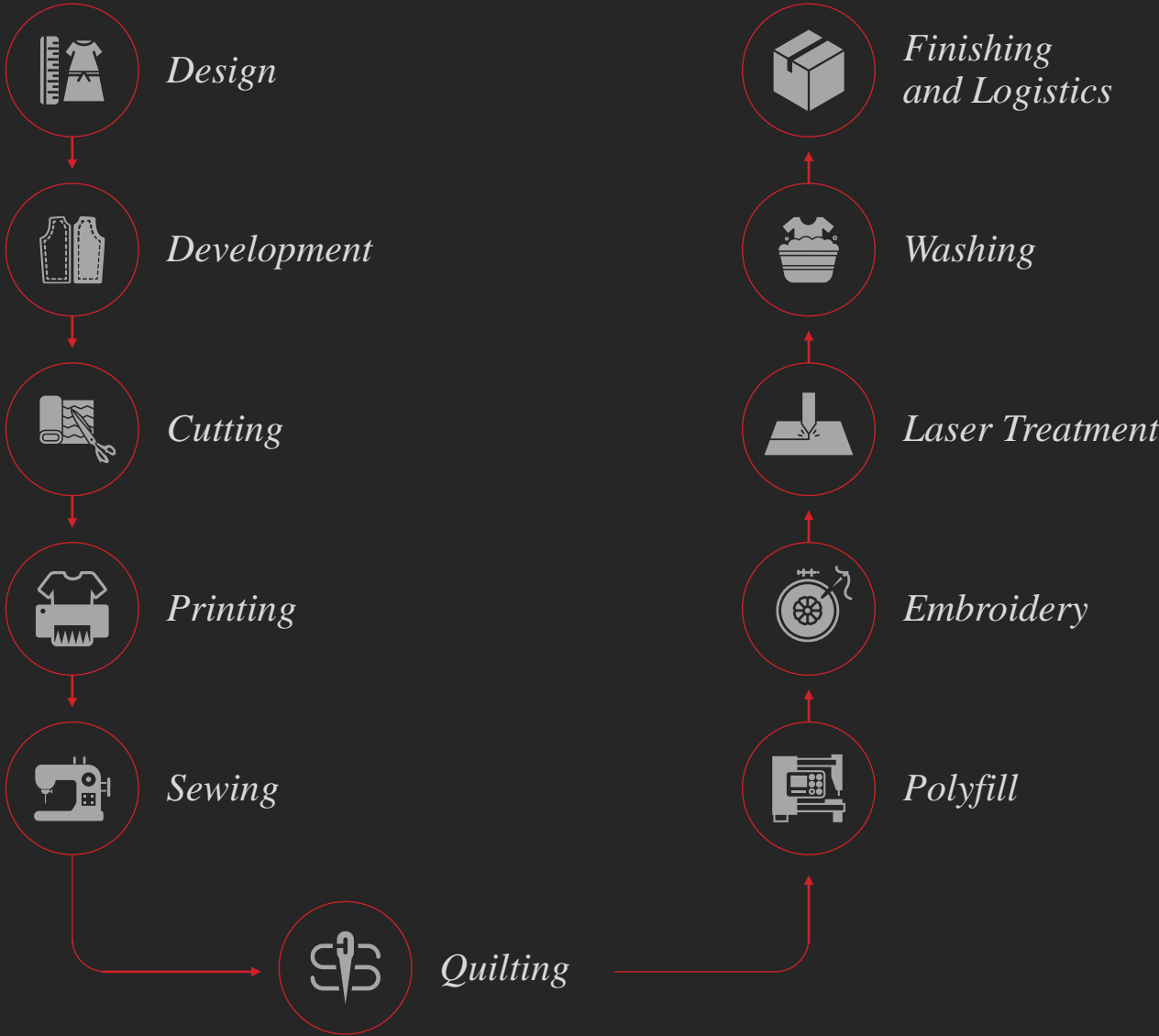
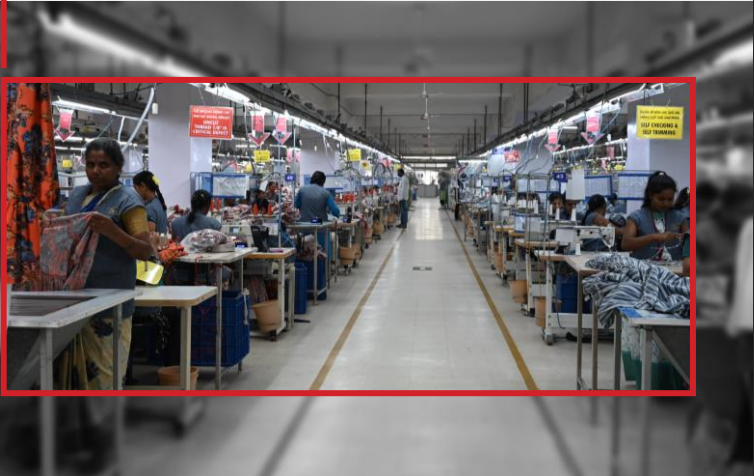


Modern printing set-up with 12 state-of-the-art automatic machines

- 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



Well diversified across geographies, products and clients



Globally recognized vendor of complex value-added garments



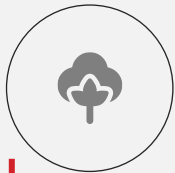
Professional management



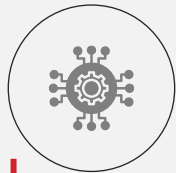
Benefiting from China +1 and other industry tailwinds



Incremental Capacities to accelerate growth momentum



Sustainability focused operations



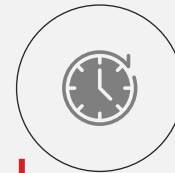
Fully integrated manufacturing operations, including design services



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

