



GOKALDAS  
EXPORTS LIMITED

## Shareholder Value Accretion



# 2024

INVESTOR PRESENTATION\_FEB 2024

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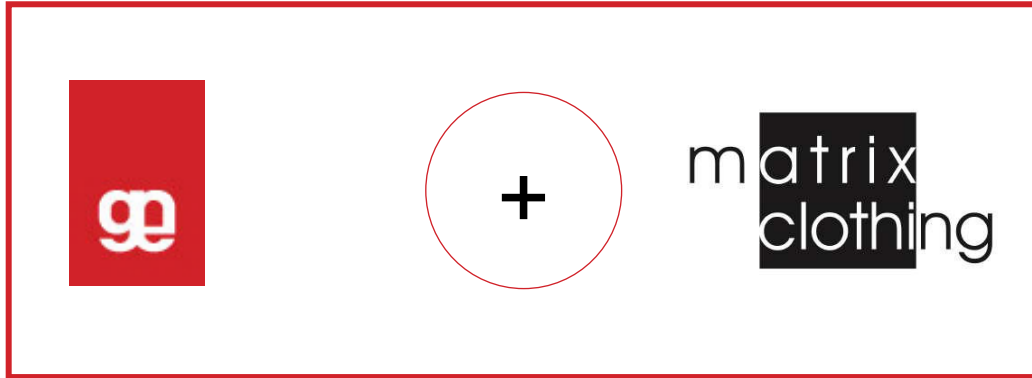
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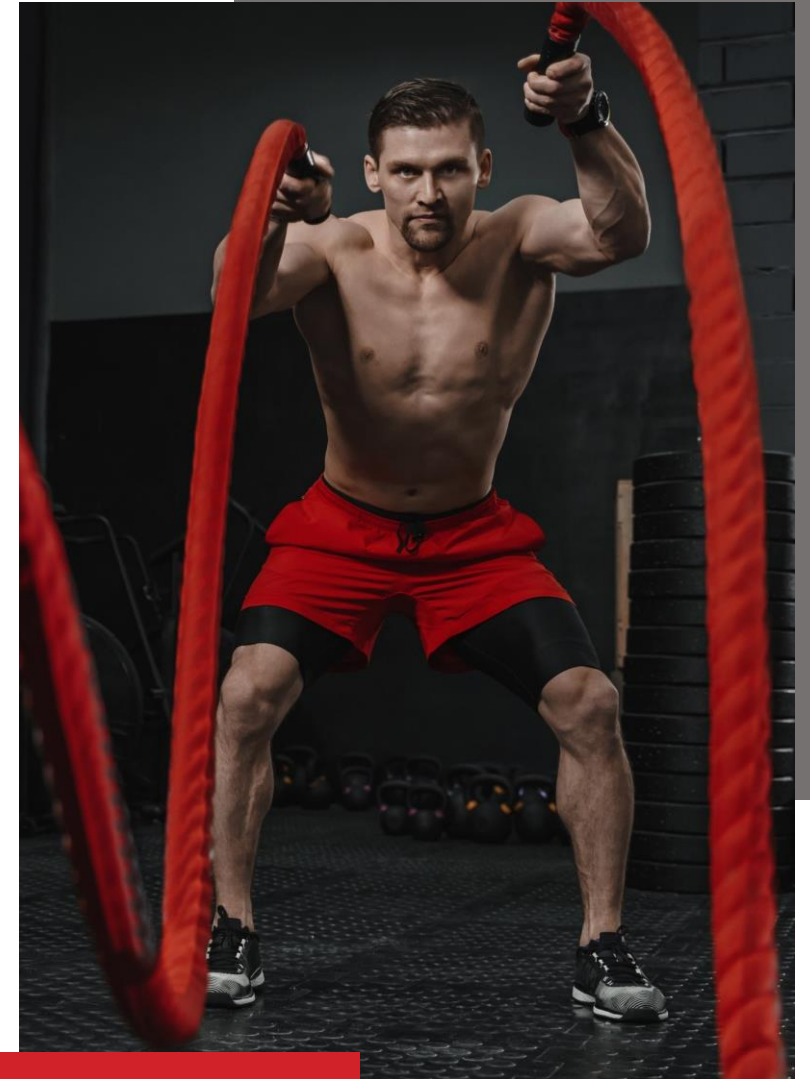
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# Gokaldas Exports allies with Matrix Clothing

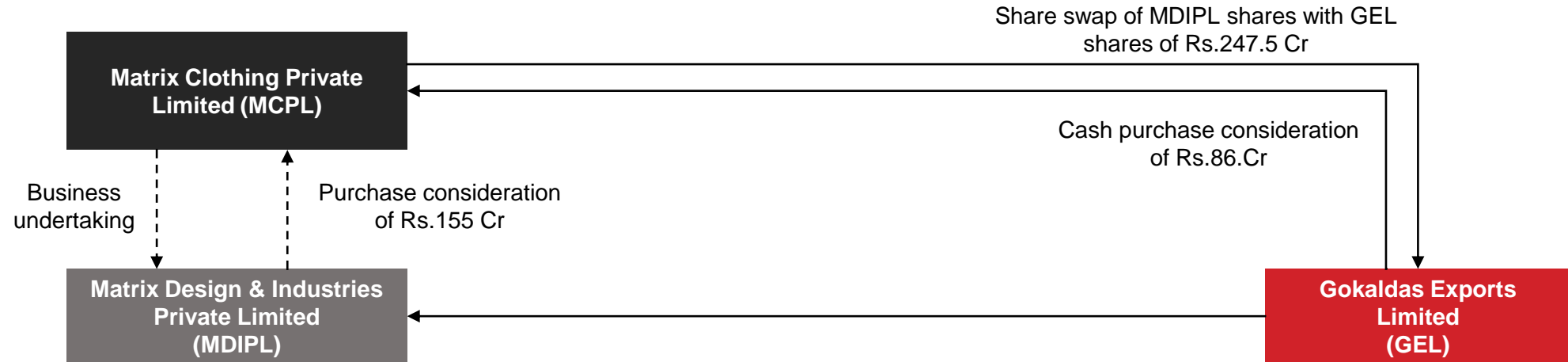


Gokaldas Exports has **signed a Share Swap agreement** with **Matrix Clothing** to acquire 100% equity of the business for a total consideration of up to ₹ 489 crores, out of which ₹ 247.5 crores is being paid by way of preferential allotment of shares of Gokaldas Exports through share swap.

Through this deal, the company seeks access to new business segments like knits, a mutually exclusive customer base, greater access to the European and UK markets helping with geographical diversification, and low-cost capacity expansion in the future.



# Transaction Structure



## Transaction:

Gokaldas Exports Limited has signed a definitive agreement with Matrix Clothing Private Limited to acquire 100% of the equity share capital of Matrix Design & Industries Private Limited for an enterprise value of ₹ 489 crores, out of which ₹ 247.5 crores is being paid by way of preferential allotment of shares of Gokaldas Exports through share swap.



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# Matrix Clothing at a Glance

**Matrix Clothing** is a leading apparel manufacturer in India since 1980 designing, manufacturing, and exporting a diverse range of apparel products for all seasons, headquartered in Gurgaon.

- 40+ years of manufacturing excellence.
- 5 manufacturing units in India.
- 2500+ sewing machines.
- ~5000 employees of which 90% are women.
- About 1 Mn. units of monthly apparel manufacturing capacity.
  - Menswear: 800,000 units/month.
  - Ladieswear/Childrenswear: 300,000 units/month.



596

₹ Crore Total Income in FY 2023



11

Million garments manufactured annually, 73% Menswear



Knitwear

manufacturer of high-quality men's, ladies', and children's apparel



5

Five manufacturing facilities, with four in Gurgaon and one in Ranchi, Jharkhand.



5,000+

Strong workforce, of which 90% are women



2,500+

Operational machines spread across 5 manufacturing facilities

# More about Matrix (1/3)

An apparel manufacturing company with unwavering commitment to its values

## KEY PEOPLE

**GAUTAM NAIR, Founder and CEO**

A passionate leader who believes in “Change is the only Constant”. He has established himself as the architect of the Company by mastering many domains to see his prodigy grow over the years. He is a PG from IIM, Ahmedabad. He is actively involved in the growth and development of the Textile and Apparel Industries.

**Ravi Bhargava, Business Head**

28+ years of Marketing and Technical expertise across the Textile Value Chain from fabric to apparel.

All the key management members will continue to be in the organization.

## THE MANUFACTURING FACILITIES



### Gurgaon

8-acre complex with 3 factories along with an additional unit near the main campus equipped with computer embroidery facilities, laundry, and special machines for performance finishes, sampling, and development.

Production is done in an assembly line fashion with 48 production lines (28 lines for ladies/children's wear and 20 lines for menswear) working on the campus.



### Ranchi Facility

Fully operational 165-machine facility (7 lines), working on a two-shift basis, with an in-house computer embroidery and laundry facility.



# More about Matrix (2/3)

Strong Competitive Advantage in apparel manufacturing

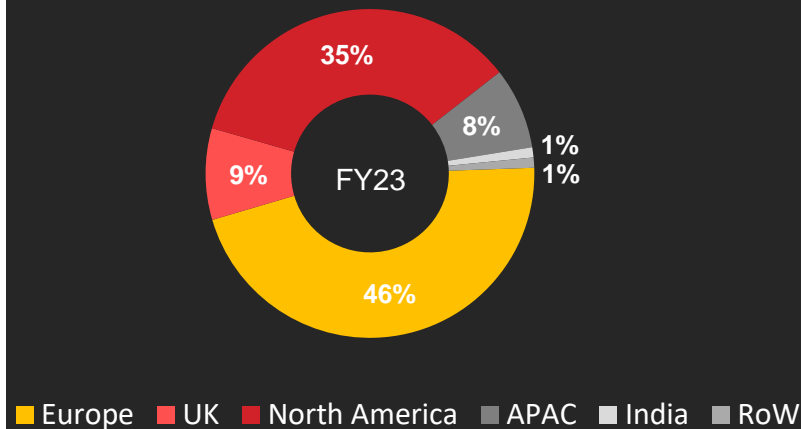
## PRODUCTS CATEGORIES

- Manufactures altogether Knitwear products
- The menswear category constitutes 73% of the product share.
- Product range include
  - Men's Polos, Performance Polos, Crew Tees, Knitted Shirts, Sweats, Hoodies, and Jogger Pants.
  - Ladies' Sweats, Hoodies, Tops/Blouses including Embroidered/Prints/Bead and Hand-work, Knitted Dresses
  - Children's Sweats, Hoodies, Printed / Embroidered Polos / Tees / Shorts / Dresses.
- Focuses on embellished garments with higher realization.

## CUSTOMERS

- Long-standing relationships with global marquee brands
- Nearly 60% of customers have a relationship of > 5+ years.

Geographical Breakup of Exports



## ESG COMPLIANT OPERATIONS

- Access to clean energy through Rooftop Solar on its production facilities along with two wind turbines operated in Gujarat.
- Water conservation via installation of spray machines which consume 80% less water and 66% less chemicals in the laundry process.
- The production units and processes are certified with OEKO-TEX, BCI, RECYCLED 100 CS, ORGANIC 100 CS, HIGG Index, ZDHC, and SLCP.

# More about Matrix (3/3)

Good-sized profitable player with a consistent track record

## Financial Highlights

KEY PERFORMANCE METRICS	In ₹ Crore			
	FY20	FY21	FY22	FY23
Total Income	394	337	603	596
EBITDA	28	66	63	71
EBITDA Margin	7.1%	<sup>#</sup> 19.6%	10.4%	11.9%
Profit after tax	13	<sup>@</sup> 4	26	44
Net profit margin	3.3%	1.2%	4.3%	7.4%

Note:

<sup>#</sup> Higher EBITDA margin in FY21 was attributed to the lower material costs and sale of PPE products and accessories

<sup>@</sup> Loan extended towards a wholly-owned subsidiary in Jordan of ₹ 53 crore shown as an exceptional item in FY21.

## REVENUE

₹ 596 cr.

The company has achieved a consistent growth in Revenue with a CAGR of 15%

(-1%) Y-o-Y

## EBITDA

₹ 71 cr.

EBITDA has grown at a CAGR of 36%. Better operating efficiencies have led to such gains.

+13% Y-o-Y

## PAT

₹ 44 cr.

Consistent growth in PAT year on year over the last 4 years. It has grown at a CAGR of 50%.

+69% Y-o-Y



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*Benefits, Valuation, &*

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03

# Matrix clothing complements Gokaldas Exports

In terms of product, access to exports geography, new customers, and manufacturing locations

Achieving Successful Synergy

## Matrix Clothing Key Attributes

### 100% knit garments

with embellished VAS with low competition intensity and high price realization

### Exports to UK & EU

The company's exports to constitutes as following UK (9%), EU (46%), and North America (35%)

### Good Customer Relationships

Long-standing relationships with global marquee brands

### Access to New Manufacturing Location

4 units located in Gurgaon and 1 in Ranchi, Jharkhand

## Benefits to Gokaldas Exports

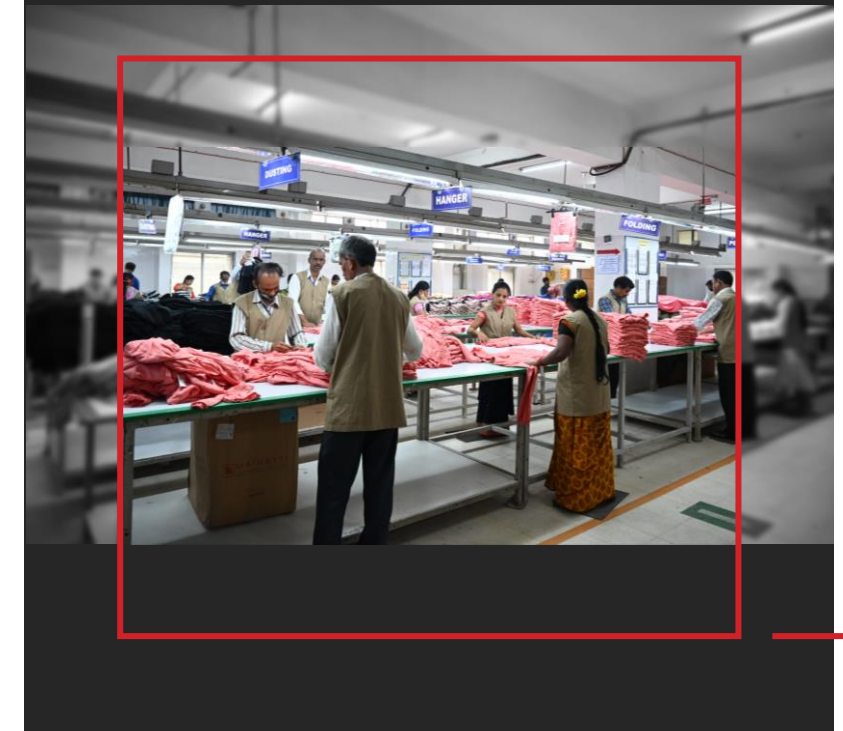
Complements existing woven category, Embellished products helps maintain the average realizations high. Can absorb a portion of the output of our upcoming Knits Fabric Processing Plant.

Geographic diversification. Possible trade benefits upon signing FTA with the UK and in future with EU.

Mutually exclusive customer base. Well-established relationship to open cross-selling opportunities.

Diversify manufacturing base. Jharkhand capacity can support low-cost expansion in the future.

Gokaldas Exports can immensely benefit from the complementary nature of Matrix business, which provides additional opportunities for growth.



# A compelling strategic acquisition

## MATRIX VALUATION FY 2023

In ₹ Crores, unless specified

EV/EBITDA MULTIPLE	AMOUNT
EBITDA	71
<b>Enterprise Value</b>	
▪ Equity Value	334
▪ Debt	155
▪ Less: Cash	0
<b>Enterprise Value of MATRIX</b>	<b>489</b>
Implied EV/EBITDA Multiple	6.9x

PAT / PE MULTIPLE	AMOUNT
Profit After Tax	44
<b>Equity Value</b>	<b>334</b>
Implied PE (Ex-cash)	7.6x

## PEER COMPARISON

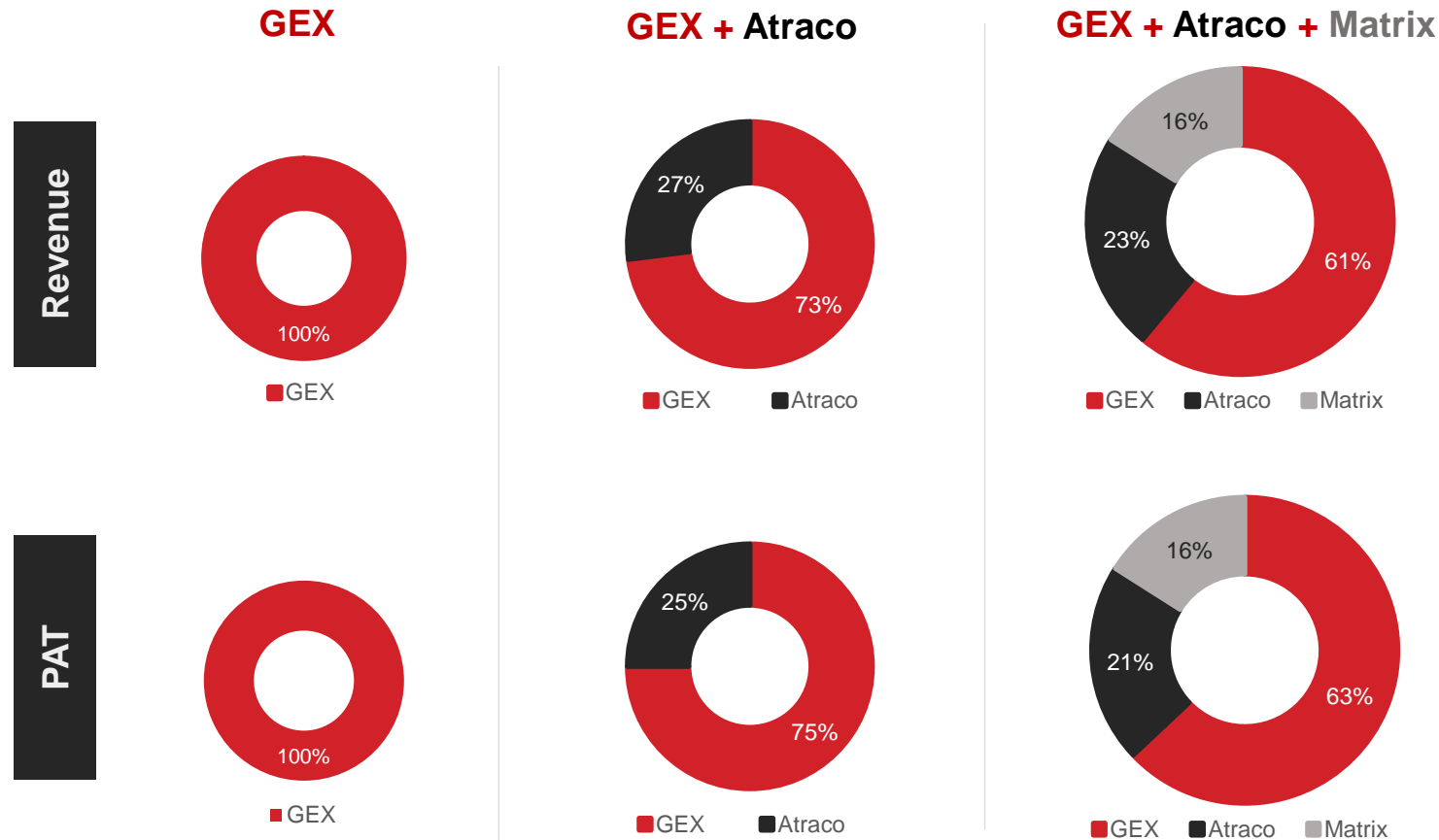
LIST	REVENUE FY 23	EBITDA FY 23	PAT FY 23	NET DEBT (31-03-23)	M/CAP (01-02-24)	EV	EV / EBITDA	PE
Gokaldas Exports <sup>1</sup>	3,090	377	232	(198)	5514	5316	14.1	23.8
Kitex Garments Limited	601	105	57	(58)	1564	1506	14.4	27.5
Pearl Global Industries	3,181	278	153	119	2585	2704	9.7	16.9
SP Apparels Limited	1,101	166	83	43	1531	1574	9.5	18.4
KPR Mills Limited	6,248	1,336	814	1,108	27027	28135	21.1	33.2
Mean							13.7	24.0
Median							14.1	23.8

Source: Publicly available data of the respective companies

<sup>1</sup>Note: Represents proforma numbers which includes 12 months ending Dec-2022 audited financials of ATRACO.



# Strategic Acquisition to Lead Growth



Note: Financials of GEX & Matrix are on an FY2023 basis and ATRACO financials are on a CY 2022 basis.

The company believes the Matrix acquisition strategy will accelerate its overall growth trajectory, besides realizing an outcome that would otherwise have taken several years. Matrix is a quality asset with a consistently profitable track record and has deep experience in servicing globally reputed brands.

## Key Differentiators to Gokaldas Exports

- Accelerate the company's vision to drive profitable growth
- Enhance the company's abilities to tap the global market servicing customers with a wide range of products
- Unlocks diversification opportunities



GOKALDAS  
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# Thank You

