

Q3 2024

1. Financial Performance and Strategy

- **Narrative:** This theme encompasses several subtopics related to revenue growth, profitability, and cash flow. Management provided substantial forward-looking guidance across these areas.

Subtopic: Revenue growth and projections

- **Management's Guidance:** Management anticipates continued revenue growth, driven by strong overseas performance, particularly in Bangladesh and Vietnam (c8589c082cbc653690512e0e1389d8ea). They project a 20% increase in overseas revenue (c8589c082cbc653690512e0e1389d8ea). Growth in the US market is also significant, exceeding 25% year-on-year (4eba9d2adc85c385437f1de725d87eb4). The company aims for 35% growth from Bangladesh (7bf47b9bb8c6864b6195ed1e0c37a699). A long-term target of 15% to 20% top-line growth over the next three to four years is reiterated (77cefa767a9a47f1fed4753cba2a2f0d, 12baf2aec2e023cdaaf19175ff340d06). The company expects to maintain this growth trajectory (49c9b9baa794462c42f75f2db8f6048e). Approximately 10-20% of their business will utilize an asset-light model minimizing capital expenditure (60a25d7c4fad62bc3b99ffb5a03ce767). The company emphasizes the sustainability of its asset-light business model, aiming for five to six years of consistent asset turnover (af1e15693c3230b5a85cb9a45bd26440).

Subtopic: Profitability metrics and cost management

- **Management's Guidance:** Management expects continued improvement in EBITDA (e0b277e226543ce18b963c7c7d2dd8b3). They project a 3% to 4% improvement in EBITDA margins from current levels if the 15% to 20% revenue growth target is achieved (cfc867b7ab3a26ee5ee96ae5277f7af). The tax rate is projected to stabilize between 16% and 18% (49c9b9baa794462c42f75f2db8f6048e). They plan to mitigate the impact of wage hikes in Bangladesh (estimated at 1%-1.5% on EBITDA) through automation and securing premium clients (ed7f64f447641fff9a50a1dbe7143979).

Subtopic: Cash flow and working capital management

- **Management's Guidance:** Capital expenditure (CAPEX) is anticipated to remain in a similar range of INR 80 crores to INR 100 crores across geographies (ef6db5566a89767d386521924ebe2e21).

In summary, PGIL's Q3 2024 guidance points to a positive outlook driven by overseas expansion, particularly in Bangladesh and Vietnam. Management expresses confidence in maintaining revenue growth and improving profitability despite potential challenges such as wage increases. Capital expenditure is expected to remain relatively stable. The long-term guidance provided is closely tied to the short-term objectives, making it relevant for the Q3 2024 analysis.

- **Management's Guidance:**

- Management anticipates continued revenue growth, driven by strong overseas performance, particularly in Bangladesh and Vietnam. They project a 20% increase in overseas revenue, with US market growth exceeding 25% year-on-year. A long-term target of 15% to 20% top-line growth is reiterated. EBITDA is expected to improve, with margins projected to increase 3-4% if revenue growth targets are met. The tax rate is projected to stabilize between 16% and 18%. Capital expenditure is expected to remain around INR 80-100 crores.

- **Actual Results:**

**['Q4', '2024']:**

- In Q4 2024, overseas revenue increased by 21% YoY. Q4FY24 Revenue was Rs. 877.4 cr, a 20.2% YoY increase. India revenue grew by 17% YoY in Q4FY24. FY24 Revenue was Rs. 3,436.2 Crs, a 48.8% YoY increase. Adjusted EBITDA in Q4FY24 was Rs. 83.9 crores, a 30.8% YoY increase, and the FY24 Adjusted EBITDA margin was 9.2%, a 100 bps YoY improvement. FY24 Adj. EBITDA stood at Rs. 316.4 crores, +22.5% YoY. Q4FY24 Adj. EBITDA Margin stood at 9.6%, +80 bps YoY. PPE Capex was Rs. 115 crs in FY24. Dividend distribution amounted to Rs. 38.1 crores in FY24.

**['Q1', '2025']:**

- Overall revenue increased by 17.7%. Overseas revenue increased by approximately 22%, while India revenue increased by 7.3%. Consolidated revenue reached INR1052.8 crores, a significant increase from INR894.2 crores in Q1 FY24. Adjusted EBITDA surpassed INR100 crores, reaching INR100.4 crores, representing an 18.8% year-on-year growth. There were also reports of 15% revenue increase and volume growth of 35%. Note that some of these results might be from different sources and time frames, requiring further clarification. A detailed reconciliation of these figures with the Q3 2024 guidance would necessitate access to the complete financial reports.

**['Q3', '2024']:**

- Overseas revenue increased by 20%, primarily driven by sales growth in Bangladesh and Vietnam. However, Q3 FY24 revenue was Rs. 704 crores, down 1.8% YoY. 9M FY24 revenue increased by 5.4% YoY to Rs. 2,558.8 crores. Adjusted EBITDA margin for Q3 FY24 was 9.7%, compared to 10.2% in Q3 FY23, and 9M FY24 adjusted EBITDA margin was 9.1%, a 120 bps YoY improvement (excluding ESOP expenses). There are conflicting reports on overall revenue performance, with some sources indicating a year-on-year decrease.

- **Evaluation:**

- **{'evaluation': 'Partially Met expectations', 'evaluation\_reason': 'While overseas revenue growth met expectations, the overall revenue decrease and slight EBITDA margin shortfall indicate that the company did not fully meet its financial performance and strategy guidance in Q3 2024.'}**