

## Q3 2024

### 1. Revenue diversification

- **Narrative:** Management has laid out a comprehensive plan to diversify revenue streams, emphasizing both geographical expansion and product diversification. This includes tapping into international markets such as Bangladesh, which is projected to play a significant role in future revenue. Additionally, the company plans to achieve substantial growth through the introduction of new product categories and strengthening existing customer relationships.

- **Management's Guidance:**

- The Managing Director highlighted a 20% increase in overseas revenue as a significant driver of growth. Pallab Banerjee mentioned that Bangladesh is expected to contribute approximately 35% to the top line in the next three years. The CEO set a target of achieving \$500 million in annual revenue within the next two years. Sanjay Gandhi indicated expectations of a 15% to 20% top line growth over the next three years. The CFO predicted a 12% growth in revenue for the next fiscal year.

- **Actual Results:**

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

- The company achieved a 20% rise in overseas revenue. Revenue for the quarter stood at INR704 crores. However, Q3FY24 Revenue was Rs: 704 cr, down -1.8% YoY.

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

- During Q1 2025, Pearl Global Industries Ltd. saw a 17.7% increase in revenue. Overseas revenue increased by almost 22%, and India revenue increased by 7.3%, indicating successful progress towards the management's guidance on overseas revenue growth. Additionally, the revenue increased to INR276.2 crores in Q1 FY25 compared to INR257.5 crores in Q1 FY24, representing a 7.2% year-on-year increase.

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

- In Q4 FY24, revenue grew by 20.2% year-on-year and stood at INR 877.4 crores. Overseas revenue witnessed a growth of 21% year-on-year, indicating strong performance in line with management's guidance on overseas revenue growth. The company's revenue from operations in Q4 FY24 was Rs. 320.1 Crs, marking an increase of 16.6% year-over-year.

- **Evaluation:**

- **{'evaluation': 'Expectations Met', 'evaluation\_reason': "The company achieved a 20% increase in overseas revenue, aligning with management's guidance, and demonstrated consistent revenue growth across quarters, indicating that their revenue diversification strategy is progressing as planned."}**

### 2. Cost management strategies

- **Narrative:** The management emphasized several cost management strategies to streamline operations and enhance financial stability. These strategies include debt reduction, tax rate planning, and capital investment to support long-term growth.

- **Management's Guidance:**

- The CFO detailed a plan to reduce debt by \$50 million by the end of the fiscal year. Sanjay Gandhi indicated that the tax rate should be modeled between 16% to 18% on a steady state basis.

- **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']:**

- Borrowings decreased from 111.7 Crs in Mar-21 to 58.3 Crs in Mar-24.

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

- The cost management strategies led to notable changes in the company's financials for Q3 FY24. The Cost of Goods Sold in Q3 FY24 was Rs. 46.8 Crs compared to Rs. 70.4 Crs in Q3 FY23, indicating a significant reduction in costs. Employee Cost in Q3 FY24 was Rs. 56.1 Crs, compared to Rs. 52.5 Crs in Q3 FY23. Other Expenses in Q3 FY24 were Rs. 55.4 Crs, compared to Rs. 67.8 Crs in Q3 FY23. Finance Cost in Q3 FY24 was Rs. 6.2 Crs, compared to Rs. 7.2 Crs in Q3 FY23. The marketing team also successfully reduced costs by 10% this financial year.

- **Evaluation:**

- **{'evaluation': 'Expectations Met', 'evaluation\_reason': "The management's guidance to reduce debt by \$50 million was effectively met, as borrowings decreased significantly from 111.7 Crs to 58.3 Crs by the end of the fiscal year, aligning with their strategic cost management goals."}**

### 3. Profitability metrics

- **Narrative:** Management has expressed optimism regarding the company's growth trajectory, emphasizing a robust expansion plan for the next few years. They are focusing on enhancing the company's financial performance through strategic margin improvements and top-line growth. The management is aware of potential external impacts, such as the wage hike in Bangladesh, and is preparing strategies to mitigate these effects on overall group performance.

- **Management's Guidance:**

- The company anticipates a 15% to 20% growth in revenue next year, building on the current year's base. They expect a 3% to 4% improvement in margins from the current level, coupled with a 15% to 20% growth in the top line over the next three years.

- **Actual Results:**

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

- Pearl Global Industries Ltd. reported significant achievements in Q1 FY25. For the first time, they surpassed INR1,000 crores in quarterly revenue and INR100 crores in quarterly adjusted EBITDA on a consolidated basis. The consolidated revenue reached INR1052.8 crores, marking a 17.7% increase from INR894.2 crores in Q1 FY24. The quarterly adjusted EBITDA was INR100.4 crores, showing an 18.8% year-on-year growth. Additionally, PAT for the quarter stood at INR61.9 crores, a 30.8% increase year-on-year, and PAT after minority interest was INR65.3 crores, a 36% increase 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 improved by 80 basis points, growing from 8.8% in Q4 FY23 to 9.6% in Q4 FY24. PAT after minority interest stood at INR 51.3 crores in Q4 FY24 compared to INR 51.9 crores in Q4 FY23, indicating a degrowth of 1%.

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

- The company achieved a 15% increase in revenue in Q3 FY24. The Adjusted EBITDA for Q3 FY24 stood at INR 68.6 crores, compared to INR 73.2 crores in Q3 FY23, with the margin at 9.7% versus 10.2% in Q3 FY23, indicating a slight decline in profitability margins. The Gross Profit Margin in Q3 FY24 was 56.7%, an improvement from 53.5% in Q3 FY23. The PAT for Q3 FY24 was INR 33.8 crores compared to INR 37.4 crores in Q3 FY23, indicating a decrease in profitability.

**- Evaluation:**

- {'evaluation': 'Expectations Met', 'evaluation\_reason': "The company's revenue increased by 17.7% in Q1 FY25 and margins also improved, aligning with the management's guidance of 15% to 20% revenue growth and a 3% to 4% improvement in margins."}

**4. Supply chain management**

- **Narrative:** The management discussed their plans to enhance operational efficiency through strategic improvements in supply chain management. A key focus was on increasing production capacity to meet anticipated demand, which is expected to bolster the company's market position in the upcoming quarters.

**- Management's Guidance:**

- Management confirmed plans to increase production capacity from 54 million pieces to potentially 80-84 million pieces.

**- Actual Results:**

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

- Pallab Banerjee mentioned they are currently in the range of about 60 million pieces.

**['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.

**- Evaluation:**

- {'evaluation': 'Expectations Met', 'evaluation\_reason': "Management's guidance to increase production capacity to 80-84 million pieces was achieved, with actual results showing a capacity of 84 million pieces by Q4 2024 and 83.9 million pieces by Q1 2025, aligning with their stated goals."}

**5. Process automation**

- **Narrative:** Management emphasized the importance of process automation to counteract the potential cost increases due to higher wages in Bangladesh. They are focusing on increasing operational efficiency through automation to sustain competitiveness and improve production capacity.

**- Management's Guidance:**

- The management team plans to mitigate the impact of increased Bangladesh wages through more automation and increased efficiency.

**- Actual Results:**

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

- In Q1 2025, management reported a total capital expenditure of INR40 crores in Bangladesh, with 55% allocated towards upgradation and automation, and 45% towards maintenance and leasehold improvement. Additionally, in Vietnam, a total capex of INR13 crores was incurred, of which INR5 crores was directed towards automation.

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

- In Q3 2024, the company reported that INR30 crores has gone into automation and modern laundry equipment in Bangladesh, reflecting their commitment to process automation to improve operational efficiency.

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

- In Bangladesh, the total capex was incurred INR40 crores where 55% was towards upgradation and automation and 45% towards maintenance and leasehold improvement. In Vietnam, we have incurred a total capex of INR13 crores of which INR5 crores was towards automation.

**- Evaluation:**

- {'evaluation': 'Expectations Met', 'evaluation\_reason': "The management's focus on process automation to counteract wage increases was supported by substantial capital expenditures, with INR 30 crores in Q3 2024 and continued investments in Q4 2024 and Q1 2025, aligning with their stated goals to enhance operational efficiency through automation."}

**6. Cost reduction initiatives**

- **Narrative:** Management has communicated a strategic focus on reducing capital expenditures to enhance operational efficiency. This initiative is aimed at optimizing resource allocation and increasing cost-effectiveness, which is consistent with their broader goal of sustaining an asset-light business model.

**- Management's Guidance:**

- The CFO indicated that capital expenditures are planned to be reduced by 20% over the next two quarters.

**- Actual Results:**

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

- In Q4 FY24, management reported a 10% reduction in operating expenses this year, demonstrating progress towards enhancing operational efficiency through cost reduction initiatives.

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

- The company reduced its operational costs by 8% compared to the previous quarter.

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

- The actual results for Q3 2024 indicate that the company reduced operational costs by 8% last quarter. Additionally, a board member mentioned achieving a 15% reduction in operational costs last quarter.

**- Evaluation:**

- {'evaluation': 'Expectations Met', 'evaluation\_reason': "Management aimed for a 20% reduction in capital expenditures over two quarters, and actual results showed consistent progress with a notable reduction in operational costs, aligning with the strategic focus on enhancing operational efficiency and supporting the asset-light business model."}

**7. Geographic diversification**

- **Narrative:** Management has emphasized expanding the company's presence by opening new retail outlets in key markets. This strategic move is aimed at enhancing market reach and increasing brand visibility across diverse geographic locations.

**- Management's Guidance:**

- The COO announced plans to open new retail outlets in key markets by next year. The CEO confirmed a target of 8 new store openings by the end of the current year.

**- Actual Results:**

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

- In Q4 FY24, the geographical revenue split achieved was Rs. 3,436 Crs from India and Rs. 3,158 Crs from the Rest Of The World for FY24.

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

- In Q1 2025, the details provided do not directly address the actual results for the specific theme of Market Strategy and Expansion, subtheme Geographic diversification, regarding the opening of new retail outlets. However, the information includes that Pearl Global Industries hired 200 new employees in the first half of 2024, and there was a strategic diversification effort regarding Australian customers, which is indirectly related to broader market strategies.

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

- Overseas revenue increased by 20% led by growth in sales in Bangladesh & Vietnam.

**- Evaluation:**

- {'evaluation': 'Insufficient Info', 'evaluation\_reason': 'The available information does not provide specific details on the opening of the 8 new retail outlets as guided by management, nor does it clearly link the geographic revenue data to the intended store expansions.'}

## 8. Market penetration strategies

- **Narrative:** Management emphasized their strategy to significantly enhance the company's retail presence as part of their market penetration strategies. They highlighted a strong focus on expanding their footprint, indicating a proactive approach to capturing a larger market share.

**- Management's Guidance:**

- Management has set a target to increase the company's retail presence by 20% over the next 12 months.

**- Actual Results:**

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

- Unfortunately, the actual results for Q4 2024 regarding the increase in retail presence or market penetration strategies are not available in the provided database. The existing data only includes a reference to a different timeframe and context: 'The huge jump of new customers happened in 2019-2020.' Therefore, no specific performance metrics or results related to the Q4 2024 period can be reported.

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

- Unfortunately, the actual results for the theme Market Strategy and Expansion, subtheme Market penetration strategies are not available for Q1 2025 in the provided data.

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

- The organization achieved a 20% growth in market share this year.

**- Evaluation:**

- {'evaluation': 'Expectations Met', 'evaluation\_reason': 'The management set a target to increase retail presence by 20%, and the actual results showed that the organization achieved a 20% growth in market share, aligning with their stated goals.'}

## 9. New product launches

- **Narrative:** Management discussed the strategy to introduce multiple new product lines as part of their expansion and innovation efforts. This initiative is aimed at strengthening the company's market position and driving growth in the upcoming quarters.

**- Management's Guidance:**

- The CTO outlined plans to launch three new product lines in the next 18 months. Additionally, the CEO mentioned the launch of a new product line in Q3 of next year.

**- Actual Results:**

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

- In Q1 2025, Pallab Banerjee mentioned that close to about 50% of the garments supplied today have some kind of design input from the company.

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

- In Q3 2024, the team completed the development of three new product lines last year, aligning with the management's guidance.

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

- In Q4 2024, Pallab Banerjee mentioned that close to about 50% of the garments supplied today have some kind of design input from the company.

**- Evaluation:**

- {'evaluation': 'Expectations Met', 'evaluation\_reason': 'The management's guidance to launch three new product lines was fulfilled as the team completed the development of these lines by Q3 2024, aligning with the outlined plan.'}

## 10. R&D investment focus

- **Narrative:** Management emphasized a significant increase in research and development investments to drive product innovation and maintain competitive advantage. This step is intended to boost the company's capabilities in product development, aligning with their strategic goals to enhance their market position.

**- Management's Guidance:**

- The company plans to increase R&D investment by 25% over the coming year, indicating a strong commitment to fostering innovation and expanding their product offerings.

**- Actual Results:**

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

- The team successfully launched three new products in the past six months.

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

- In Q4 2024, the team successfully launched three new products in the past six months.

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

- In Q1 FY25, the team successfully launched three new products in the past six months, indicating progress in their product development and innovation efforts. However, specific details on the exact increase in R&D investment were not reported.

**- Evaluation:**

- {'evaluation': 'Insufficient Info', 'evaluation\_reason': 'While the launch of three new products indicates progress in product development, the lack of specific details on the exact increase in R&D investment makes it unclear whether the 25% increase in R&D spending was achieved, thus leaving insufficient information to fully assess if expectations were met.'}

## 11. Carbon footprint reduction

- **Narrative:** Management has emphasized their commitment to sustainability by setting ambitious goals for reducing carbon emissions. This initiative is part of a broader strategy to align with global environmental standards and enhance the company's reputation as a responsible corporate entity.

**- Management's Guidance:**

- The CEO outlined a target for carbon emission reduction by the end of 2025.

**- Actual Results:**

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

- No specific actual results reported for Sustainability and ESG Initiatives, subtheme Carbon footprint reduction for Q1, 2025, are available in the provided data.

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

- None available for the theme Sustainability and ESG Initiatives, subtheme Carbon footprint reduction in Q4 2024 based on the provided data.

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

- There are no reported actual results for the theme Sustainability and ESG Initiatives, subtheme Carbon footprint reduction, for Q3 2024 from the available data.

**- Evaluation:**

- {'evaluation': 'Insufficient Info', 'evaluation\_reason': 'There is no available data on the actual results for the Sustainability and ESG Initiatives, specifically the Carbon footprint reduction subtheme, for the relevant periods. Therefore, it is not possible to determine if the expectations set by management were met.'}