



GOKALDAS
EXPORTS LIMITED

Future Ready

Q2 FY24

INVESTOR
PRESENTATION



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Q2 & H1 FY24

Highlights

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Management Commentary

During the second quarter, our performance remained subdued which was in line with the market condition. US apparel import has been trending 23% lower in CY2023. During the quarter, India's exports also fell by 12.5% which was majorly due to lean demand from international retailers as they were carrying excess inventory.

In this quarter, we incurred certain one-time expenses of Rs. 5.2 Cr. which impacted operating margin by ~1%, adjusting for which our EBITDA margin in Q2 FY24 stands at 12% compared to 12.5% in Q2 FY23. We also ramped up our labor force in Q2 in preparation for the third quarter business volume, resulting in an increase in wage cost. Further, our operating margin was impacted by an increase in the statutory wages for factory employees.

In the first half of the year, we generated ₹113 Crore in cash from operations and comfortably covered our capital expenditure of ₹70 Crore. Our new manufacturing unit in Madhya Pradesh is on track, and we expect production to increase in the coming quarters. The fabric processing unit in Tamil Nadu is in the advanced stages of completion. We are also making good progress with our acquisition of Atraco. We are awaiting regulatory approvals from different jurisdictions and anticipate the process to be completed by the end of Q3 FY24.

Retail sales has been resilient and maintained gains year-to-date 2023. Brands have been able to sell their products at full price, reducing the need for discounts, which has contributed to growth primarily in terms of price rather than volume. It remains to be seen if this trend can continue in 2024.

We are expecting a decent momentum in the second half of the year, particularly with Q3 production for Spring 2024, as brands have more or less destocked their inventory and are increasing their order placements. We anticipate sequential growth to pick up in the next two quarters.



Quarterly Highlights

Summary of Consolidated Profit & Loss Statement

₹ in Crores

KEY PERFORMANCE METRICS	Q2FY24	Q1FY24	Q2FY23	YOY	QOQ
Total Income	509.0	522.2	576.3	-11.7%	-2.5%
Revenue from operations	500.3	514.6	569.7	-12.2%	-2.8%
Other Income	8.8	7.6	6.7	31.7%	15.5%
Adjusted EBITDA	61.0	67.8	71.9	-15.1%	-10.0%
Adjusted EBITDA Margin	12.0%	13.0%	12.5%	(49) bps	(100) bps
Less: One-time expenses ¹	5.2	-	-		
EBITDA	55.8	67.8	71.9	-22.4%	-17.7%
EBITDA Margin (%)	11.0%	13.0%	12.5%	(151) bps	(202) bps
Finance cost	5.7	5.5	5.8	-1.7%	3.5%
Depreciation and amortisation expenses	20.8	19.1	17.1	21.6%	8.8%
Profit before tax before exceptional items	29.3	43.2	49.0	-40.1%	-32.1%
Less: Current tax	10.1	11.8	11.6		
Less: Deferred tax credits	-4.5	-1.2	-2.3		
Profit after tax	23.7	32.6	39.8	-40.3%	-27.2%
Exceptional items	-	-	6.1		
Profit after tax after exceptional item	23.7	32.6	45.8	-48.2%	-27.2%

¹ Relates to acquisition-related expense of ₹1.6 Cr. and initial start-up expense in MP-Unit of ₹3.6 Cr.

REVENUE

₹509 Cr.

The revenue has been in line with current market conditions. India's exports during the quarter fell by about 12.5% YoY.

-11.7% Y-o-Y

-2.5% Q-o-Q

ADJ. EBITDA

₹61 Cr.

ADJ. EBITDA Margin

12%

EBITDA adjusted for one-time expenses is ₹ 5.2 Cr., which when compared like-for-like has come down by 15% YoY. However, the reduction was majorly on account of increase in statutory wages for the labour force in Karnataka and the build-up of people for the third quarter.

-15.1% Y-o-Y

-10.0% Q-o-Q

- 49 bps Y-o-Y

-100 bps Q-o-Q

ADJ. PBT

₹34.5 Cr.

PBT adjusted with a one-time expense of ₹ 5.2 Cr.

-29.6% Y-o-Y

-20.1% Q-o-Q

H1 FY24 Highlights

Summary of Consolidated Profit & Loss Statement

₹ in Crores

KEY PERFORMANCE METRICS	H1 FY24	H1 FY23	YOY
Total Income	1,031.2	1,189.0	-13.3%
Revenue from operations	1,014.9	1,180.3	-14.0%
Other Income	16.3	8.7	87.6%
Adjusted EBITDA	129.8	146.2	-11.2%
Adjusted EBITDA Margin (%)	12.6%	12.3%	29 bps
Less: One-time expenses ¹	6.2	-	
EBITDA	123.6	146.2	-15.5%
EBITDA Margin (%)	12.0%	12.3%	(31 bps)
Finance cost	11.2	12.2	-8.3%
Depreciation and amortisation expenses	39.8	34.1	16.7%
Profit before tax before exceptional items	72.5	99.8	-27.4%
Less: Current tax	22.0	26.4	
Less: Deferred tax credits	-5.7	-5.7	
Profit after tax	56.3	79.1	-28.9%
Exceptional items	-	6.1	
Profit after tax after exceptional item	56.3	85.2	-34.0%

¹ Relates to acquisition-related expense of ₹2.3 Cr. and initial start-up expense in MP-Unit of ₹3.9 Cr.

REVENUE

₹1031 Cr.

The revenue trended as per the prevailing market conditions India's exports during the H1 FY24 fell by about 15.4% YoY.

-13.3% Y-o-Y

Adjusted EBITDA

₹130 Cr.

ADJ. EBITDA Margin

12.6%

EBITDA adjusted for one-time expenses is ₹ 6.2 Cr., which when compared like-for-like has come down by 11.2% YoY. However, this was impacted due to an increase in statutory wages in Karnataka. Despite such factors, the EBITDA margin was maintained at 12.6% compared to 12.3% in Q3 FY23.

-11.2% Y-o-Y

29 bps Y-o-Y

ADJ. PBT

₹78.7 Cr.

PBT adjusted with a one-time expense of ₹ 6.2 Cr.

-21.1% Y-o-Y

Financial Year Highlights

Analysis of Financial Position

₹ in Crores

KEY PERFORMANCE METRICS	30 th Sep 2023	31 st Mar 2023	Changes (+/-)
NON-CURRENT ASSET			
Investment in Fixed Assets	338.9	275.1	63.8
Other non-current assets	69.0	74.6	-5.6
Total non-current assets	407.9	349.7	58.2
CURRENT ASSET			
Inventories	223.3	293.0	-69.7
Trade receivables	75.3	135.8	-60.6
Other current assets	72.6	83.0	-10.4
Total current assets	371.1	511.8	-140.7
Less: Current Liabilities			
Trade payables	79.9	84.0	-4.1
Other current liabilities	215.3	203.9	11.5
Total current liabilities	295.3	287.9	7.4
Net Current Assets	75.8	223.9	-148.1
CAPITAL EMPLOYED*	483.8	573.6	-89.9
SOURCES OF FUNDS			
Equity	963.1	886.3	76.8
Long term Borrowings	10.5	9.6	0.8
Short term Borrowings	19.2	25.8	-6.6
Total Borrowings	29.7	35.5	-5.8
Less: Fixed Deposits held with Banks	14.7	9.3	5.4
Less: Cash and cash equivalents includes investment in MFs	515.2	358.7	156.4
Net Borrowings / Net Debt	-500.2	-332.5	-167.7
Long term provisions	13.1	13.5	-0.3
Lease Liabilities (Net) [#]	7.7	6.4	1.3
TOTAL SOURCES OF FUNDS	483.7	573.6	-89.9

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 were reduced by ₹148 Cr. majorly due to a reduction in inventory holding since lower throughput in H1FY24 and better realization of receivables.

NET CASH

The company continues to be a **ZERO NET DEBT** company. The company's gross borrowing has decreased by ₹ 6 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 ₹500Cr. compared to net cash of ₹333 Cr as of 31st March 2023.

Financial Year Highlights

Cash Flow Analysis

₹ in Crores

KEY PERFORMANCE METRICS	H1 FY24	H1 FY23
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before exceptional items and tax	72.5	105.9
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortisation expenses	39.8	34.1
Gain on sale of investments in mutual fund units	-15.1	-4.9
Income from government grants	-6.5	-0.9
Share based payment expenses	12.5	11.9
Finance costs	11.2	12.2
Other non-cash adjustments	-1.5	-7.3
Operating profit/(loss) before working capital changes	112.9	151.1
Changes in operating assets and liabilities:	158.8	172.6
Direct Tax Paid	-16.0	-17.8
Net cash flows from/ (used in) operating activities (A)	255.7	305.9
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment (including intangible assets and capital work-in-progress)	-70.4	-51.2
Proceeds from sale of property, plant and equipment	0.1	8.8
Investments / redemption of bank deposits	-5.4	-15.9
Investments / redemption in mutual funds	-128.0	-189.5
Other elements	0.3	1.4
Net cash flows from/ (used in) investing activities (B)	-203.5	-246.5
Net cash flows from/ (used in) financing activities (C)	-38.9	-59.8
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	13.3	-13.9
Cash and cash equivalents at the beginning of the year	14.7	12.7
Cash and cash equivalents at the end of the year	28.1	-1.3

CAPITAL EXPENDITURE

During the year, the company invested ₹ 70 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.

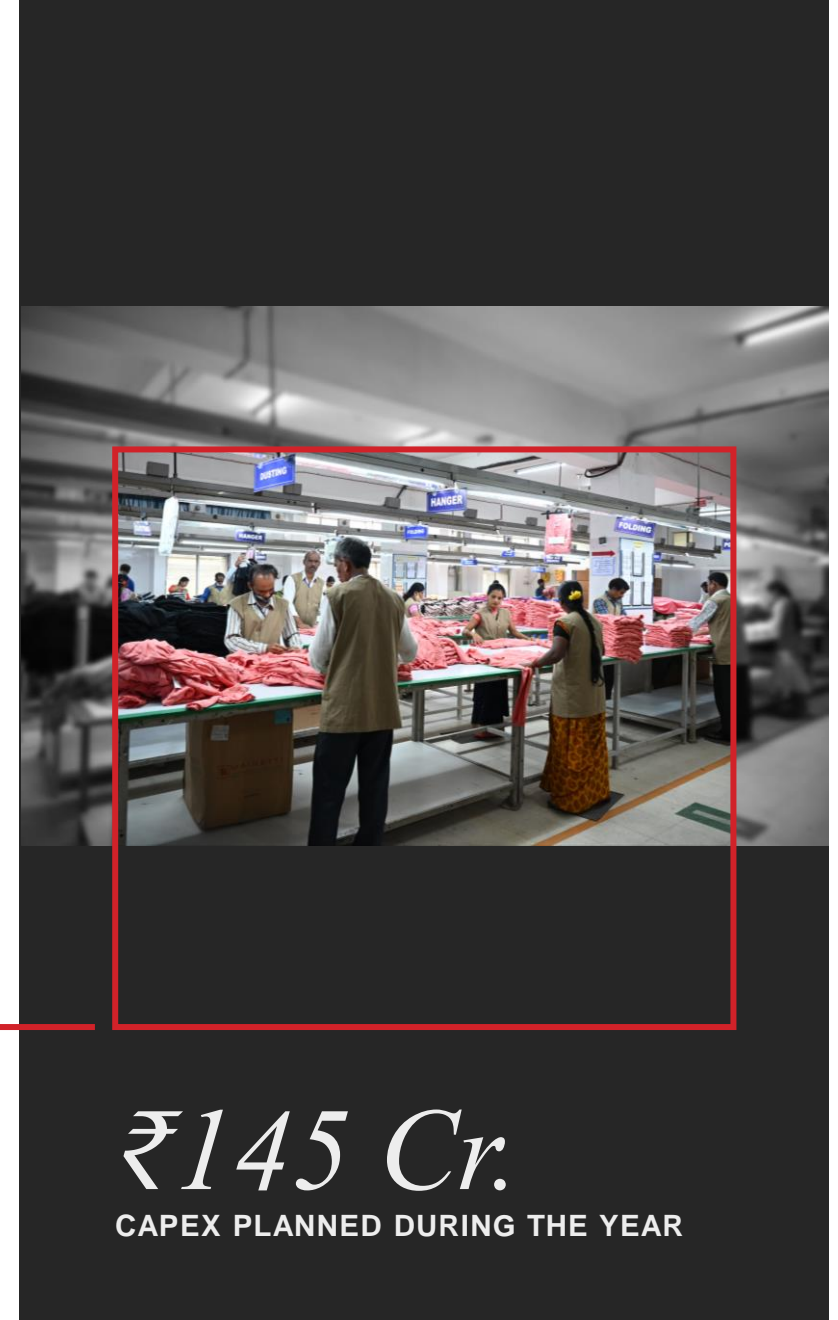
Continue to Invest in Machinery for Expansion and Upgradation

Capital Expenditure

(In ₹ Crore)

YEAR	MODERNIZATION AND UPGRADES	NEW CAPACITY AND NEW PROJECTS	TOTAL
FY22	28	56	84
FY23	38	97	135
H1 FY24	27	43	70
H2 FY24 planned	15	60	75
Total	108	256	364

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





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Global Apparel

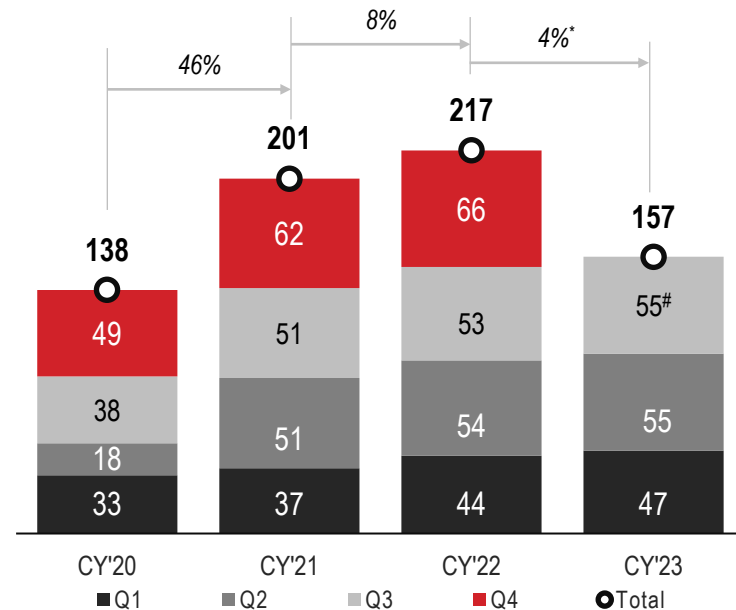
Industry Trends

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US Retail Sales Continue to Hold Gains

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



Retail Store Sales remain resilient

Despite the increasing inflation and the central bank's attempts to control it through interest rate hikes, monthly apparel store sales in the US has remained resilient so far.

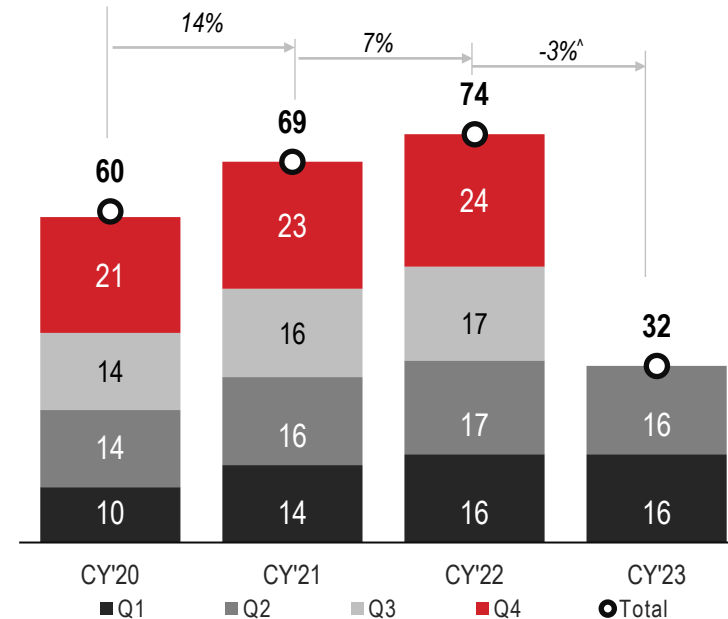
*Note: Represents 9M CY2023 v/s 9M CY2022

#Note: Data for the month of September in the quarterly figure is as per our estimates.

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

Source: US Census Bureau

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



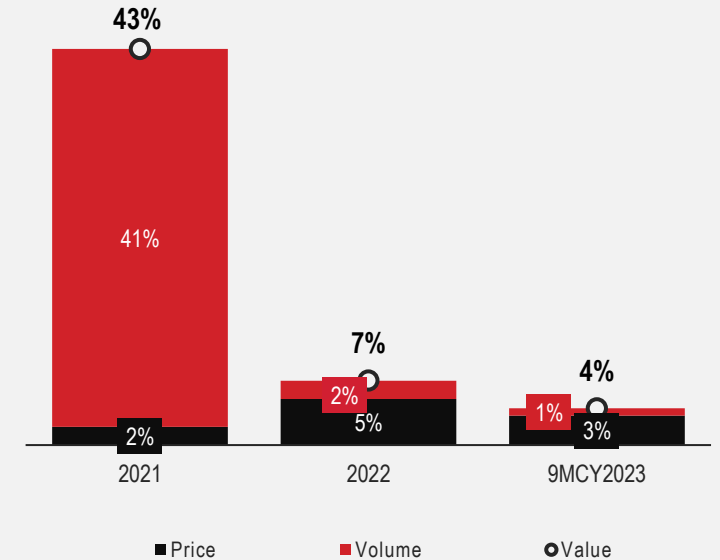
E-commerce sales experienced a modest decline

Clothing and accessories E-commerce sales in the US witnessed a modest decline during the first half of the calendar year 2023.

*Note: Represents 1H CY2023 v/s 1H CY2022

Source: US Census Bureau

Price v/s Volume Contribution
(IN %)



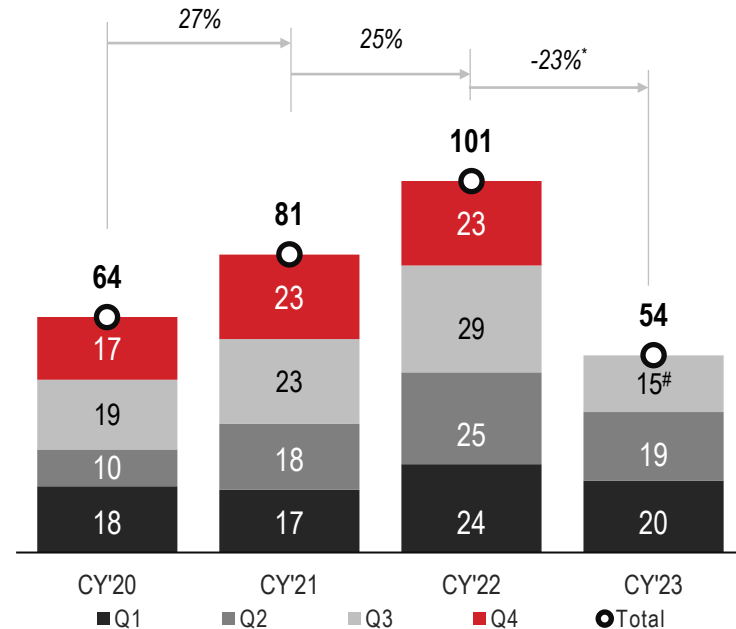
Retail Sales in 9M CY2023 continued to be driven by price Increases.

The overall retail sales value was primarily driven by price increases rather than an increase in sales volume. Resilient store sales and reduced discounts allowed brands to achieve 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

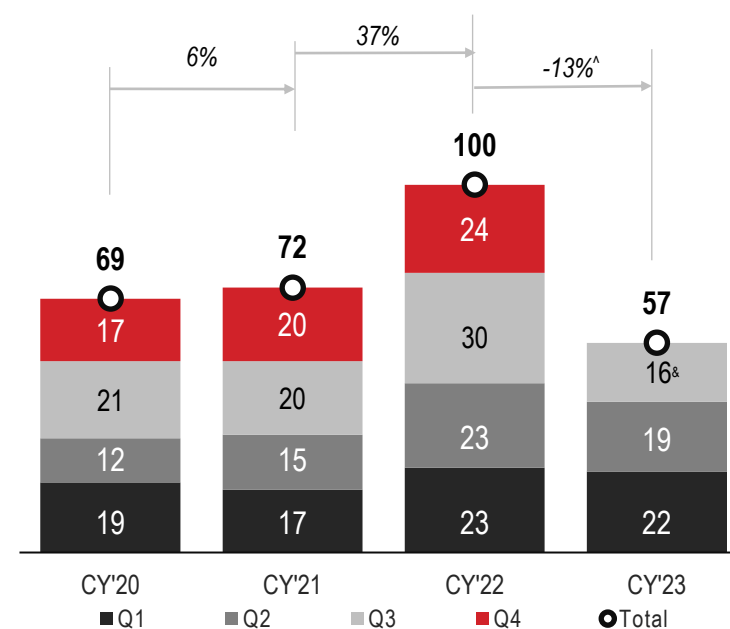
US monthly Apparel imports have been on the decline since the start of 2023. YTD August 2023 Apparel imports declined by 23% compared to the same period previous year.

^{*}Note: Represents YTD August CY2023 v/s YTD August CY2022

[#]Note: Data represents July + August as September data is yet to be released.

Source: Otexa

EU-27 Apparel Imports (IN EUR BN)



EU-27 Apparel Imports Show Gradual Deceleration

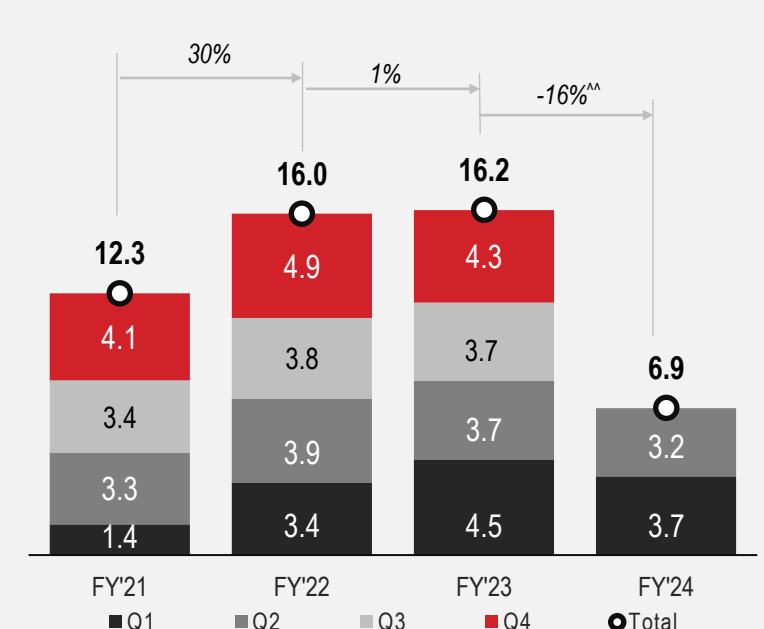
Apparel Imports by EU-27 for the YTD August 2023 declined by 13% compared to the same period last year.

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

^sNote: Data represents July + August as September data is yet to be released.

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 1HFY24 declined by 16% compared to the same period last year.

^{^^}Note: Represents 1H FY24 v/s 1H 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 is 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 is impacted by the foreign exchange crisis and Vietnam by high factor costs.
- Key raw material prices have stabilized, and logistics costs have decreased.
- India is well-positioned to capitalize on the opportunity
 - 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

- Pressure on personal incomes, and higher mortgage outgo in the US because of elevated inflation.
- Similar challenges in the Eurozone.
- International demand is increasing as retailers reduce their surplus inventory resulting in a surge in orders for Indian manufacturers due to improvement in the USA retail sales.
- In the second half of the year the focus will shift towards India as the dominant product category during this period is centered around cotton.



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Performance

Track Record

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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)

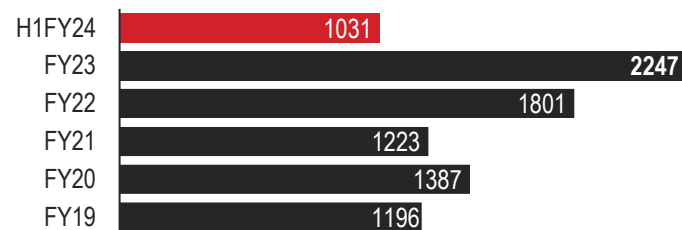
Note: *Capital employed does not include cash and cash equivalents including investment in mutual funds.

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

KPIs and Ratios

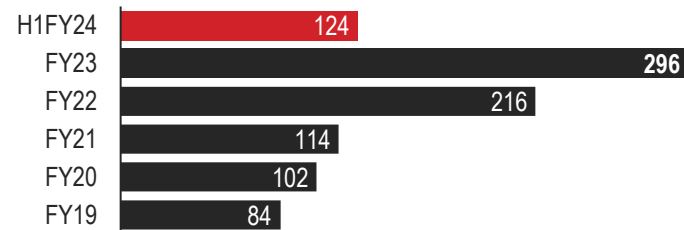
REVENUE

(₹ CRORES)



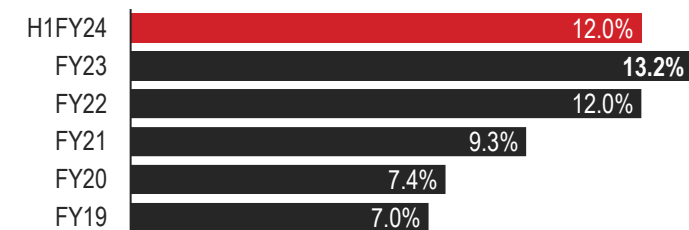
EBITDA

(₹ CRORES)



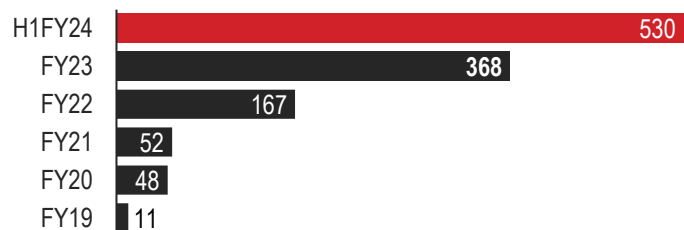
EBITDA Margin

(IN %)



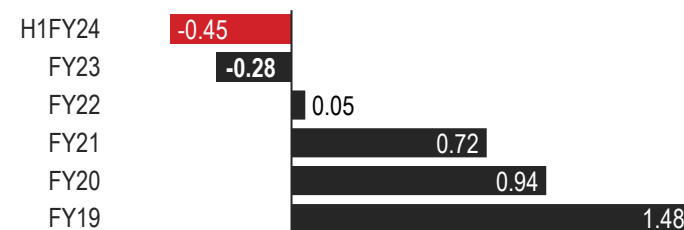
Cash and Cash Eq.

(₹ CRORES)



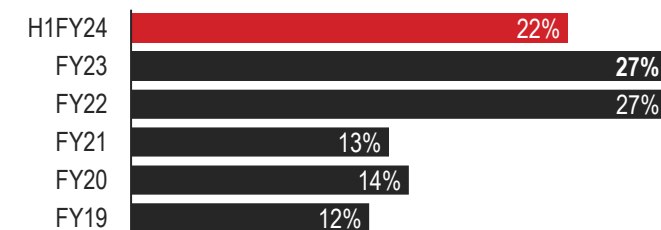
Net Debt / Equity

(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

31,000+

Strong workforce
with 75% 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



Well diversified across geographies, products and clients



Globally recognized vendor of complex value-added garments



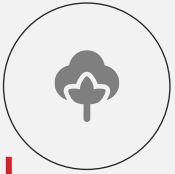
Professional management



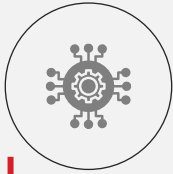
Benefiting from China +1 and other industry tailwinds



Incremental Capacities to accelerate growth momentum



Sustainability focused operations



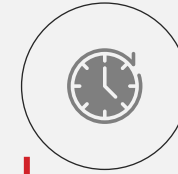
Fully integrated manufacturing operations, including design services



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

GOKALDAS EXPORTS LIMITED

#25, 2nd Cross, 3rd Main,
Industrial Suburb, Yeshwanthpur,
Bangalore – 560 022, Karnataka, INDIA

Tel: +91 – 80 – 6895 1000

Facsimile: +91 – 80 – 6895 1001

INVESTOR RELATIONS

DIWAKAR PINGLE

Diwakar.pingle@in.ey.com

BINAY SARDA

Binay.sarda@in.ey.com

SHARANABASAPPA

sharanabasappa.vs@gokaldasexports.com

Thank You

