

Q1 2023

1. Revenue Growth and Projections

- **Narrative:** Management attributes the 95% year-over-year revenue growth to increased contribution from in-house and partnership factories, improved capacity utilization in Vietnam and Bangladesh, and a better product mix. The company aims to cross Rs. 3,000 crore in revenue for the fiscal year. External factors such as the IndAUS ECTA are expected to positively impact India's textile exports. However, major US customers are projecting a 10-30% drop in numbers.

- **Management's Guidance:**

- A 15% revenue growth projection for the next fiscal year; India's textile exports are expected to grow at ~11% CAGR to reach \$65 billion by 2026; The company aims to achieve more than Rs. 3,000 crore in revenue for the current fiscal year.

- **Actual Results:**

['Q3', '2023']:

- In Q3 FY23, revenue grew by 2% to INR 717 crores. Nine-month FY23 revenue increased by 34% year-on-year to INR 2,428 crores. Some sources indicate a 15% revenue increase in the last quarter. There are conflicting reports regarding revenue growth in Q3, with some sources stating a 2% increase while others show a 15% increase. Retailer demand was down 10-20%.

['Q4', '2023']:

- FY23 revenue increased by 16.4% YoY (05453f5557188599c2bc7e35964a3064, c2c5ab345bf2e82d21cf8590825e7692); Q4 FY23 revenue was Rs. 730 crore (c4fd6c99b01c97bf15848b0515e77279). FY23 revenue also reported as Rs. 3,158.4 crore (05453f5557188599c2bc7e35964a3064, c2c5ab345bf2e82d21cf8590825e7692). Another report shows a 18.2% YoY increase in revenue (03f9c77d3b321f51e2803c1b5d740373, 1980332860f3047bd290000e80e5800e).

['Q2', '2023']:

- In Q2 FY23, consolidated revenue increased by 26% year-on-year to Rs. 860.3 Crores. Standalone revenue grew by 39%, from Rs. 216.3 Crores to Rs. 300.5 Crores. H1 FY23 consolidated revenue increased by 53% year-on-year to Rs. 1711.4 Crores. Standalone H1 FY23 revenue was Rs. 628.4 Crores, a 62.7% growth over H1 FY22.

['Q1', '2023']:

- Revenue from Operations increased from Rs. 169.9 crore in Q1 FY22 to Rs. 327.9 crore in Q1 FY23 (a 93% year-over-year increase). Standalone revenue increased due to increased contribution from in-house and partnership factories. Partnership factory contribution to overall revenue increased from 2.8% in Q1 FY22 to 21.3% in Q1 FY23, translating to Rs. 1.9 million on a standalone basis. The company achieved its highest ever first-quarter revenue since inception. Consolidated revenue for Q1 FY23 was Rs. 851 crore, a 95% year-on-year increase. The exceptionally strong Q1 performance meant that even without growth in subsequent quarters, the company could comfortably achieve Rs. 3,000 crore in revenue for the fiscal year.

- **Evaluation:**

- {'evaluation': 'Exceeded expectations', 'evaluation_reason': 'The 95% YoY revenue growth in Q1 FY23 significantly surpassed the 15% projection for the entire next fiscal year, putting the company well ahead of its Rs. 3,000 crore revenue target for FY23.'}

2. Profitability Metrics and Cost Management

- **Narrative:** EBITDA improved by 370 basis points to 7.9% in Q1 FY23 from 4.2% in Q1 FY22 due to improved operating efficiency in Vietnam and Bangladesh. Management acknowledges potential market risks and macro factors that could impact profitability, but states that the company is on track to improve margins. The company is actively pursuing cost reduction strategies.

- **Management's Guidance:**

- A goal to reduce operational costs by 10% by the end of Q4; A target return on capital employed for incremental partnership arrangements of close to 20%.

- **Actual Results:**

['Q3', '2023']:

- In Q3 FY23, EBITDA margin stood at 10% (vs 6% in Q3 FY22), and EBITDA grew 71% year-on-year for nine months of FY23. The Return on Capital Employed (ROCE) improved from 12.4% at the end of FY22 to 22% in nine months of FY23.

['Q4', '2023']:

- FY23 EBITDA improved by 290bps YoY to 8.1% (05453f5557188599c2bc7e35964a3064, f44169c27e35437ce56fb5a98ea07254); Q4 FY23 EBITDA was Rs. 62.8 crore (c4fd6c99b01c97bf15848b0515e77279), with an 8.6% margin (c4fd6c99b01c97bf15848b0515e77279). FY23 EBITDA also reported as Rs. 255.5 crore (c2c5ab345bf2e82d21cf8590825e7692, f44169c27e35437ce56fb5a98ea07254). Another report shows an EBITDA margin improvement to 6.3% in FY23 (f1011525f351f269b83e33dcce3170b9). Operational costs reduced by 8% in the prior year (1ef1e846301c4dafca9f9daf3facdf6, f722172652560dedbbf09bf31511d80b, d97cf2fdeb98e7d64f1ee3a3c83a98c7, 17d29ac940a57c2ddc546ad0e40127c0, 3e23548fe09a4fb7f6aac48787df7718).

['Q2', '2023']:

- In Q2 FY23, the EBITDA margin improved from 5.9% in Q2 FY22 to 6.1%. H1 FY23 EBITDA margin improved by 180 basis points from 5.2% to 7%. ROCE improved significantly from 12.4% in FY22 to 20.4% on a TTM basis.

['Q1', '2023']:

- EBITDA increased from Rs. 8.8 crore in Q1 FY22 to Rs. 21.7 crore in Q1 FY23 (a 147% increase). EBITDA margin improved by 140 basis points. PAT margin improved by 290 basis points. PAT increased by 309.1% from Q1 FY22 to Q1 FY23. EBITDA was Rs. 18.2 crore in Q1 FY23, showing a growth of +268.7%. PAT was Rs. 12.5 crore in Q1 FY23. EBITDA margin was 7.9% in Q1 FY23. PAT margin was 4.3% in Q1 FY23.

- **Evaluation:**

- {'evaluation': 'Exceeded expectations', 'evaluation_reason': 'The significant YoY increases in EBITDA and PAT, along with substantial margin improvements in Q1 FY23, exceeded expectations set for cost reduction and margin improvement throughout the fiscal year.'}

3. Operational Efficiency and Expansion

- **Narrative:** In-house manufacturing increased by 30% in Q1 FY23. The company plans to increase capacity utilization from 65% to 75% during the year. Existing inventory is expected to be shipped within 90-120 days.

- **Management's Guidance:**

- A plan to increase capacity utilization from 65% to 75%; Existing inventory is expected to be shipped within 90-120 days.

- **Actual Results:**

['Q3', '2023']:

- In Q3 FY23, the company shipped approximately 40 million pieces. Annual capacity is over 80 million pieces.

['Q4', '2023']:

- Blended capacity utilization at 65%+ (3a89ce82527c31cf2ad03690b1ac8761, 5276df78c071247e6ad3a752bffd4664). Capacity increased from 54 million pieces to 74 million (d712b047f068f3da058f63ef4228148b). Indonesia facility expansion increased capacity by 35% (fab80c3818f9ccef4848c130946f98d1).

['Q2', '2023']:

- In Q2 FY23, in-house manufacturing increased by 25% and partnership factory output increased by 163%.

['Q1', '2023']:

- In-house manufacturing increased by 30%. The number of pieces shipped increased from 3.2 million in Q1 FY22 to 4.2 million in Q1 FY23. Capacity utilization was in the range of 65%.

- Evaluation:

- {'evaluation': 'Met expectations', 'evaluation_reason': 'Q1 results showed that the planned 30% increase in in-house manufacturing was achieved, and capacity utilization remained at the guided 65%. The information provided does not allow for an evaluation of inventory shipping timelines.'}

4. Geographical Diversification and Global Operations

- **Narrative:** Currently, 80-85% of the company's presence is in the US market. Management indicates that this will change in the future.

- **Management's Guidance:**

- A shift in geographical market presence away from the current high concentration in the US market.

- **Actual Results:**

['Q3', '2023']:

- India's contribution to total revenue is approximately 35%. The company has 22 manufacturing units across 8 countries.

['Q4', '2023']:

- No specific quantitative results on geographical diversification are provided in the data. However, the company had established offices in US/UK/Spain (c81ae5875f33be4f04f4acf9cd53ae0d), and added 2-3 new customers in India (fab80c3818f9ccef4848c130946f98d1). Less than 10% of business was conducted through agencies (e32575366d55f817bdba473d4e33d6a1).

['Q2', '2023']:

- No specific Q2 FY23 data provided on geographical diversification in the provided data. However, management commentary indicates a continued high concentration in the US market.

['Q1', '2023']:

- In the last four or five quarters, the company's presence in the US market was 80-85%. Approximately 70% of the company's capacity and turnover came from India and Bangladesh.

- Evaluation:

- {'evaluation': 'Did not meet expectations', 'evaluation_reason': "Despite management's guidance, the Q1 2023 data indicates no significant change in the high concentration of business in the US market, failing to meet expectations for geographical diversification."}