

Q2 2023

1. Revenue diversification

- **Narrative:** Management highlighted the continuing growth momentum during the first half of Financial Year 2023, achieving record-high H1 revenue. This indicates a positive trend in revenue diversification strategies.

- **Management's Guidance:**

- Management confidently indicated continued growth momentum, suggesting a trajectory of maintained or increased revenue in subsequent quarters, building on the successful first half of FY 2023.

- **Actual Results:**

['Q1', '2024']:

- In Q1 FY24, Pearl Global achieved the highest ever Quarter 1 revenue of Rs. 894.2 CRS, which is a 5% year-over-year increase. The company also reported a consolidated group revenue of INR 380.8 CRS in Q1FY24 and stated that this was the highest ever first quarter revenue since inception.

['Q3', '2023']:

- On a consolidated basis, revenue for Quarter 3 FY '23 grew 2% to INR 717 crores. Revenue for nine months FY '23 grew 42% year-on-year to INR 829 crores.

['Q4', '2023']:

- In Q4 FY23, Pearl Global's consolidated revenue declined by 18.5% to INR 730 crores versus INR 896 crores in FY22. Additionally, the revenue for FY23 grew by 16% year-over-year despite a drop in the number of pieces shipped by 6%. The revenue contribution from customers added in the last 5 years doubled in FY23, indicating successful revenue diversification.

['Q2', '2023']:

- Revenue from Operations achieved 860.3 INR CRS in Q2 FY23. Q2FY23 Revenue increased by 26% YoY. Standalone revenue increased by 38%. Revenue increased by 39% YoY in Q2FY23. Total income for Q2 FY23 increased by 26% year-on-year to Rs.860.3 Crores. On a standalone basis revenue from Q2 FY23 grew 39% from 216.3 Crores to 300.5 Crores.

- **Evaluation:**

- **{'evaluation': 'Expectations Met', 'evaluation_reason': 'Management's guidance suggested continued growth momentum and revenue diversification, which was achieved as indicated by record-high Q1 FY24 revenue and substantial year-over-year increases, aligning with the strategic goals.'}**

2. Profitability metrics

- **Narrative:** Management provided insights into expected revenue growth and financial performance for the upcoming quarters. The discussion highlighted a strategic focus on maintaining a steady sales trajectory and improving profitability metrics over the financial year.

- **Management's Guidance:**

- The sales for FY23 are projected to be around 3,200 Crores with an anticipated margin of approximately 7.5%. The company expects the quarterly run rate for Q3 to be roughly around 750 to 800 Crores.

- **Actual Results:**

['Q1', '2024']:

- Narrative: Management provided insights into expected revenue growth and financial performance for the upcoming quarters. The discussion highlighted a strategic focus on maintaining a steady sales trajectory and improving profitability metrics over the financial year.

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- Management's Guidance: The sales for FY23 are projected to be around 3,200 Crores with an anticipated margin of approximately 7.5%. The company expects the quarterly run rate for Q3 to be roughly around 750 to 800 Crores.

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- **Actual Results (Q1, 2024):**

- - Revenue Growth: Pearl Global Industries reported a revenue growth of 15% in the first quarter of FY '24.

- - Profitability Metrics: EBITDA for Q1 FY24 expanded by 140 bps year on year to 9.3% from 7.9% in Q1 FY23. PAT for the quarter stood at INR 47.4 crores versus a profit of INR 36.4 crores in Q1 FY23.

['Q2', '2023']:

- In Q2 FY23, the company reported a Gross Profit of 394.4 INR CRS with a Gross Profit Margin of 45.8%. EBITDA was 52.5 INR CRS, showing a 31.4% increase, with an EBITDA Margin of 6.1%. EBIT achieved 48.1 INR CRS with an EBIT Margin of 5.6% [69ac0e543934e70716284734f11e0469].

['Q3', '2023']:

- In Q3 FY23, the board achieved a 2% year-over-year increase in revenue from operations compared to Q3 FY22. The EBITDA for Q3FY23 showed a significant increase of 71% year-over-year, and the EBITDA margin improved to 10% from 6% in Q3 FY22. The PAT for Q3 FY23 stood at INR 37 crores, reflecting a growth of 120%. The revenue margin achieved was 4.6% in Q3FY23.

['Q4', '2023']:

- In Q4 FY23, the company reported an EBITDA margin of 8.6%, indicating an improvement over the management's guidance. The EBITDA for the quarter stood at INR 62.8 Cr, and the EBIT margin was 7.5%. Additionally, the PAT for Q4 FY23 was 53.3 INR crores.

- **Evaluation:**

- **{'evaluation': 'Expectations Exceeded', 'evaluation_reason': 'The actual results for FY23 showed significant improvements in profitability with expanding EBITDA margins and higher-than-expected sales growth, surpassing management's guidance of a 7.5% margin and steady sales trajectory.'}**

3. Supply chain management

- **Narrative:** Management has focused on optimizing the supply chain by maintaining the current level of partnership factories in the short to medium term, while simultaneously planning to boost production capacity significantly by the end of the year. This suggests a strategic balance between stability in existing operations and expansion in production capabilities.

- **Management's Guidance:**

- The CFO projected a 20% increase in production capacity by the end of Q4 2023.

- **Actual Results:**

['Q4', '2023']:

- Pearl Global has a total capacity to manufacture around 82 million units per year. India had a capacity utilization of 88% in FY23. Bangladesh had a capacity utilization of 63% in FY23. Vietnam had a capacity utilization of 41% in FY23. Indonesia had a capacity utilization of 42% in FY23.

['Q1', '2024']:

- Pearl Global has a total capacity to manufacture around 82 million units per year. - Capacity utilization in India is 88% with an annual capacity of 24.6 million pieces. - Bangladesh has a capacity utilization of 63% with 45 million pieces produced annually. - Vietnam's capacity utilization is 41% with an annual capacity of 6.5 million pieces. - Indonesia has a capacity utilization of 42% with 4 million pieces produced annually.

['Q2', '2023']:

- Pearl Global has a total capacity to manufacture around 82 million units per year.

['Q3', '2023']:

- During Q3 2023, Pearl Global reported that they are almost producing and shipping 40 million pieces, indicating progress towards their production capacity goals. Additionally, it was noted that not more than 15% to 20% of production facilities are not 100% owned by them, reflecting their strategy to maintain stability in their supply chain management.

- **Evaluation:**

- **{'evaluation': 'Expectations Not Met', 'evaluation_reason': 'The management projected a 20% increase in production capacity by the end of Q4 2023, but the actual results indicate no significant change in total capacity, which remained at 82 million units per year from Q2 to Q1 2024.'}**

4. Cost reduction initiatives

- **Narrative:** The management focused on optimizing operational efficiency through a series of cost reduction initiatives. These strategies are aimed at streamlining processes and improving resource allocation to enhance overall productivity and profitability.

- **Management's Guidance:**

- Management plans to increase production capacity by 20% by the end of the next fiscal year, indicating a focus on scaling operations while maintaining cost efficiency.

- **Actual Results:**

['Q1', '2024']:

- Ms. Smith stated that they reduced operational costs by 10% over the past year. The board member mentioned achieving a 15% reduction in operational costs this year. Mr. Lee stated that the company reduced operational costs by 10% this year. We reduced operational costs by 5% over the past year. The board reported reducing operational costs by 8% over the past year.

['Q2', '2023']:

- The board member noted that they reduced operational costs by 10% last quarter.

['Q3', '2023']:

- In Q3 2023, the company achieved a 15% reduction in operational costs last quarter.

['Q4', '2023']:

- In Q4 FY23, management reported that they successfully reduced operational costs by 10% over the past year, highlighting the effectiveness of their cost reduction initiatives.

- **Evaluation:**

- **{'evaluation': 'Expectations Exceeded', 'evaluation_reason': 'The management's narrative focused on optimizing operational efficiency through cost reduction initiatives, and the actual results showed reductions in operational costs ranging from 10% to 15%, surpassing the typical target of a 10% reduction, indicating that expectations were exceeded.'}**

5. Geographic diversification

- **Narrative:** The management is focusing on expanding its market reach through an aggressive retail strategy. The CEO has articulated a robust plan to increase the company's physical presence by opening new stores, which is expected to enhance the company's geographic footprint significantly.

- **Management's Guidance:**

- Management has announced plans to open 50 new stores by the end of the next fiscal year, indicating a strategic move to boost geographic diversification and capture a larger market share.

- **Actual Results:**

['Q1', '2024']:

- The CFO confirmed that they met their target of expanding into three new markets this year.

['Q2', '2023']:

- The board member noted that the company opened five new stores this year. India's contribution to the total numbers has been maintained at around 35%.

['Q3', '2023']:

- In Q3 2023, the board member noted that the company opened five new stores this year. India's contribution to the total numbers has been maintained at around 35%.

['Q4', '2023']:

- Unfortunately, the actual results for the theme Market Strategy and Expansion, subtheme Geographic diversification, in Q4 2023 are not available in the provided data. There is no specific performance metric reported or commentary from management regarding the execution of the store opening strategy by the end of Q4 2023.

- **Evaluation:**

- **{'evaluation': 'Expectations Not Met', 'evaluation_reason': 'Management planned to open 50 new stores by the end of the next fiscal year, but only five new stores were opened this year according to the available data, indicating a shortfall in achieving the geographic diversification goal.'}**

6. Competitive positioning

- **Narrative:** Management discussed the goal of maintaining market share while targeting a revenue run rate of approximately 800 Crores for the second half of the year. This strategic focus is aimed at reinforcing the company's competitive position in the market.

- **Management's Guidance:**

- Management expects to maintain its current market share and achieve a revenue run rate of approximately 800 Crores in the second half of the fiscal year.

- **Actual Results:**

['Q4', '2023']:

- Unfortunately, the actual results for theme Market Strategy and Expansion, subtheme Competitive positioning, for ['Q4', '2023'] are not available in the provided data.

['Q1', '2024']:

- Unfortunately, the specific actual results regarding PGIL's market strategy and expansion, specifically in terms of competitive positioning for Q1 2024, are not available in the provided data. The available data focuses on changes in market share in specific geographies like the US, EU, UK, and Japan, but does not

directly relate to PGIL's market strategy or revenue targets.

['Q2', '2023']:

- Board member reported a 5% growth in market share over the past year.

['Q3', '2023']:

- Unfortunately, there is no specific data available in the provided actual results for Q3 2023 that directly addresses PGIL's market strategy and expansion, particularly in the context of competitive positioning or the revenue run rate. The available data focuses on broader trends in international apparel markets and does not provide insights into PGIL's performance metrics or strategic outcomes for Q3 2023.

- Evaluation:

- {'evaluation': 'Insufficient Info', 'evaluation_reason': 'The actual results for PGIL's market strategy and expansion, specifically regarding competitive positioning, are not available for Q4 2023 and Q1 2024, making it impossible to determine if the management's expectations of maintaining market share and achieving an 800 Crore revenue run rate were met.'}

7. Market penetration strategies

- Narrative: The management has outlined a strategy focused on maintaining and enhancing market share as market conditions improve. This indicates a proactive approach to market penetration, leveraging current strengths while positioning for future growth.

- Management's Guidance:

- The company's strategy involves maintaining market share and enhancing it as the market improves.

- Actual Results:

['Q1', '2024']:

- Despite the management's strategy to maintain and enhance market share, the actual results indicated challenges in market penetration during Q1 2024. Retailers in the U.S. were buying almost 30% to 35% less compared to what they would normally purchase during the 2021-22 period, and the U.S. market experienced about a 10% to 15% dip from normal purchasing levels.

['Q3', '2023']:

- We achieved a 15% increase in market share last year.

['Q2', '2023']:

- Unfortunately, the actual results for the theme Market Strategy and Expansion, subtheme Market penetration strategies, in Q2 2023 are not available in the provided data. The only information in the database is related to the listing of Pearl Global at the BSE and NSE, which does not pertain to the market penetration strategies theme.

['Q4', '2023']:

- In Q4 FY23, management reported achieving a 15% increase in market share last year, which aligns with their strategy of enhancing market share as conditions improved.

- Evaluation:

- {'evaluation': 'Expectations Not Met', 'evaluation_reason': 'Despite management's proactive strategy to maintain and enhance market share, actual results in Q1 2024 showed challenges in market penetration, with significant reductions in retailer purchases in the U.S., indicating that the expected improvements were not realized.'}

8. Digital engagement channels

- Narrative: Management is focusing on enhancing customer engagement through increased investment in digital marketing strategies. This strategic move aims to capitalize on digital channels to bolster customer interaction and drive growth.

- Management's Guidance:

- Management plans to increase digital marketing spend by 30% in the next fiscal year.

- Actual Results:

['Q3', '2023']:

- There were no specific results reported for the theme of Customer Engagement and subtheme Digital engagement channels in Q3 2023 that align with the narrative and management guidance provided. The available data does not provide relevant results for this theme.

['Q4', '2023']:

- Unfortunately, the actual results specific to the theme of Customer Engagement and subtheme Digital engagement channels for Q4 2023 are not available in the provided data.

['Q1', '2024']:

- No specific results related to the increase in digital marketing spend or its impact on customer engagement metrics for Q1 2024 are available within the provided data. However, there is a related note: 4fc90653c4f3c3449941aa84a2329e43 --> The team successfully launched three new products in the past six months.

['Q2', '2023']:

- In Q2 2023, a board member highlighted reaching 1 million active users on their platform, indicating an increase in customer engagement through digital channels.

- Evaluation:

- {'evaluation': 'Insufficient Info', 'evaluation_reason': 'The available data lacks specific results regarding the impact of increased digital marketing spend and customer engagement metrics, making it impossible to determine if expectations were met or exceeded.'}

9. Supply chain diversification

- Narrative: Management indicated plans to diversify supply chains to bolster operational efficiency and reduce dependency on single sources. This strategic move aims to enhance flexibility and responsiveness to market demands.

- Management's Guidance:

- Management plans to expand into additional supply chains in the future.

- Actual Results:

['Q3', '2023']:

- In Q3 FY23, PGIL reported the completion of a new facility in Indonesia, constructed on land acquired in 2021, with a capital expenditure of INR29 crores. This facility offers a 35% increase in total capacity, aligning with the supply chain diversification strategy.

['Q1', '2024']:

- In Q1 FY24, Pearl Global operates 22 manufacturing units spread across 8 countries, indicating a broad geographic expansion in their supply chain strategy. They have 21 manufacturing facilities spread across 4 countries and are present in 2 out of 4 supply chain areas, reflecting the ongoing diversification efforts.

['Q2', '2023']:

- Pearl Global has 21 manufacturing facilities across 4 countries.

['Q4', '2023']:

- In Indonesia, the new facility constructed on land acquired in 2021, with a capital expenditure of INR29 crores, offers a 35% increase in total capacity.

- Evaluation:

- **{'evaluation': 'Expectations Met', 'evaluation_reason': "The management's guidance to diversify supply chains and reduce dependency on single sources was met, as evidenced by the completion of a new facility in Indonesia and the expansion to 22 manufacturing units across 8 countries, reflecting the intended enhancement in operational efficiency and flexibility."}**