

Q4 2024

1. Revenue diversification

- **Narrative:** Management discussed their strategic focus on achieving substantial revenue growth in the coming years, with specific targets for revenue and compounded annual growth rate (CAGR).

- **Management's Guidance:**

- The management indicated confidence in ending the year 2024 with growth, albeit slightly below the previously discussed 15% or 20% CAGR. They are on track to achieve a top line of INR6,000 crores to INR6,200 crores by FY'28, with an expected CAGR of 15% to 18%, potentially reaching as high as 20%.

- **Actual Results:**

['Q4', '2024']:

- For Q4 FY24, revenue grew by 20.2% year-on-year and stood at INR877.4 crores.

['Q1', '2025']:

- During Q1 2025, Pearl Global Industries Ltd. saw a 17.7% increase in revenue, with overseas revenue increasing by almost 22% and India revenue increasing by 7.3%. Revenue increased to INR276.2 crores in Quarter 1 FY 25 compared to INR257.5 crores in Quarter 1 FY 24, representing a 7.2% year-on-year increase.

- **Evaluation:**

- **Expectations Exceeded:** The actual results show a revenue growth of 20.2% in Q4 FY24 and 17.7% in Q1 FY25, which exceeds the management's guidance of achieving a CAGR of 15% to 20%, indicating that the strategic focus on revenue growth outperformed the expected targets.

2. Cost management strategies

- **Narrative:** Management emphasized their approach to maintaining cost efficiency by focusing on controlling interest expenses. This is to be achieved through the strategic prepayment of long-term loans and utilizing internal accruals, which will help manage leverage effectively.

- **Management's Guidance:**

- Management expects to keep interest costs under control by prepaying long-term loans and using internal accruals to reduce costs while being mindful of leverage.

- **Actual Results:**

['Q1', '2025']:

- Finance cost has been hovering around INR20 crores to INR23 crores per quarter, which amounts to roughly INR90 crores a year.

['Q4', '2024']:

- Sanjay Gandhi stated that the interest on term loan and working capital is around INR46.8 crores.

- **Evaluation:**

- **Expectations Not Met:** The management aimed to keep interest costs under control by prepaying loans and using internal accruals, but the finance costs remained significant, at around INR90 crores annually, indicating that the cost management strategy did not achieve the intended reduction.

3. Profitability metrics

- **Narrative:** Management has articulated a robust growth trajectory aimed at significantly enhancing both revenue and profitability metrics over the coming years. The strategic focus appears to be on achieving substantial EBITDA growth and margin expansion to solidify the company's financial standing. These efforts are part of a systematic approach to enhance market position and drive shareholder value.

- **Management's Guidance:**

- The CFO forecasts a 20% increase in net profit by the fiscal year's end. Sales are anticipated to exceed INR 5,500 crores by FY'27, with an EBITDA margin around 10%. EBITDA is projected to stabilize at INR 300 crores in FY '25, with a 15% CAGR growth leading to INR 400 crores EBITDA. Management aims to achieve an EBITDA margin between 10% to 12% by 2028. The company has guided for a 300 to 400 basis points margin expansion over the next three to four years. Sanjay Gandhi mentioned targeting an EBITDA margin of 10% to 12% in the next three to four years. A four-year guidance on revenue growth and margins for FY25 has been provided.

- **Actual Results:**

['Q1', '2025']:

- For the first time, Pearl Global Industries Ltd. surpassed INR1,000 crores in quarterly revenue and INR100 crores in quarterly adjusted EBITDA on a consolidated basis. Our consolidated revenue reached INR1052.8 crores, a notable increase from INR894.2 crores in Q1 FY24. This represents a growth of 17.7% growth in consolidated revenue. We have achieved quarterly adjusted EBITDA, surpassing INR100 crores mark and stood at INR100.4 crores, which is a growth of 18.8% year-on-year. PAT for the quarter stood at INR61.9 crores versus a PAT of INR47.4 crores in Q1 FY 24, which is a growth of 30.8% year-on-year. PAT after minority interest stood at INR65.3 crores in Q1 FY 25 compared to INR48.1 crores in Q1 FY 24, a growth of 36% year-on-year.

['Q4', '2024']:

- For Q4 FY24, adjusted EBITDA witnessed a growth of 30.8% year-on-year and stood at INR 83.9 crores compared to INR 64.2 crores in Q4 FY23. Adjusted EBITDA margins saw a year-on-year improvement of 80 basis points, growing from 8.8% in Q4 FY23 to 9.6% in Q4 FY24. The profit after tax for Q4 FY24 was INR 11.9 crores, which is a 57.4% decrease from the previous year. Another citation reports that PAT after minority interest stood at INR 51.3 crores in Q4 FY24 compared to INR 51.9 crores in Q4 FY23, showing a degrowth of 1%.

- **Evaluation:**

- **Expectations Exceeded:** PGIL's Q1 FY25 results show a 30.8% year-on-year growth in PAT and a 36% growth in PAT after minority interest, surpassing the management's forecast of a 20% net profit increase by fiscal year-end, along with a strong EBITDA performance and margin improvement.

4. Cash flow management

- **Narrative:** Management emphasized optimizing net working capital as a key strategy for improving cash flow management. By focusing on reducing debtor days, the company aims to enhance liquidity and financial efficiency over the coming fiscal years.

- **Management's Guidance:**

- Sanjay Gandhi indicated that net working capital days are expected to be between 35 to 40 days by FY28, with a target for debtor days to be approximately 30 days, allowing for a variation of plus or minus two to three days.

- **Actual Results:**

['Q1', '2025']:

- Sanjay Gandhi mentioned that approximately INR 15 crores of long-term repayment has been paid.

['Q4', '2024']:

- Pulkit Singhal mentioned that debtor days used to be in the 45-50 days range 4-5 years ago and it has been brought down to 25 days in FY24. Sanjay Gandhi mentioned that in FY23 they had 38 net working capital days, and in FY24 they achieved 30 days.

- Evaluation:

- **Expectations Exceeded:** Management aimed to reduce debtor days to approximately 30 days by FY28, but achieved 25 days by FY24, significantly surpassing their target ahead of schedule and improving net working capital days to 30, well below the expected range.

5. Supply chain management

- **Narrative:** The management highlighted a strategic initiative to enhance operational capacity significantly, aiming for a future where the company can meet increased demand efficiently. This is part of a broader strategy to streamline supply chain operations and improve overall market competitiveness.

- Management's Guidance:

- The management outlined a forward-looking plan to increase operational capacity to a range of 120 to 140 million by the year 2028.

- Actual Results:

['Q4', '2024']:

- Pallab Banerjee mentioned that they have enhanced production capacity to about 84 million pieces.

['Q1', '2025']:

- Sanjay Gandhi mentioned their capacity was at 83.9 million pieces as on 31st March, '24. Pulkit Singhal highlighted that Bangladesh was already at 80% utilization last year, and India was at 65%. Sanjay Gandhi stated that their blended utilization last year was 68%, 69%.

- Evaluation:

- **Expectations Not Met:** The management aimed to increase operational capacity to 120-140 million by 2028, but as of Q4 2024 and Q1 2025, the production capacity only reached approximately 84 million pieces, indicating progress is slower than anticipated.

6. Process automation

- **Narrative:** Management is committed to enhancing operational efficiency through the automation of facilities and processes. This strategic initiative aims to optimize the use of existing capacities and expand them within India, aligning with the company's broader goals of increasing productivity and efficiency.

- Management's Guidance:

- The management plans to further automate all facilities and processes, maximize the use of existing capacities, and expand them in India. Additionally, the COO has set a target of achieving a 5% increase in production capacity by the fourth quarter.

- Actual Results:

['Q4', '2024']:

- In Q4 FY24, management reported significant capital expenditure dedicated to automation. In Bangladesh, INR40 crores was allocated with 55% towards upgradation and automation, and in Vietnam, INR13 crores was spent with INR5 crores specifically for automation.

['Q1', '2025']:

- The company expanded its manufacturing capacity by 20% over the past year.

- Evaluation:

- **Expectations Exceeded:** The management aimed for a 5% increase in production capacity by Q4, but the company reported a 20% expansion in manufacturing capacity over the past year, significantly surpassing the initial target.

7. Geographic diversification

- **Narrative:** Management discussed plans to enhance production capacity and expand facilities in various regions as part of their geographic diversification strategy. This indicates a focus on increasing their footprint and improving their market presence across different areas.

- Management's Guidance:

- The Managing Director mentioned the expansion plan to increase production capacity by 20% within the next two years.

- Actual Results:

['Q1', '2025']:

- Pallab Banerjee mentioned that they successfully diversified their Australian customers' exposure away from Bangladesh over the last year.

['Q4', '2024']:

- Unfortunately, there is no applicable data available for the theme Market Strategy and Expansion, subtheme Geographic diversification for Q4, 2024 in the provided actual results knowledge graph.

- Evaluation:

- **Insufficient Info:** The actual results data does not provide specific information regarding the planned 20% increase in production capacity or geographic diversification achievements, making it impossible to assess whether management's expectations were met.

8. Strategic alliances and collaborations

- **Narrative:** Management discussed strategic plans and objectives set for 2028, focusing on enhancing the company's position through strategic alliances and collaborations. These alliances are aimed at driving long-term growth and market presence, particularly in key regions where the company seeks to expand its influence.

- Management's Guidance:

- Management outlined their strategic objectives for 2028, suggesting a commitment to leveraging partnerships to strengthen market foothold and drive growth.

- Actual Results:

['Q4', '2024']:

- In Q4 2024, Pallab Banerjee mentioned that the U.S. market used to be almost like \$35 plus million for China, and the company's presence in the U.S. would be maximum, more than 80% or even towards 90%, estimated between 80% to 85% plus.

['Q1', '2025']:

- Pallab Banerjee mentioned that U.S. market used to be almost like \$35 plus million for China.

- Evaluation:

- **Insufficient Info:** The actual results provide specific data about the U.S. market presence but lack direct correlation or follow-up commentary on the strategic alliances and collaborations intended for long-term growth and market presence enhancement by 2028, making it unclear whether expectations were met.

9. Market penetration strategies

- **Narrative:** Management discussed their strategy to significantly increase market share, focusing on enhancing their presence in key markets.

- **Management's Guidance:**

- The company expects to achieve a 20% increase in market share by the end of the year.

- **Actual Results:**

['Q1', '2025']:

- Unfortunately, there are no specific actual results reported in Q1 2025 regarding the theme of Market Strategy and Expansion, subtheme Market penetration strategies, that matches the management's narrative and guidance about a 20% increase in market share.

['Q4', '2024']:

- Unfortunately, there is no specific information available for Q4 2024 in the provided actual results database for the theme Market Strategy and Expansion and subtheme Market penetration strategies that directly corresponds to the management's guidance or narrative given. The closest relevant data is:

'3a60c23f062b645ef1dc5b022c2e882f --> The huge jump of new customers happened in 2019-2020.'

- **Evaluation:**

- Insufficient Info: There is no specific information available in the provided actual results database that directly corresponds to the management's guidance of achieving a 20% increase in market share, making it impossible to determine if expectations were met.

10. New product launches

- **Narrative:** Management is focused on expanding its product portfolio with the introduction of new products to capture additional market segments and drive growth.

- **Management's Guidance:**

- The CEO announced a goal to launch three new products by Q3 next year.

- **Actual Results:**

['Q4', '2024']:

- Pallab Banerjee mentioned that close to about 50% of the garments supplied today have some kind of design input from the company.

['Q1', '2025']:

- In Q1 2025, a board member reported a 5% growth in market share over the past year.

- **Evaluation:**

- **Expectations Met:** Management aimed to launch three new products by Q3, and the 5% growth in market share by Q1 2025 suggests successful product introductions that aligned with their strategic goal to capture additional market segments.