

PEARL GLOBAL

Exceeding Expectations...Always



Powered by *Vision*
Driven by *Values*

Pearl Global Industries Limited
Corporate Presentation
June 2024

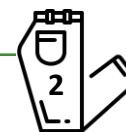


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Pearl Global: Everything From Fibre To Fashion

Founded in 1987, Pearl Global Industries Limited (PGIL) is a leading apparel manufacturer offering end-to-end sustainable solutions to the fashion industry. We began our journey with a single unit in New Delhi and today we are proud to have over 27,000 diverse skilled talent across the world to cater to all your apparel needs



Vision

To be the Global Leader providing end-to-end supply chain solutions to the fashion industry



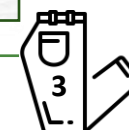
Mission

To continuously exceed customer and shareholder expectations by strategically driving sustainability, technological advancement, and innovative solutions delivered with the best talent in the industry



Goal

To innovate the way fashion is created across the Globe





Our Journey Spanning Over 36 Years

1987



Pearl Global started operations

1998



Established presence in Hong Kong

2002



Commencement of Indonesian operations

2004



Established import and distribution in the USA, UK and Norp 1 in Bangladesh

2017



Commencement of operations at Vietnam

2014-16



2014: Demerged from House of Pearl
2014: Start of operations in Pearl Bangalore
2016: Start of operations of Pearl 1 in Chennai

2007-11



2007: Got listed at the BSE and NSE
2011: Expanded Bangladesh operations with Norp 2

2020



Commenced Prudent operations, in Bangladesh

2021



Acquisition of land expansion in Indonesia operations

2022



Acquisition of Alpha unit in BD

2023



Expanded capacities in Indonesia by more than 35%
Expanded operations in Guatemala



Architects Of Our Vision & Leaders Behind Our Mission

Architects

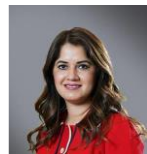
Mr. Deepak Seth
(Chairman)



Mr. Pulkit Seth
(Vice-Chairman)



Leaders



Shifalli Seth
Thought Leader-
Design & CSR



Pallab Banerjee
Managing Director



Sanjay Gandhi
Group CFO



Ratna Singh
Group CHRO



Gurusankar Gurumoorthy
CEO - Vietnam
Honk Kong



Vikas Mehra
(CEO - Bangladesh)



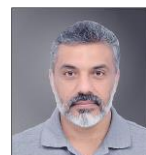
Pankaj Bhasin
(CEO - Woven India)



Sundeep Chatrath
CEO - Knits India



Rajesh Ajwani
CEO - Indonesia



Paresh Kumar Powani
CEO – Alpha Clothing



Matthew Healy
CEO – Pearl
Unlimited, inc.



Sebastian Del Pinal
CEO– Guatemala



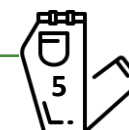
David Ayala
Global Creative
Director - US



Jo Hales
Senior Vice
President - UK



Jonathan Rimbault
Marketing &
Design - Spain





Board of Directors



Deepak Kumar Seth
Chairman



Pulkit Seth
Vice Chairman



Shifalli Seth
Non-Executive Director



Pallab Banerjee
Managing Director



Shailesh Kumar
Executive Director



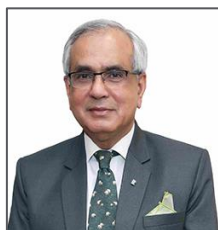
Deepak Kumar
Executive Director



Abhishek Goyal
Independent
Director



Neha Khanna
Independent
Director



Rajiv Kumar
Independent
Director



Sanjay Kapoor
Independent
Director



Ashwini Agarwal
Independent
Director



**Madhulika
Bhupatkar**
Independent
Director





**OUR MANUFACTURING UNITS ARE STRATEGICALLY
ESTABLISHED TO MEET EXPECTATIONS ACROSS
GEOGRAPHIES**



TODAY OUR PRESENCE IS GLOBAL



MANUFACTURING SET UP
ACROSS 5 COUNTRIES



DESIGN & SALES ACROSS
8 COUNTRIES



Manufacturing Facilities

Location	No of Units		Capacity Utilization % (Blended) FY24	Annual Capacity as on FY24	Specialization
	In-House	Partnership			
India	7	-	61%	26.4 mn pieces p.a.	Woven and Knit products including women's fashion wear, men's wear and kid's wear. South factories make women's tops and dresses
Bangladesh	4	5	81%	45.0 mn pieces p.a.	Woven, knits, denim, sleepwear and loungewear, active wear & athleisure, tops and bottoms for men, women and kids
Vietnam	1	4	50%	6.5 mn pieces p.a.	Multiple products including outerwear and jackets including down jackets, woollen jackets & coats, seam-sealed jackets, puffers, parka's, blazers, anoraks, swim trunks and synthetic bottoms
Indonesia	2	-	32%	4.0 mn pieces p.a.	Women's professional wear, performance wear, activewear, woven tops & dresses, sleepwear and loungewear
Guatemala	1	-	-	2.0 mn pieces p.a.	Polos, heavy weight knits, light weight knits, bottoms and denims
Total	15	9	68%	83.9 mn pieces p.a.	-

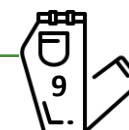
Design and Marketing Offices

Hong Kong

Spain

UK

New York





Product Portfolio

Gender wise Split

Woven

Knits

Women

Top, Shirt, Long Shirt, Dress
Sleepwear, Huddle, legging

Dress, Tops,
Skirts, Sweater ,T Shirt,
Jogger

Men

Shirt, Sleepwear,
Pyjama, Polo T shirt

T Shirts, Hoodies

Boys

Shirts

T Shirt, 2 Pc Set

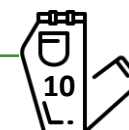
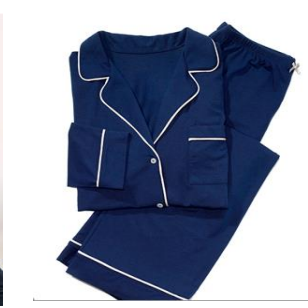
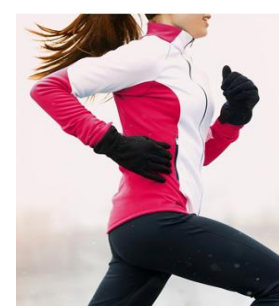
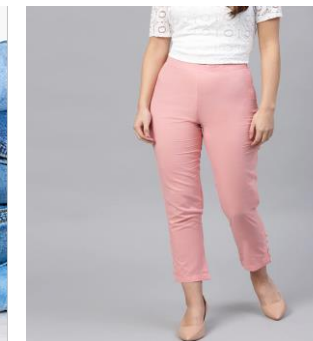
Girls

Girls Top, Skirts, Dresses

T Shirts, Skirt,
Dress, Romper,
Tank Top

Toddlers

Romper





Synergies From Partnership Model



- Working Capital Investment
- Designing
- Appointment of industrial Engineer

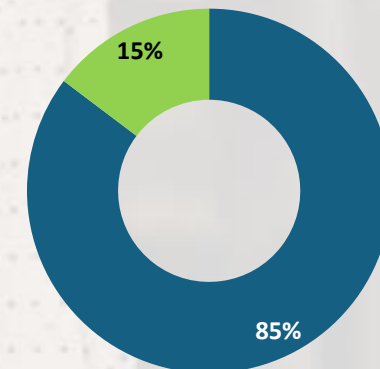
- Responsible for optimum capacity utilization at partner facility
- Fabric Procurement

Industrial Engineer

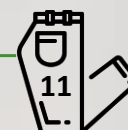
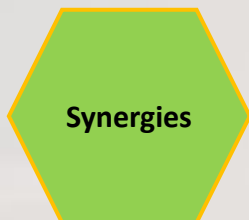
- Ensures Compliances
- Monitors Production Processes



- Capex and Labour Expenses
- Design Sharing With the Buyer
- Contract on per piece basis



Owned Partnership



**Getting
bigger &
better with
every
collaboration!**

Key Clientele

Calvin Klein
TOMMY HILFIGER



Robust Clientele Portfolio

TOMMY HILFIGER

Calvin Klein

BANANA REPUBLIC

Bershka

ANN TAYLOR



AMERICAN EAGLE



chico's FASHION

next
NEXT.CO.UK

ANN TAYLOR
LOFT

LANE BRYANT

aerie

ZARA

MUJI
無印良品

MANGO

WHBM
WHITEHOUSEBLACKMARKET

KOHL'S

★ macy's

ROSS

sam's club

Walmart

NORDSTROM

Belk

JCPenney



TALBOTS



ASDA
George.

Sainsbury's

PRIMARK

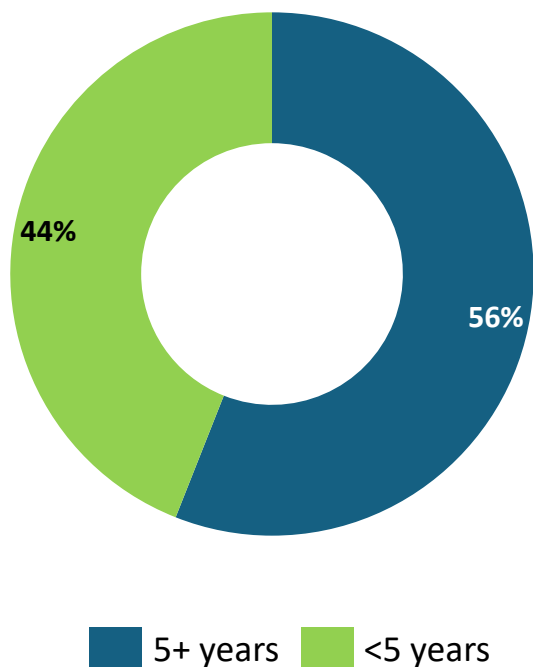
TJ-maxx



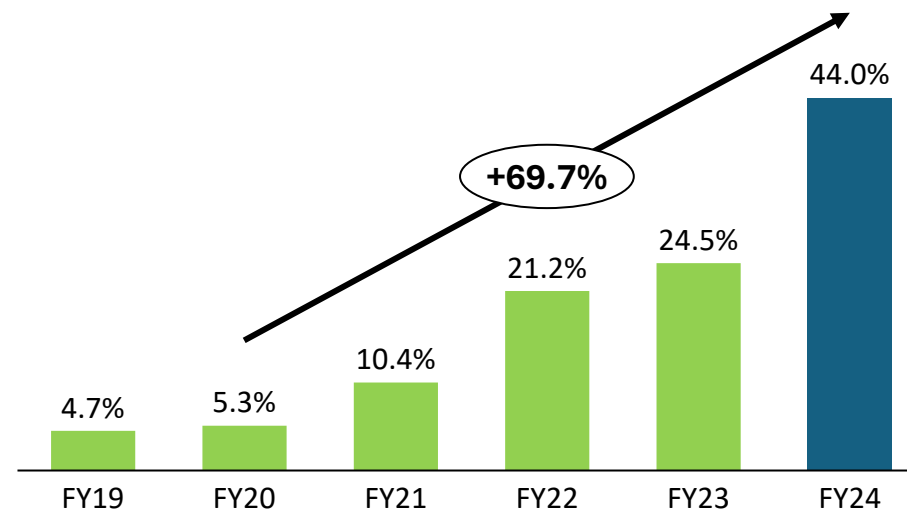


Robust Growing Customer Relationship

Revenue Contribution from Key Clients



Revenue Contribution from customers added in last 5 years

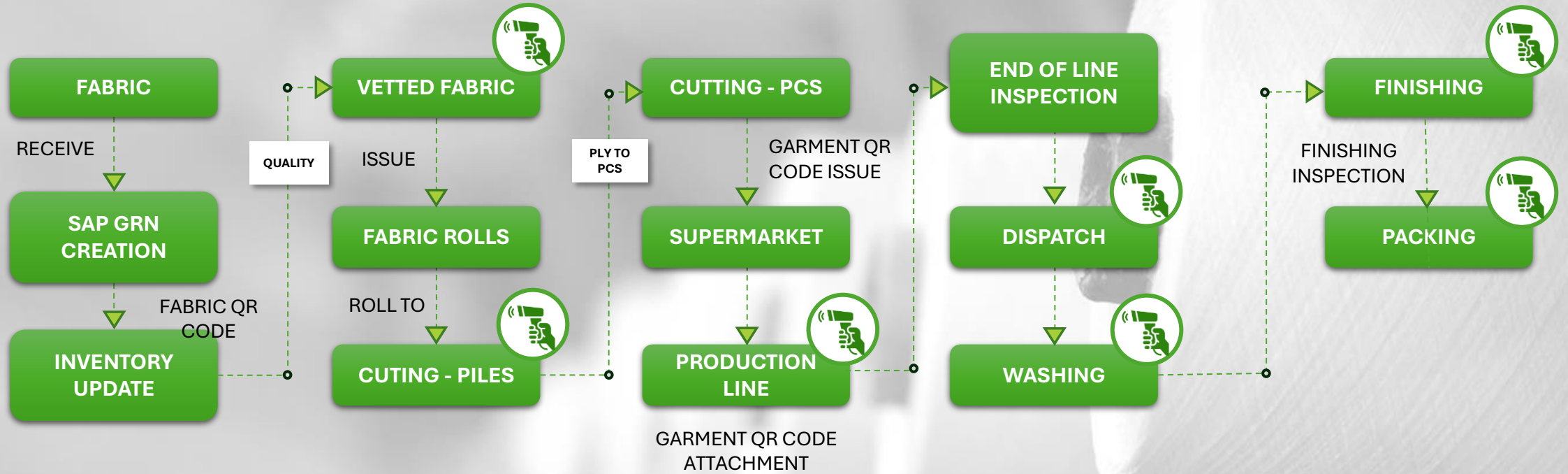


Conscious steps towards a Sustainable future



Productivity Improvements

DIGITIZATION



19-22 Line 11	Doc No: 1000291340	Item 000272	Qr Code	Defects Description
Total	Check 13963	Pass 19917	Alter 46	Reject 0
Pass	455			
Alter	20			
Reject	0			
Code: 03287.BT	Name: ANUP KUMAR			
Profile: ENDLINE CHECKER	Grade: SKILLED-A			
1	D04	OPEN / BROKEN SEAM [BOTTOM HEM]		
2	D08	OPEN / BROKEN SEAM [SLEEVE OPENING]		
3	D0C	OPEN / BROKEN SEAM [LEG OPENING]		
4	D0D	OPEN / BROKEN SEAM [NECK]		
5	D06	PINCHING		
6	D07	SKIP STITCH		
7	D11	BALANCING OR JOINT OUT		
8	D0A	PUCKERING / ROPING [ARMBOLE]		
9	D0B	PUCKERING / ROPING [SLEEVE SEAM]		
10	D0C	PUCKERING / ROPING [BOTTOM HEM]		
11	D0D	PUCKERING / ROPING [WAIST]		
12	D14	UNEVEN STITCH / RAW MARGIN & STITCH		
13	D16	WRONG / INCORRECT PLACEMENT LABEL		
14	D17	TILTED / INSECURED / MISSING LABEL		
15	D21	STITCH ON STICKER		
16	D19	SEWING DAMAGE		
17	D02	FABRIC HOLE / NEEDLE CUT		

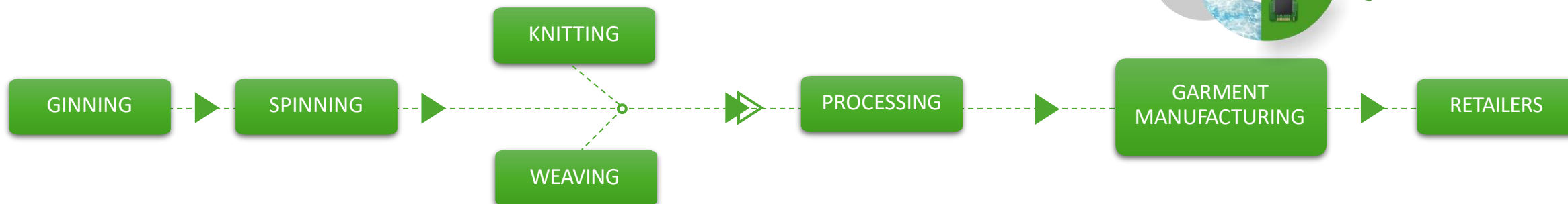




Cotton Traceability



pearltrace
A COMPLETE TRACEABLE SOLUTION



Doc Set 1

1. Invoice
2. Packing list
3. Country of Origin
4. Bill of lading

Doc Set 2

1. Invoice
2. Packing list
3. E-way bill
4. Purchase Order

Doc Set 3

1. Invoice
2. Packing list
3. E-way bill
4. Purchase Order

Doc Set 4

1. Invoice
2. Packing list
3. E-way bill
4. Purchase Order

Doc Set 5

1. PO to customer
2. Packing list
3. Bill of lading

COMPLIANCE WITH REGULATION AND STANDARD

- Traceability documents enable textile companies to comply with various regulations and standards.
- They provide evidence of adherence to specific guidelines, such as environmental regulations, fair trade practices, labor standards, and product safety requirements.
- It help buyer to ensure that ethical and sustainable practices are followed, and it allows for responsible sourcing and production.





Efforts Towards Sustainable Production

Aqua|Less Mission

**MAKE THE WORLD
A BETTER PLACE WITH LESS**

It's our new technology to reduce **85%**the water

NO WATER during

Aqualess aged step
Oz-One Powder step
Dry bag softener step

Using **only** water for rinsing steps



Laser and
Novascraper Indigo



Aqualess
Aged



Oz-One
Powder



Dry Bag
Softner

85% WATER REDUCTION

Ø **ZDHC**



scivero**LENS**®



Conventional	Aqua Less Missi <u>o</u> n
DESIZING – STONE WASHING – BLEACHING need many liters of water	AGING TREATMENT WORN BLEACHING and DRYBAG SOFTNER run in waterless condition



**Designs
that
make
the
headlines!**

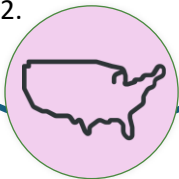


**Industry Updates &
Key Drivers**



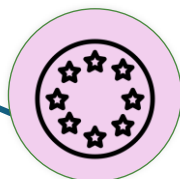
USA

- In February 2024, US apparel imports were US\$ 6.2 Bn. which is the same as in February 2023. On YTD basis, the imports were 9% lower than in 2023.
- In the US apparel market, share of Vietnam has increased by 1% while that of Bangladesh has decreased by 1% since 2022.



EU

- EU apparel imports in February 2024 were US\$ 6.5 Bn. which is 10% lower than February 2023. On YTD basis, the imports were 15% lower than in 2023
- In the EU apparel market, share of China and Bangladesh has decreased by 2% since 2022



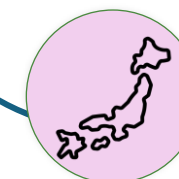
UK

- UK apparel imports in February 2024 were US\$ 1.4 Bn. which is 18% lower than in February 2023. On YTD basis, the imports were 18% lower than in 2023.
- In the UK apparel market, share of China has reduced by 3% while that of Italy has increased by 3% since 2022

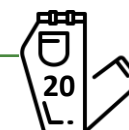


Japan

- In February 2024, Japan's apparel imports were US\$ 1.7 Bn. which is 6% higher than February 2023. On YTD basis, the imports were 5% lower than in 2023
- In the Japan apparel market, share of China has decreased by 3% while that of Vietnam has increased by 1% since 2022.



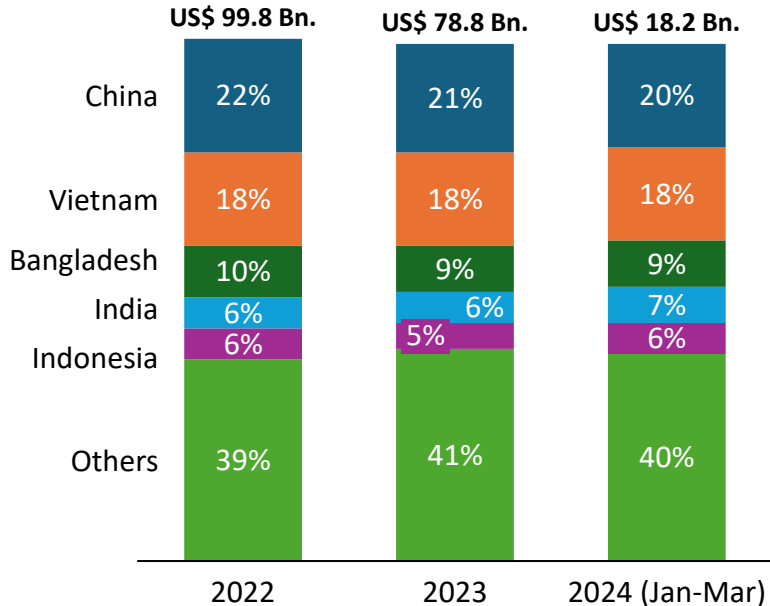
China's share of textile and apparel exports continues to decrease across the geographies (except marginal increase in UK) since 2021, with Vietnam and Bangladesh making significant gains as major suppliers to these geographies



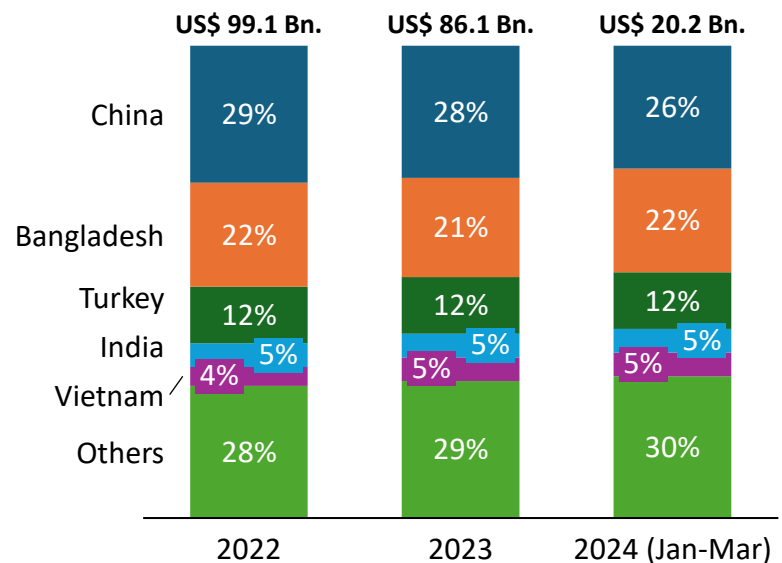


Share Of Major Suppliers In Key Markets

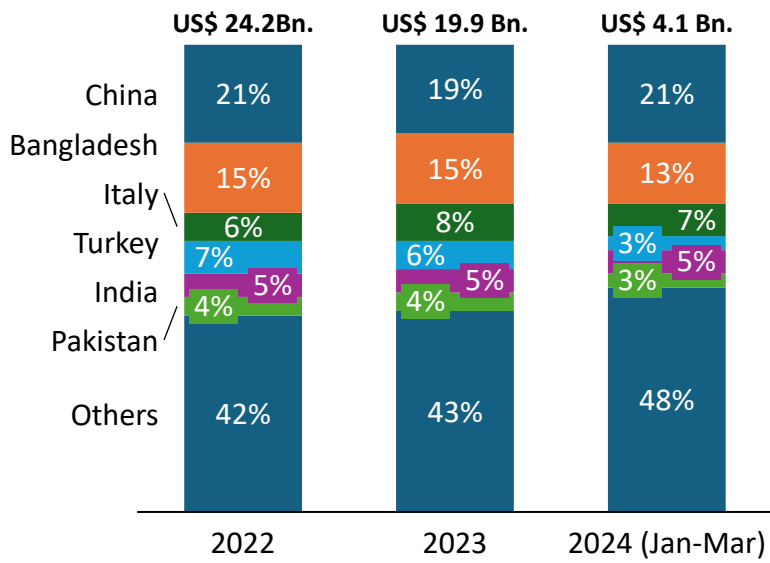
USA



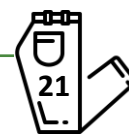
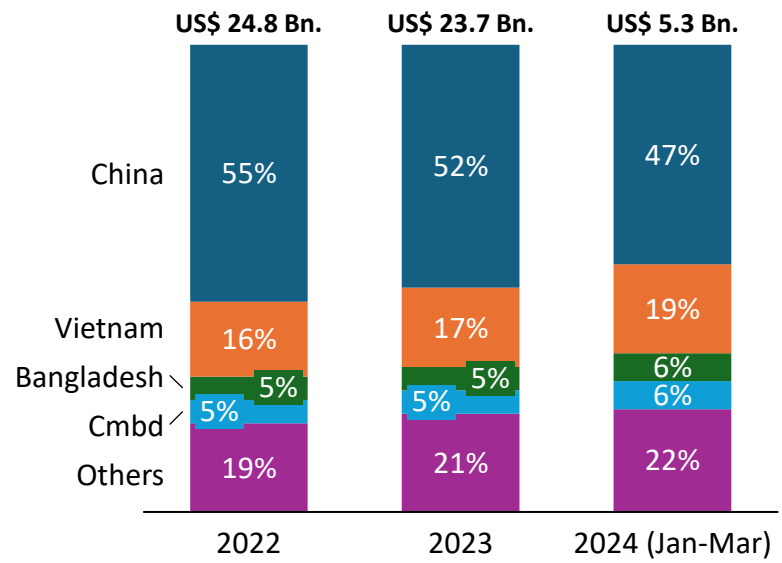
EU



UK



JAPAN





Bangladesh RMG Industry: SWOT Analysis

S

Strengths

- 1. Cost Competitive Labor** cost advantage compared competing RMG Manufacturing Export Countries.
- 2. Industry Experience:** The country has a well-established and experienced workforce in the garment industry.
- 3. Trade Agreements:** Bangladesh benefits from various trade agreements facilitating exports to different countries e.g. GSP Subsidy to EU and UK, duty free benefit to Canada, ASEAN collective market advantage in RMG.
- 5. Adaptability & Versatility :** The industry has demonstrated adaptability to changing fashion trends and market demands & matured to become a multi product textile and apparel source.
- 6. Middle Age Population** with average worker age of 25.9 in RMG, which is vital for growth in Industry.

W

Weaknesses

- 1. Environmental :** The environmental impact regarding water and energy consumption may impact Sector but ongoing progression and improvements in the same may reduce the impact to minimal.
- 2. Dependent on Raw Material Import is high:** Mainly Cotton Yarn and Ready to use Fabrics.

O

Opportunities

- 1. Diversification:** The industry can explore product diversification to meet the evolving demands of the global market.
- 2. Technological Integration:** Adopting advanced technologies can enhance efficiency and productivity.
- 3. E-commerce Growth:** The growing trend of online shopping provides an avenue for increased sales and market reach.
- 4. Sustainability:** Sustainable practices can appeal to environmentally conscious consumers.
- 5. Global Market Expansion:** Exploring new markets and forming strategic alliances can open up avenues for growth.
- 6. ASEAN Trade:** The huge market of ASEAN can give boost to RMG sector

T

Threats

- Global Economic Uncertainty:** Economic downturns in major consumer countries can impact the demand.
- 2. Intense Competition:** The global garment industry is highly competitive, and other low-cost mfg countries pose a threat.
 - 3. Supply Chain Disruptions:** Events like natural disasters or geopolitical tensions can disrupt the supply chain.
 - 4. Trade Barriers:** Changes in trade policies and tariffs in key markets can affect the industry's competitiveness.
 - 5. Labor Issues:** Strikes, unrest, or changes in labor laws can disrupt the workforce and production..





Bangladesh RMG Industry : Outlook

What does this mean for companies operating in the sector?

- Companies investing in the Man-Made Fiber segment are likely to witness faster growth
- Companies expanding their portfolios with higher-margin product categories will perform better
- Companies expanding into nontraditional markets to consolidate market share

- It is expected that Bangladesh apparel export to grow at 5.3% CAGR and reach USD 56 Bn by 2026E
- With dominance in cotton-based apparel, Bangladesh is increasingly focusing on Man made fiber to ride on a stronger global growth outlook
- Migration of global fashion retailers' order flow from China will drive market share expansion for Bangladesh apparel

Mid-Term Outlook

Long-Term Outlook

- Preferential trade deals and strong backward linkage could ensure a smooth transition for the apparel sector
- Export growth picked up from Quarter3 Year 2024
- The total export is likely to be affected after 2026 resulting in a significant increase in tariff rates
- Securing preferential trade agreements, focusing on sustainability, and enhancing competitiveness would help to smoothen the transition path.

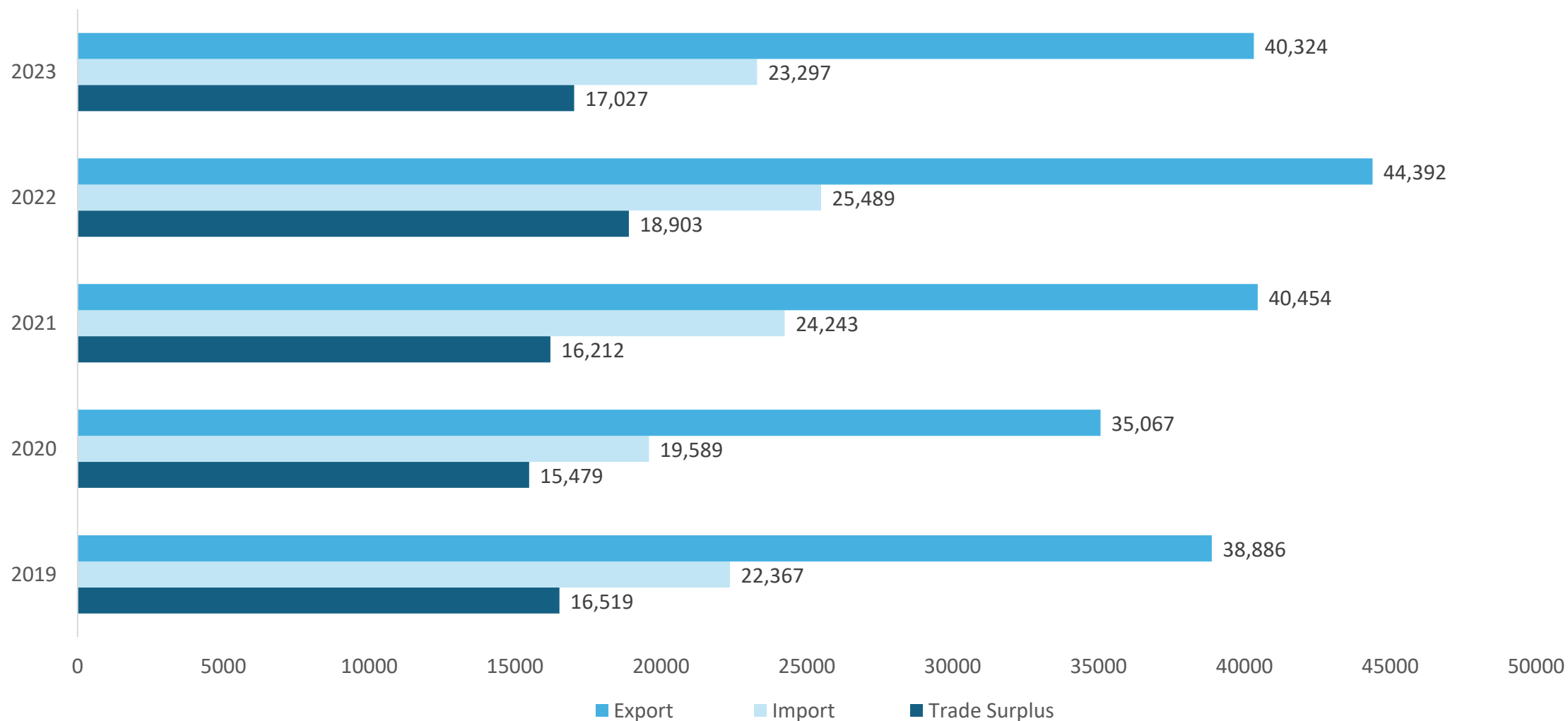
What does this mean for companies operating in the sector?

- *We expect well-established apparel exporters to consolidate their market share further*
- *Product portfolio to have a greater share in higher margin products*
- *Well-established companies to move lower margin manufacturing to countries that still enjoy duty benefits*



Vietnam's garment & textile export turnover over the years

(Unit: USD million)





Macro Factors - Vietnam

Opportunities

- The market is showing signs of recovery, and it is expected that the export turnover will increase
- Free trade agreements will support Vietnam to be biggest garment exporters in the world
- Government of Vietnam and Vietnam Textile & Apparel Association are actively working for trade activities and remove obstacles for business

Challenges

- Application of EPR (extended producer responsibility) and CBAM (carbon border adjustment mechanism)
- Continued inflation in key markets, causing reduced purchasing power and orders from buyers
- Input, production and freight costs are high

Macro Factors

- Support from the government of Vietnam:
 - Lower lending interest rates leading to lower loan costs for businesses
 - Government's current support policies available to business may be extended in 2024
 - The strategy for developing Vietnam's textile, garment, and footwear industry to 2030, with a vision to 2035, has been approved, detailing specific activities
- Inflation and interest rates are decreasing, exchange rates are stable, bad debt risks are under control

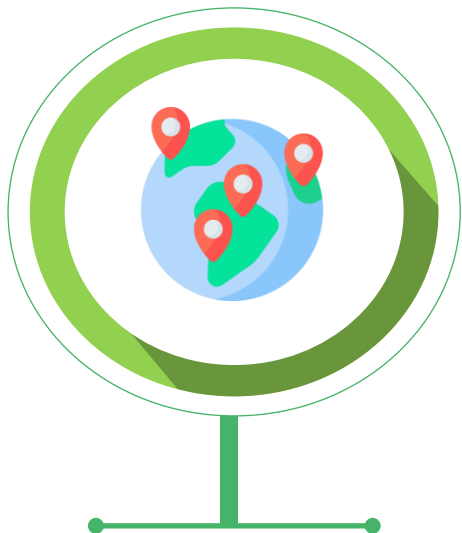
Way Ahead

- Investment in sustainable development. Search and apply new eco-friendly technologies, recycled materials and raw materials
- Diversify source of raw material supply
- Apply technology in production for efficiency





Our Unique Proposition

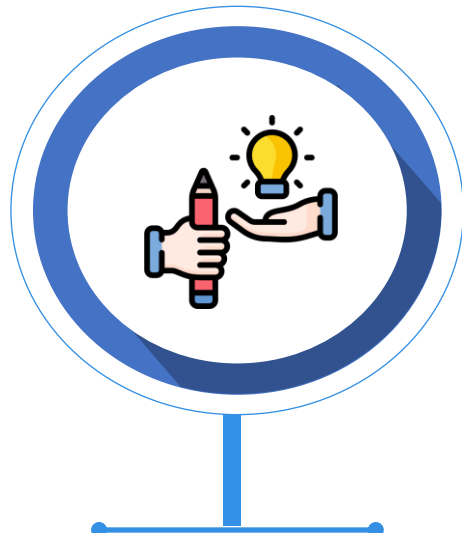


Multinational Presence

- 24 manufacturing facilities spread across 5 countries
- Present in 3 out of 4 supply chain areas
- End to End supply chain provider
- Ability to do Concept + Store



Increasing wallet share from existing customers



Robust Design Team

- Fashion trend analysis by talented design personnel
- Modern unique techniques like 3D CAD rendering, 3D Optitex, CLO and Browzwear used to craft the final product



Acquiring new customers



Shift Towards Asset Light Model

- Partnership model to drive next leg of growth
- Improved return ratios going ahead



Expanding to new geographies



Strong Customer Relationship

- Long term relationship with well-known large retail format stores (Kohl's, Macy's, Target Australia and others) and specialised retail format stores (Bershka, Gap, Old Navy and others).



Providing new product categories



Growth Drives for PGIL

PEARL GLOBAL
Exceeding Expectations...Always



New Customer Acquisition



Geographical Expansion



Automation Of Facilities



Optimum Utilization Of Existing Facilities



Growth Through Partnership Facilities



PLI Scheme To Act As A Growth Engine

We believe in the **Triple Bottom Line Approach**



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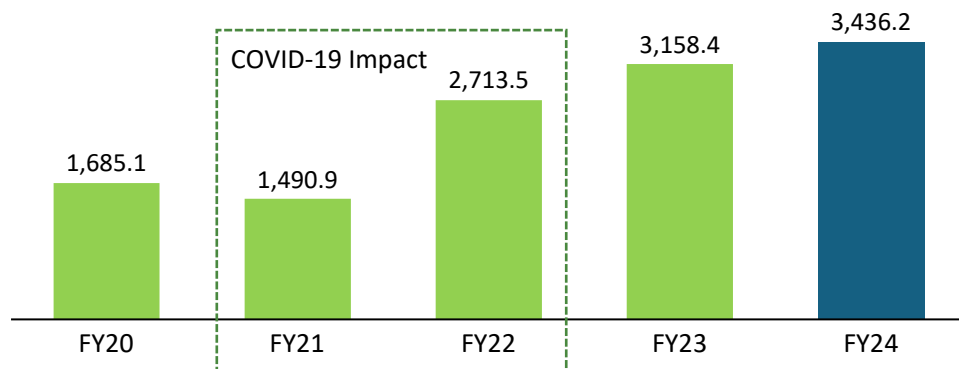
Key Financial Highlights



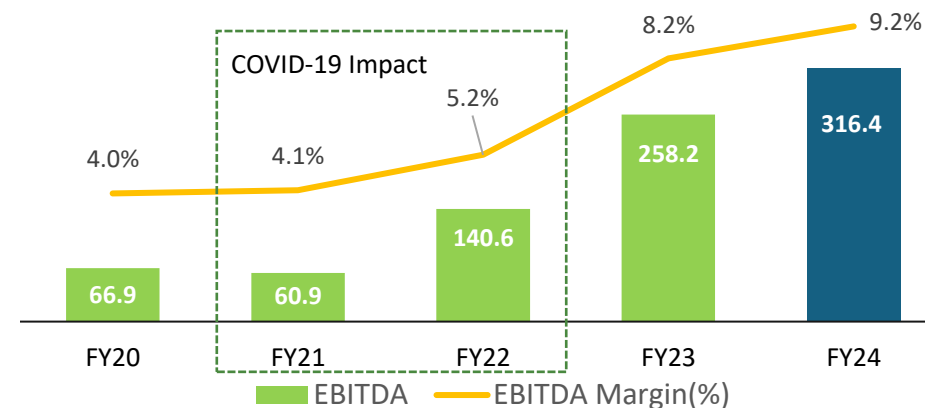
Consolidated Group Performance

In Rs. Crs

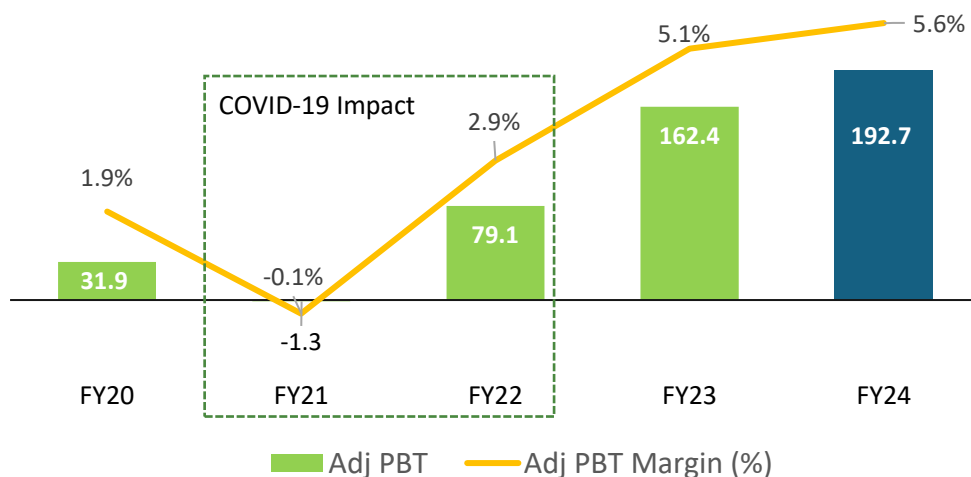
Revenue



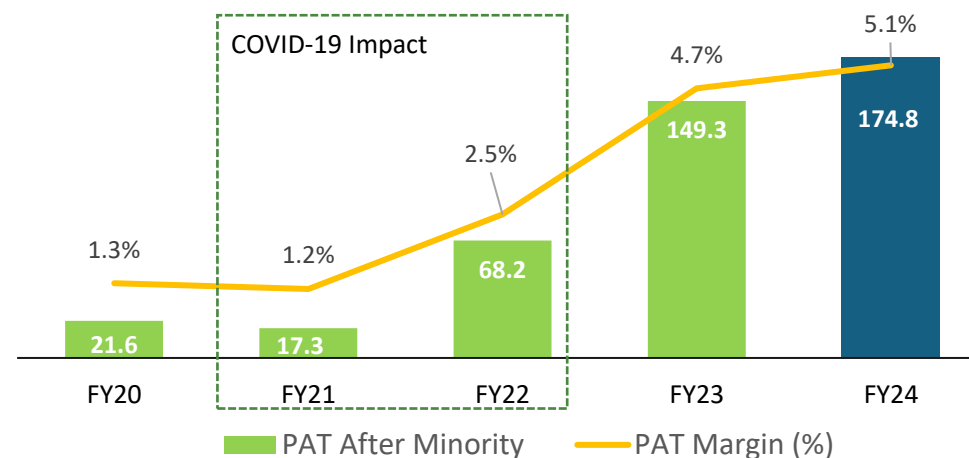
Adj EBITDA*



Adj PBT#



PAT After Minority Interest^



^PAT for FY23 includes exceptional gain of Rs. 13.4 crore

*Adj. EBITDA excludes Esop expenses

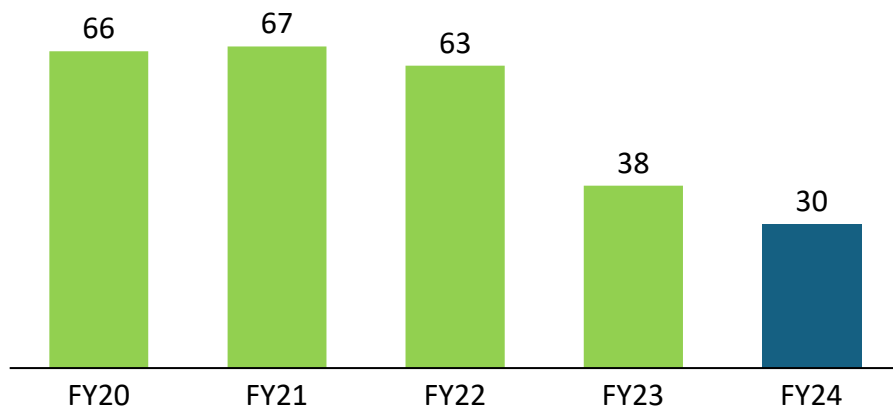
#Adj PBT excludes exceptional items



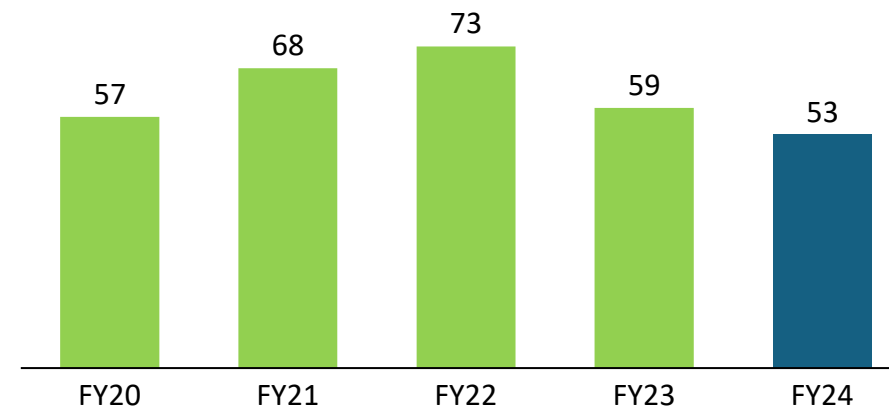


Improved Working Capital Days

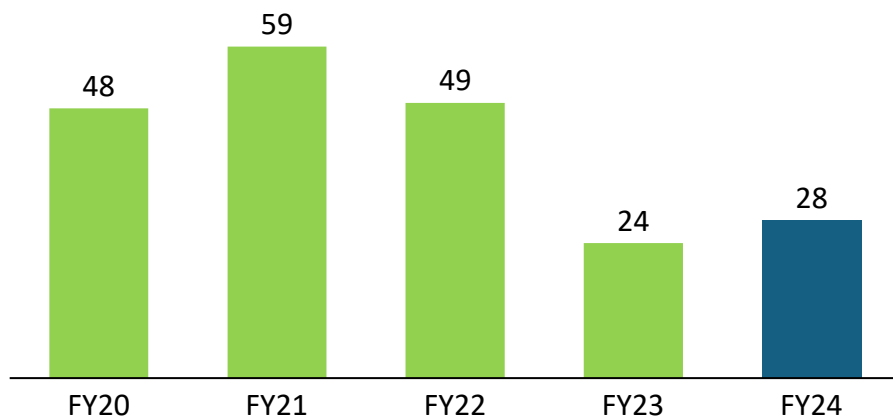
Working Capital Days



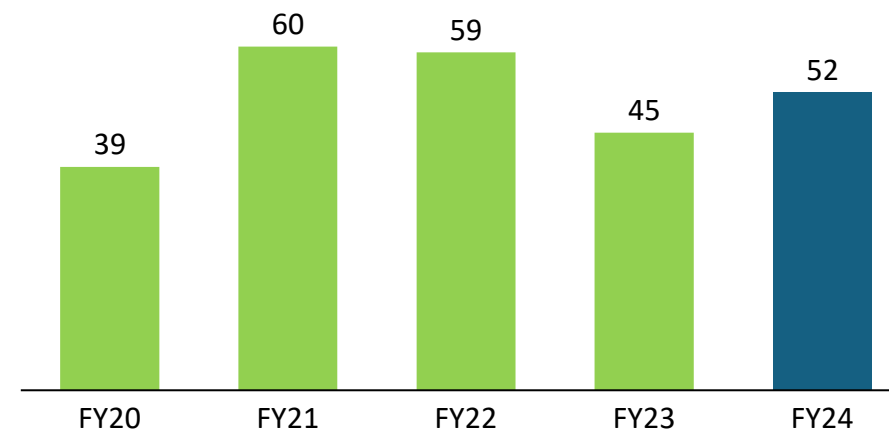
Inventory Days



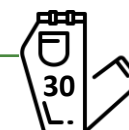
Debtor Days



Creditor Days



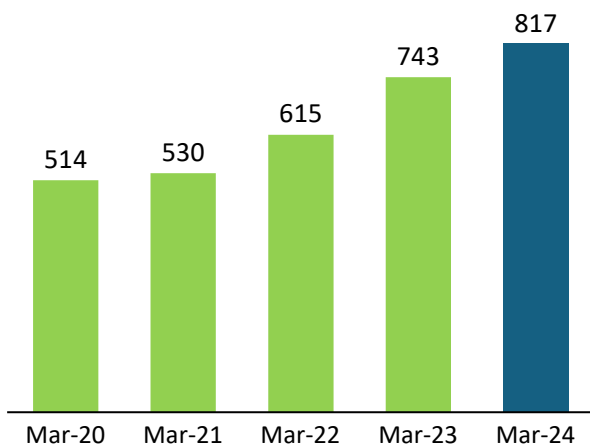
Ratios are calculated on sales



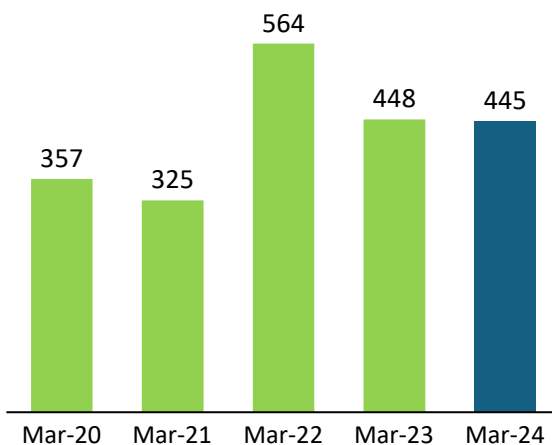


Consolidated Financial Parameters

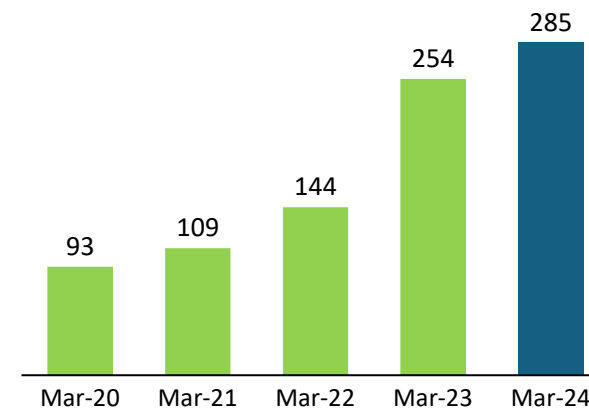
Networth (Rs. Crs.)



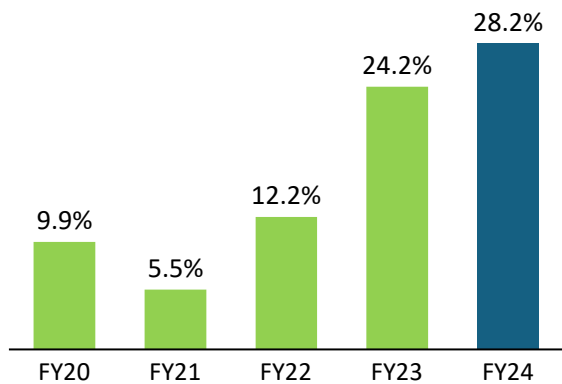
Gross Debt (Rs. Crs.)



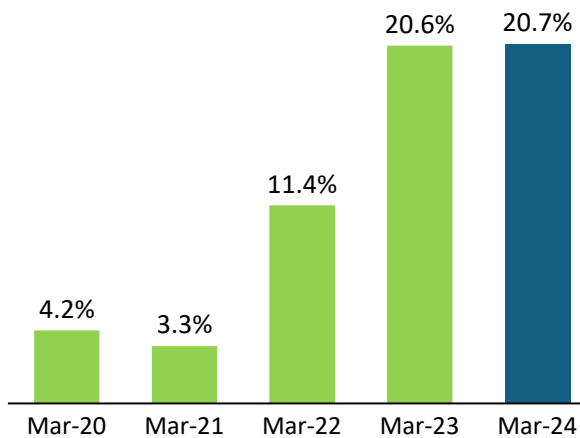
Cash and Bank Balance (Rs. Crs.)^



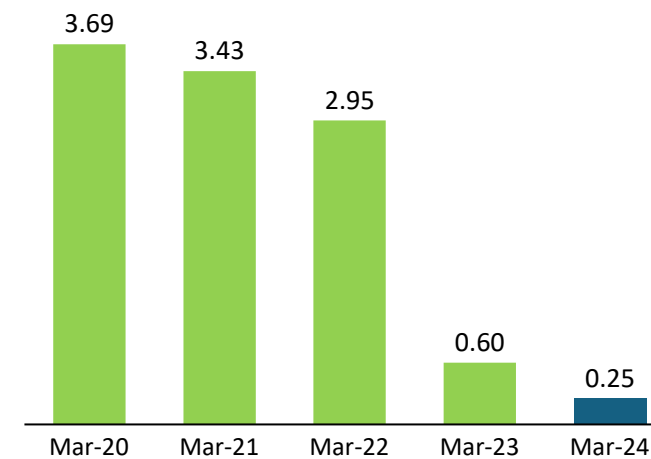
Return on Capital Employed (%)*



ROE (%)

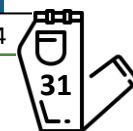


Net Debt/EBITDA



*ROCE = EBIT / (Total Shareholders equity + Total Net Debt + Cash ear marked for LC payments)

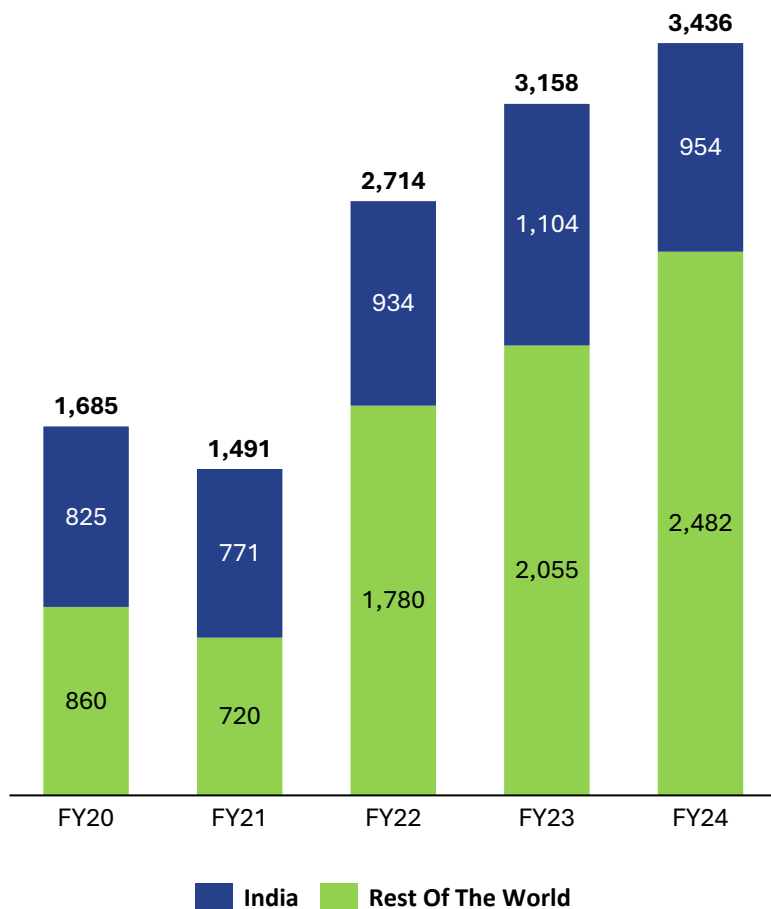
^Cash and Bank Balance excludes cash earmarked for LC Payments



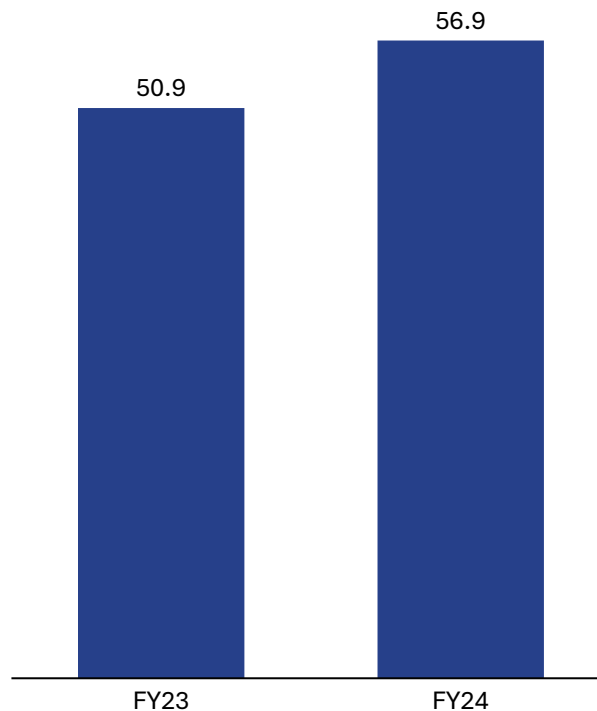


Consolidated Performance Highlights FY24

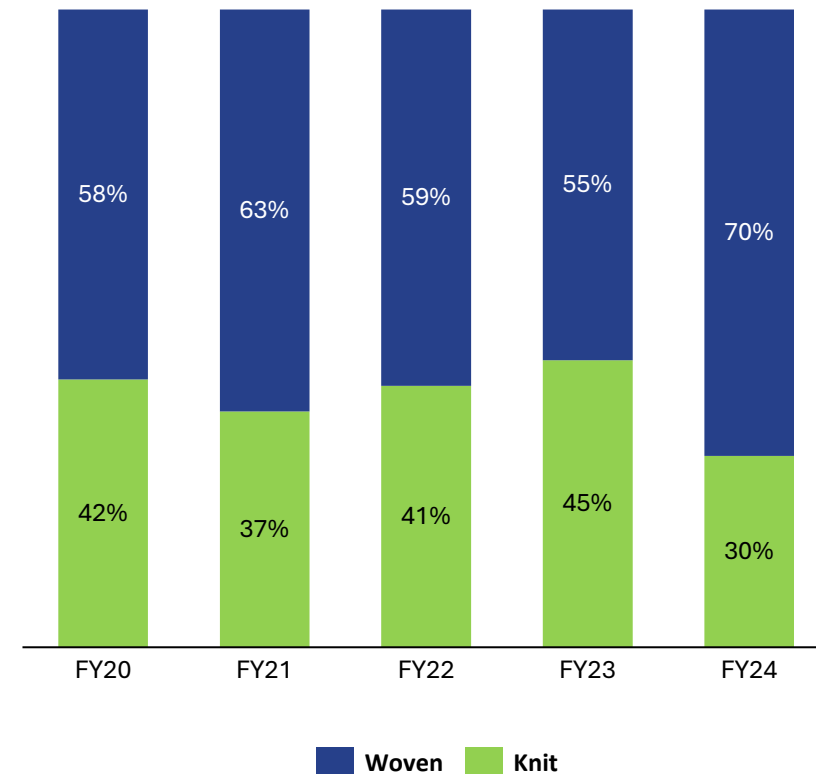
Geographical Revenue Split (Rs in Crs)



No. Of Pieces Shipped (Mn pieces)



Product wise Split





Risk Mitigation & Governance



Risk Management

Currency

Maintaining a natural hedge in all overseas operations, including India-export-forward cover

Raw Material

Early projection and booking of raw materials, along with periodic review of physical count & utilization of stock

Product

Quality systems are closely aligned with customer expectations, maintaining constant communication with customer representatives to facilitate process improvements

Social and Ethical Compliance

Robust internal control and compliance system. Also, Onboarding of customers is done only after ensuring complete compliance standards

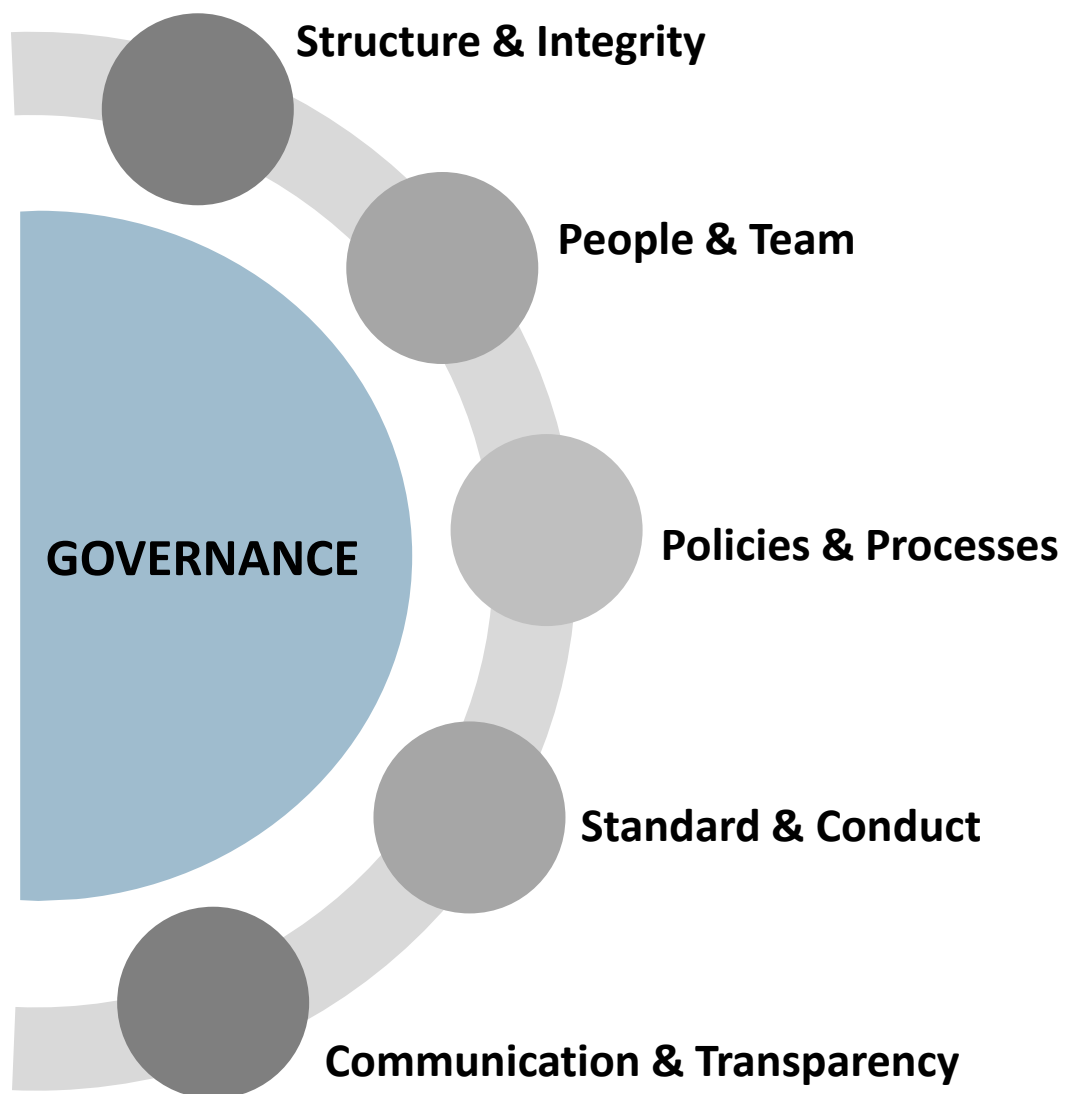
Customer

Direct relationship with all customers and credit assessment before onboarding new customer

Cashflow

Asset light model-partner with factory rather own set up, also ensuring on time collection



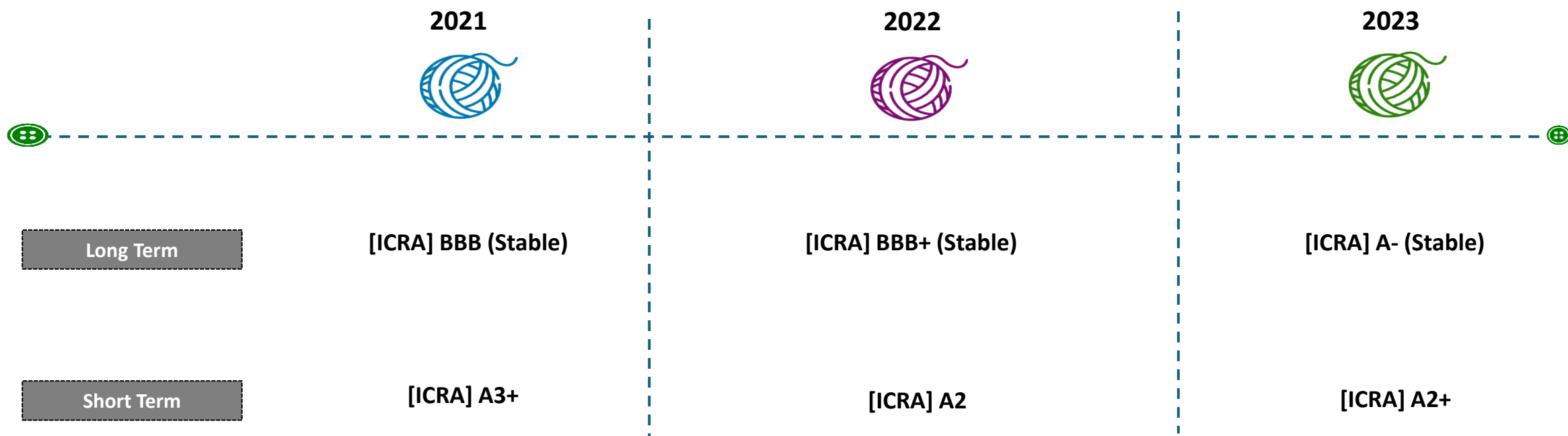


PGIL Group Initiatives

- Ernst & Young appointed as Statutory auditor in Hong Kong
- Ernst & Young appointed as Internal auditor in India & Bangladesh
- KPMG appointed as Statutory auditor in Bangladesh
- Deloitte appointed as auditor in Vietnam
- Group financial consolidation automated
- Further initiative on automation:
 - Financial MIS
 - Factory MIS
 - Budget
 - Sales Forecast



Improving Credit Rating Over The Years



Reasons For Upgrade

- Consistent Performance amidst demand slowdown in Key market, The US
- Business re-routing from China partially offsetting demand slowdown for Indians
- Multinational Presence places Pearl in a more favourable spot vs peers



Resulting into borrowing of funds at low-cost debt

Easy Access To New Credit Lines



Regular Dividend Payouts

Dividend Payout

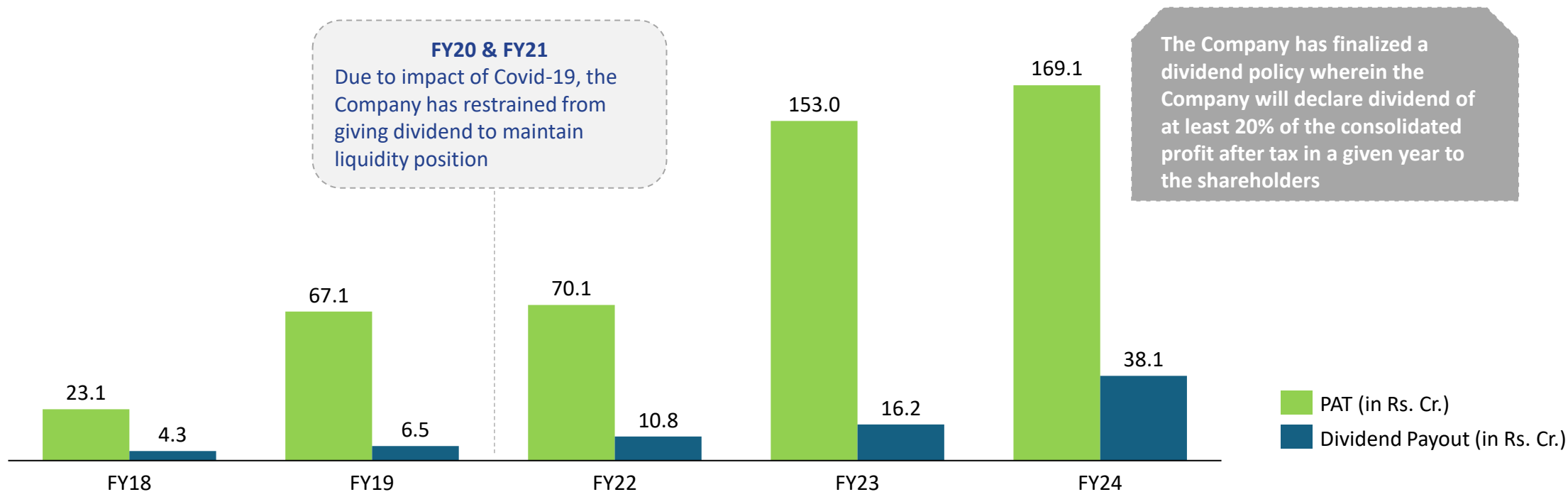
18.6%

9.7%

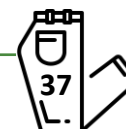
15.4%

10.6%

22.5%



During the year, we had paid a dividend of Rs. 17.50 per share of FV Rs. 10 each



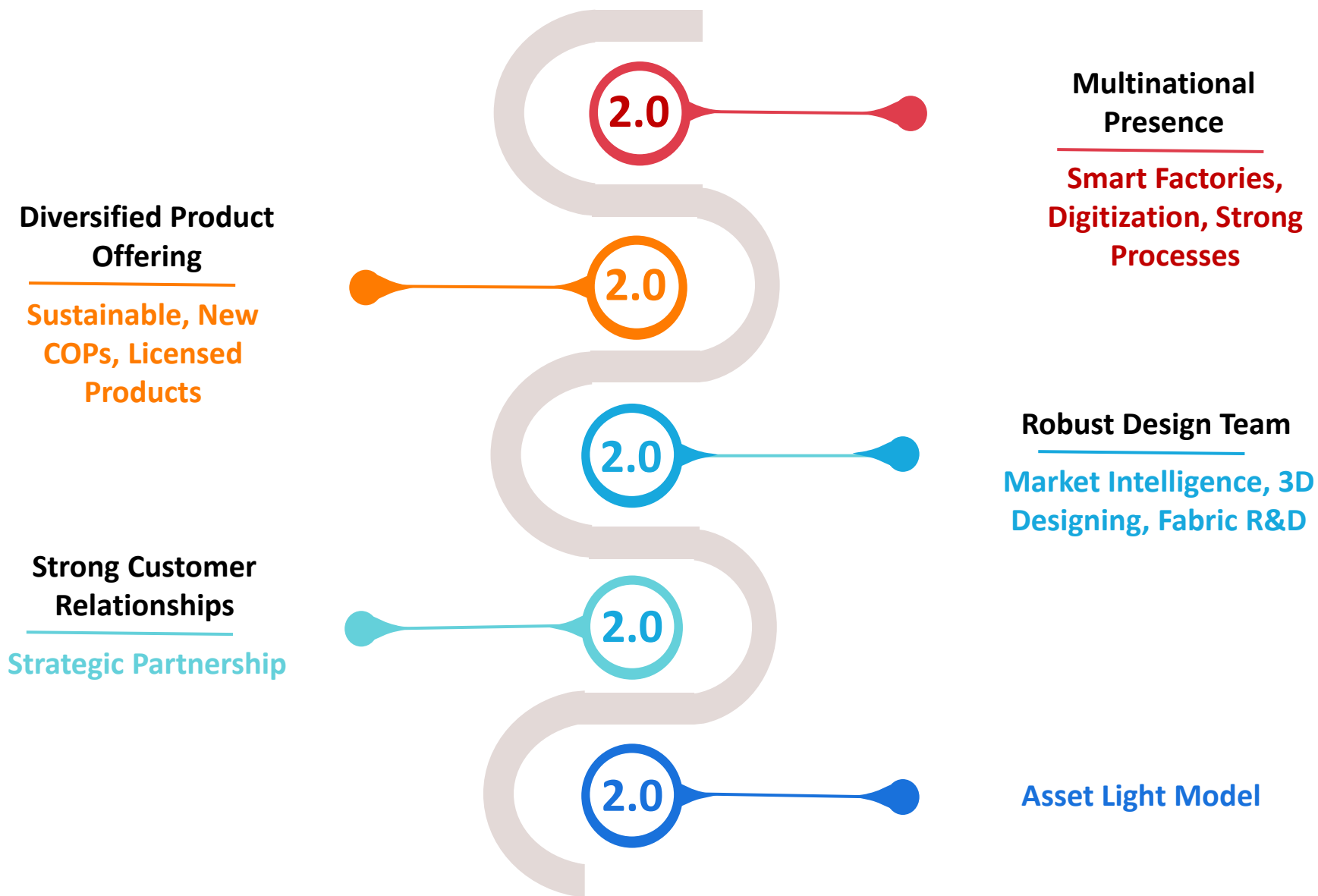


Way Forward





Strategic Pathway To Growth





Guidance vs Achievement



To grow at 12-15% CAGR and cross the Rs 3,000 crore revenue mark



Plan to expand and be present in one more supply chain



EBITDA till FY21 was low on account of continuous expansion plan taken by the Company. In the coming years, the leverage will play out which will lead to improvement in EBITDA margins



ROCE to improve from 12% in FY22 and remain healthy at 18-20%



Doubled our revenue from Rs 1,490.9 crore in FY21 to Rs 3,158.4 crore in FY23, thereby **surpassing our growth guidance**



With the acquisition of Guatemala unit in 2023 the company is now **present in 3 out of 4 big supply chains**



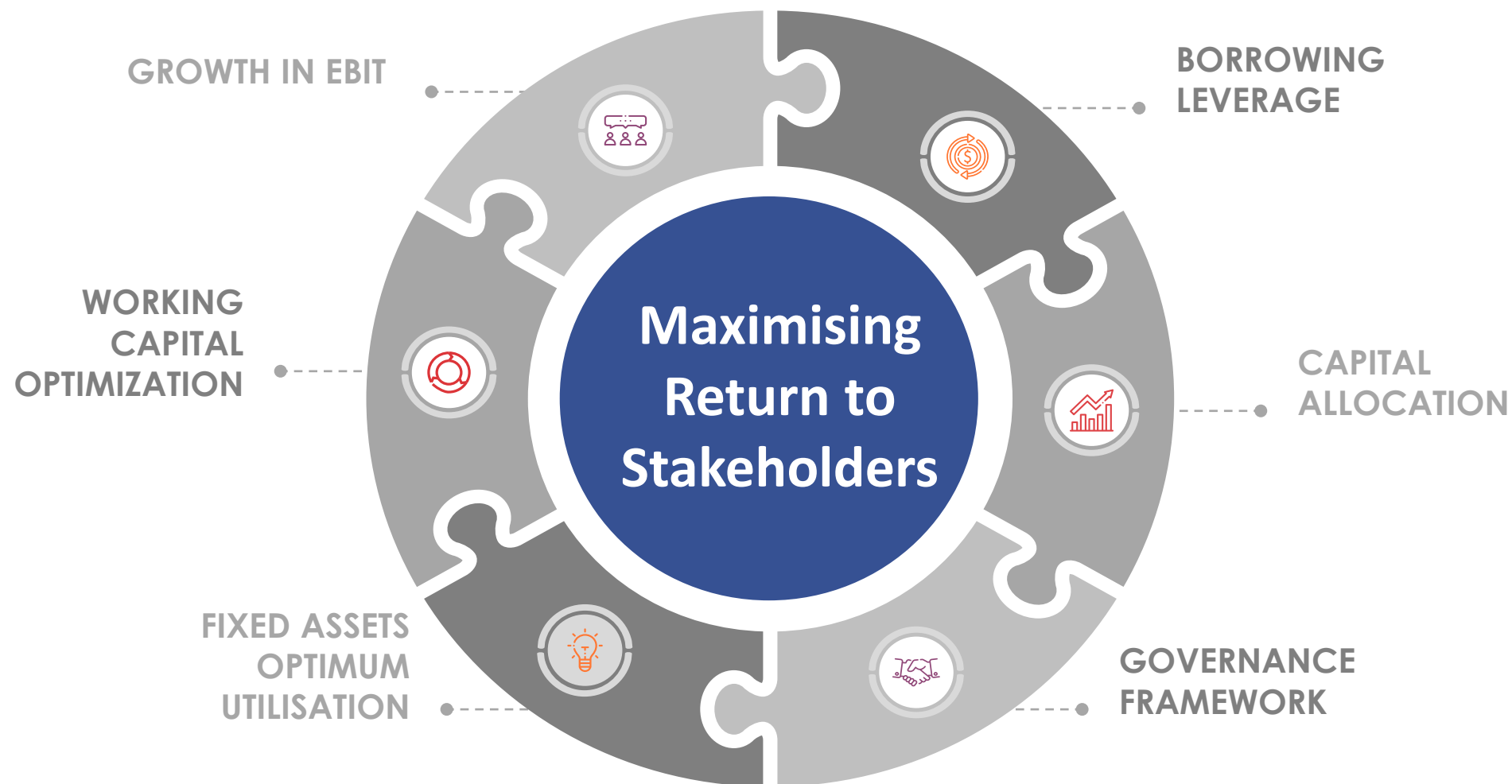
Improved EBITDA margins from 4.1% in FY21 to 8.1% in FY23. Margins for 9MFY24 stood at 9.1%. Margin improvement is attributable to better product mix and operating leverage



ROCE of **26.3% in 9MFY24**



Way Forward





Exceeding Expectations...Always

THANK YOU

For further information, please contact

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 <p>Exceeding Expectations...Always CIN: L74899DL1989PLC036849 Mr. Sanjay Gandhi - Group CFO sanjay.gandhi@pearlglobal.com</p> <p>www.pearlglobal.com</p>	 <p>CIN: U74140MH2010PTC204285 Mr. Karan Thakker / Mr. Rahul Agarwal karan.thakker@sgapl.net / rahul.agarwal@sgapl.net +91 81699 62562 / +91 98214 38864</p> <p>www.sgapl.net</p>