

**GO's Q4 print was weak, albeit results were largely in line and outperformance (vs. peers) continued with 15% topline growth. SSG was low at +1%/0% in Q4/FY24 and GO is targeting 2-3% SSG for Q1. Given the muted macros, FY24 has been a year of WC optimization, as GO generated Rs1.1bn operating cash vs. cash-breakeven in FY23, which addresses a key concern. Encouragingly, the benefit of RM moderation also percolated with ~100bps GM gains in FY24, 50bps more is expected in FY25. After a slow FY24, network expansion is also expected to improve with 120-150 net additions in FY25 (vs. 84 in FY24). Factoring-in near-term low SSG leads to a 6-7% EBITDA cut, giving us a revised TP of Rs1,300 (vs. Rs1,350). GO remains our top idea in the apparel space, with earnings growth reviving in FY25 and 25% correction from recent highs. Faster SSG turnaround and early closure of promoter pledge are potential upsides.**

**Go Fashion: Financial Snapshot (Standalone)**

| Y/E Mar (Rs mn)     | FY23  | FY24  | FY25E | FY26E  | FY27E  |
|---------------------|-------|-------|-------|--------|--------|
| Revenue             | 6,653 | 7,628 | 8,915 | 10,847 | 13,044 |
| EBITDA              | 2,123 | 2,424 | 2,848 | 3,668  | 4,486  |
| Adj. PAT            | 828   | 828   | 1,020 | 1,422  | 1,762  |
| Adj. EPS (Rs)       | 15.3  | 15.3  | 18.9  | 26.3   | 32.6   |
| EBITDA margin (%)   | 31.9  | 31.8  | 31.9  | 33.8   | 34.4   |
| EBITDA growth (%)   | 78.4  | 14.2  | 17.5  | 28.8   | 22.3   |
| Adj. EPS growth (%) | 127.4 | 0.0   | 23.2  | 39.4   | 23.9   |
| RoE (%)             | 17.3  | 14.7  | 15.6  | 18.3   | 18.8   |
| RoIC (%)            | 30.0  | 26.9  | 30.7  | 38.2   | 42.7   |
| P/E (x)             | 68.2  | 68.2  | 55.4  | 39.7   | 32.1   |
| EV/EBITDA (x)       | 26.0  | 22.5  | 18.9  | 14.4   | 11.5   |
| P/B (x)             | 10.9  | 9.4   | 8.0   | 6.7    | 5.5    |
| FCFF yield (%)      | 1.1   | 2.6   | 2.7   | 3.6    | 4.4    |

Source: Company, Emkay Research

**Soft but in-line Q4 amid weak macros; relative outperformance endures**

Q4 revenue grew 15%, led by 20%/11%/11% growth in the LFS/EBO/Online channels, while MBO channel grew 3x on a low base. EBO SSG was muted at ~1%, which was the combination of a 2.1% realization gain and a 1.5% volume decline. Net store additions at 10/84 in Q3/FY24 were slow, but GO expects an improvement with 120-150 additions expected in FY25. Cash flows improved significantly with optimization of inventory (both, finished goods and raw material). WC reduced by 22 days (over FY23) and the company targets further reduction of ~10 days gradually. EBITDA margin declined 180bps to 29.7%, largely led by negative leverage on account of low SSG and one-off higher store closures in Q4. Pre-IndAS EBITDA declined 310bps to 12.9%, due to additional rental de-leverage.

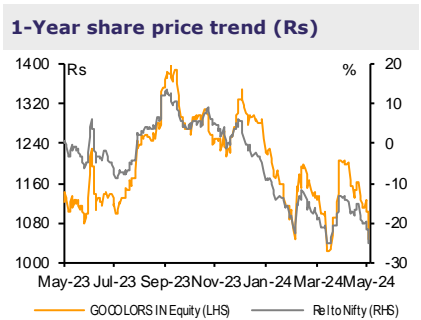
**Earnings-call KTAs:**

1) Demand trend was sluggish in Jan-Feb; however, March witnessed improvement in the trend. Q1TD trends are encouraging on MoM basis; however, on a YoY basis, weakness still persists. 2) GO is targeting 2%-3% SSG for Q1FY25, gradually taking it to the 5%-6% range by FY25-end. 3) Volume SSG was negative for Q4 and the full year at -1.5%/-3.5%. Overall, volume growth stood at ~9% for FY24. 4) ASP improvement of ~2% to Rs752 was largely mix-led with no price hikes; GO aims to steadily increase ASP by 4-5% annually from the current levels through mix-premiumization. 5) Net-store adds guidance for FY25 was at ~120-150 stores with closures expected to be in the low single digit. Net-store adds in FY24 remained low at 84 stores vs. revised guidance of 110-120, due to closure of 23 stores and 10-15 store relocations. 6) GO further aims to optimize inventory to 88-90 days; FY24 improvement of 20 days was led by reduction in warehouse inventory, while store inventory remains intact. 7) A&P spends are expected to remain in line with FY24 at ~2%. 8) LFS channel growth was ~30%, excluding one-offs due to credit note from partners. 9) GO's own website contributes ~33% to overall online sales, and it is likely to launch an app in FY25 with targeted online sales, to contribute ~5% of sales vs ~3% in FY24. 10) GO is also planning to increase sales-linked incentive component for front-end staff to boost sales vs. the current regime. 11) Churidar-Leggings (core category) contributed ~45% of the revenues, while contribution of value-added products inched-up to 55%.

|                         |              |
|-------------------------|--------------|
| Target Price – 12M      | Mar-25       |
| <b>Change in TP (%)</b> | <b>(3.7)</b> |
| Current Reco.           | BUY          |
| Previous Reco.          | BUY          |
| Upside/(Downside) (%)   | 24.3         |
| CMP (03-May-24) (Rs)    | 1,045.8      |

| Stock Data                  | Ticker    |
|-----------------------------|-----------|
| 52-week High (Rs)           | 1,405     |
| 52-week Low (Rs)            | 933       |
| Shares outstanding (mn)     | 54.0      |
| Market-cap (Rs bn)          | 56        |
| Market-cap (USD mn)         | 677       |
| Net-debt, FY25E (Rs mn)     | -2,608    |
| ADTV-3M (mn shares)         | -         |
| ADTV-3M (Rs mn)             | 104.1     |
| ADTV-3M (USD mn)            | 1.2       |
| Free float (%)              | 47.0      |
| Nifty-50                    | 22,476    |
| INR/USD                     | 83.4      |
| <b>Shareholding, Mar-24</b> |           |
| Promoters (%)               | 52.8      |
| FPIs/MFs (%)                | 12.2/31.9 |

| Price Performance |        |       |        |
|-------------------|--------|-------|--------|
| (%)               | 1M     | 3M    | 12M    |
| Absolute          | (13.4) | (2.1) | (5.3)  |
| Rel. to Nifty     | (13.6) | (4.8) | (23.8) |

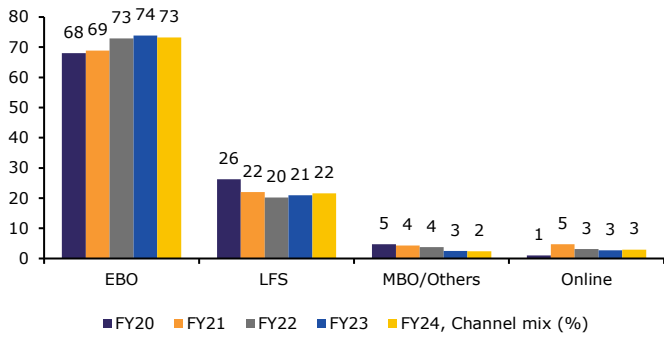


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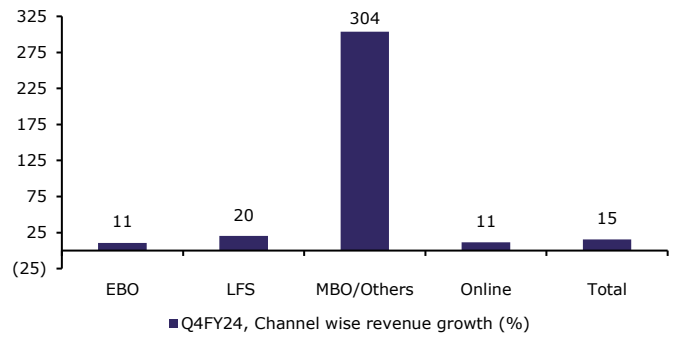
# Story in Charts

**Exhibit 1: LFS mix increased at the cost of EBOs, on account of accelerated network expansion in LFS channel**



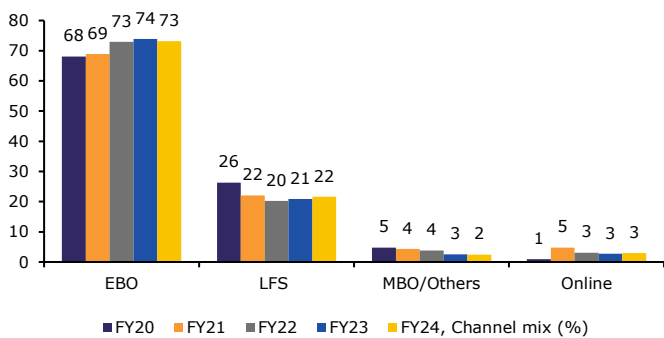
Source: Company, Emkay Research

**Exhibit 2: MBO channel sales grew 3x on a very low base; LFS grew 30% (ex-one offs), whereas EBOs saw 11% increase in Q4**



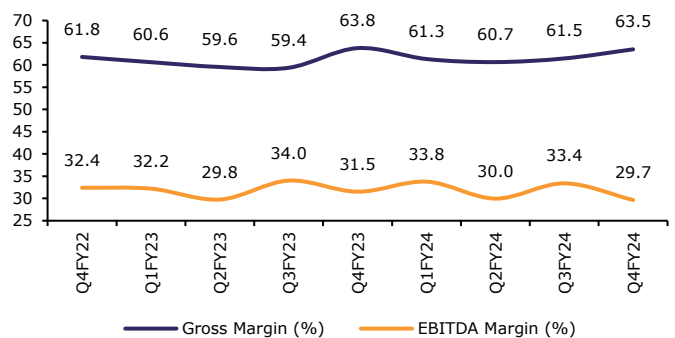
Source: Company, Emkay Research

**Exhibit 3: Network expansion continued with 10/84 EBO additions in Q4/FY24; provided guidance of 120-150 additions for FY25**



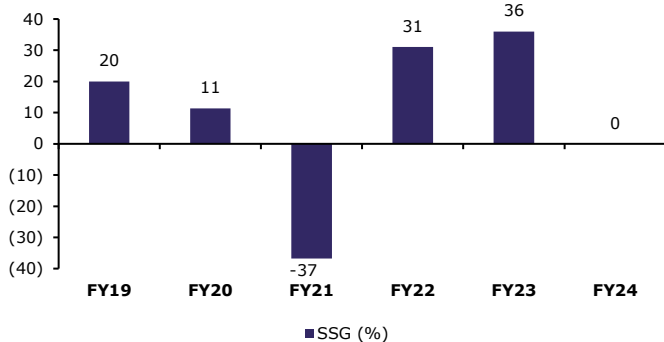
Source: Company, Emkay Research

**Exhibit 4: EBITDA margin dipped 180bps, led by negative leverage (higher employee/other costs) and store closures**



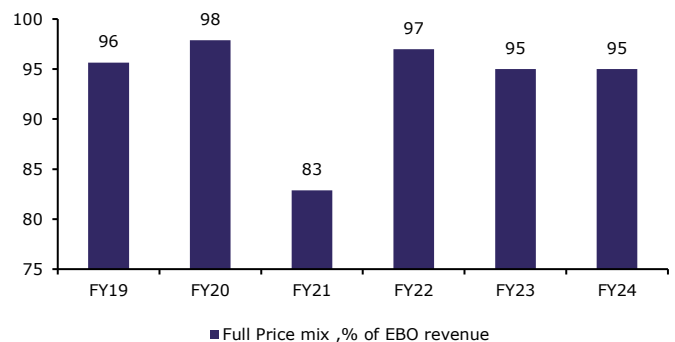
Source: Company, Emkay Research; Note: \*Post-IndAS-116 EBITDA

**Exhibit 5: GO recorded 1%/0% SSG for Q4/ FY24; volume per store was down 1.5%, while ASP improved 2% in Q4**



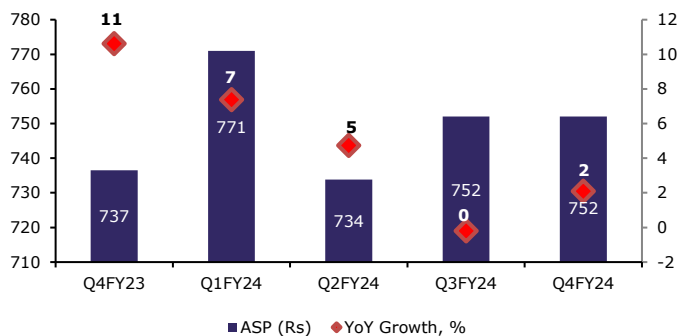
Source: Company, Emkay Research

**Exhibit 6: Full price-mix remained best in class for the EBO channel at 95% for FY24**



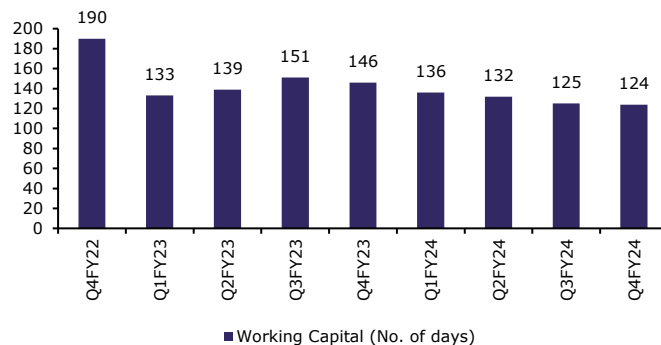
Source: Company, Emkay Research

**Exhibit 7: ASP improved marginally by 2% in Q4, amid the mix inclining toward value-added products**



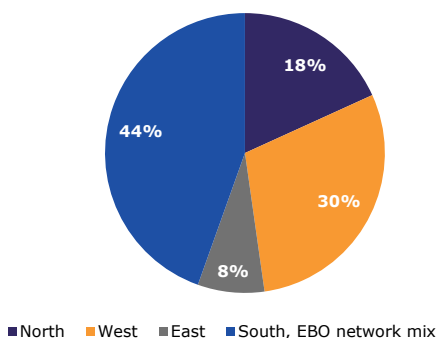
Source: Company, Emkay Research

**Exhibit 8: WC reduced by 22 days over FY23, on RM/FG optimization; GO expects further reduction of ~10 days ahead**



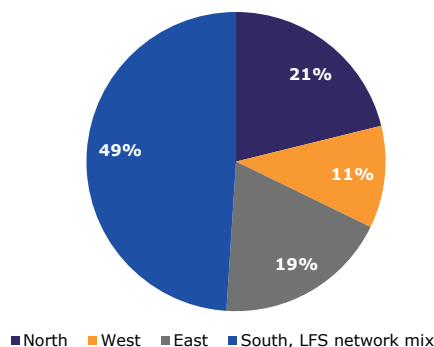
Source: Company, Emkay Research

**Exhibit 9: EBO/LFS penetration is skewed toward the South/West, which contributes ~75% to the overall EBO network**



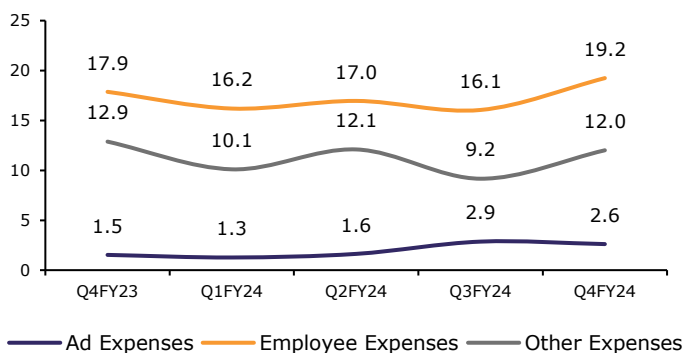
Source: Company, Emkay Research

**Exhibit 10: Under-penetration in the North and East provides a long headroom for growth across both, the EBO and LFS channels**



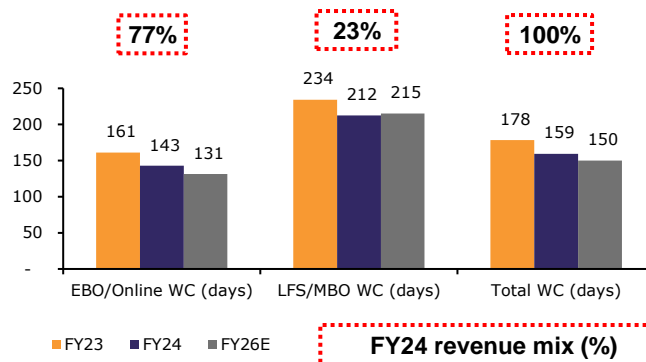
Source: Company, Emkay Research

**Exhibit 11: Ad and employee expenses increased by 110/130bps, impacting EBITDA margin**



Source: Company, Emkay Research

**Exhibit 12: Better mix (more EBOs) and optimization of warehouse inventory should drive WC/RoIC improvement over FY23-26E**



Source: Company, Emkay Research

## Exhibit 13: Actual vs. Estimates (Q4FY24)

| (Rs mn)        | Actual | Estimates |           | Variation |           | Comments  |
|----------------|--------|-----------|-----------|-----------|-----------|---|
|                |        | Emkay     | Consensus | Emkay     | Consensus |   |
| Net Sales      | 1,817  | 1,803     | 1,795     | 0.8%      | 1.2%      | Revenue was largely in line with our estimates                |
| EBITDA*        | 539    | 507       | 549       | 6.3%      | -1.8%     | EBITDA was higher, led by one-off credit note in LFS channel  |
| EBITDA Margin* | 29.7%  | 28.1%     | 30.6%     | 154       | -92       |   |
| PAT            | 131    | 121       | 148       | 7.7%      | -12.1%    | PAT was slightly lower due to costs related to store closures |

Source: Company, Emkay Research; Note: \*Post-IndAS-116 EBITDA

## Exhibit 14: Summary of quarterly results

| Y/E, Mar (Rs mn)           | Q4FY23        | Q1FY24        | Q2FY24        | Q3FY24        | Q4FY24        | YoY (%)      | QoQ (%)      | FY23         | FY24         | Gr (%)       |
|----------------------------|---------------|---------------|---------------|---------------|---------------|--------------|--------------|--------------|--------------|--------------|
| <b>Revenue</b>             | <b>1,576</b>  | <b>1,901</b>  | <b>1,889</b>  | <b>2,021</b>  | <b>1,817</b>  | <b>15.3</b>  | <b>-10.1</b> | <b>6,641</b> | <b>7,628</b> | <b>14.9</b>  |
| <b>Expenditure</b>         | <b>1,079</b>  | <b>1,259</b>  | <b>1,322</b>  | <b>1,346</b>  | <b>1,278</b>  | <b>18.5</b>  | <b>-5.0</b>  | <b>4,521</b> | <b>5,206</b> | <b>15.1</b>  |
| Consumption of RM          | 490           | 645           | 647           | 678           | 580           | 18.5         | -14.4        | 2,203        | 2,550        | 15.8         |
| as % of sales              | 31%           | 34%           | 34%           | 34%           | 32%           |              |              | 33%          | 33%          |              |
| Sub-contracting charges    | 81            | 90            | 96            | 101           | 83            | 2.4          | -17.8        | 401          | 370          | -7.9         |
| as % of sales              | 5%            | 5%            | 5%            | 5%            | 5%            |              |              | 6%           | 5%           |              |
| Employee Cost              | 282           | 308           | 320           | 324           | 350           | 24.2         | 7.8          | 1,024        | 1,302        | 27.1         |
| as % of sales              | 18%           | 16%           | 17%           | 16%           | 19%           |              |              | 15%          | 17%          |              |
| Other expenditure          | 227           | 216           | 259           | 243           | 266           | 17.0         | 9.4          | 893          | 984          | 10.2         |
| as % of sales              | 21%           | 17%           | 20%           | 18%           | 21%           |              |              | 13%          | 13%          |              |
| <b>EBITDA</b>              | <b>497</b>    | <b>642</b>    | <b>566</b>    | <b>675</b>    | <b>539</b>    | <b>8.5</b>   | <b>-20.2</b> | <b>2,119</b> | <b>2,423</b> | <b>14.3</b>  |
| Depreciation               | 246           | 249           | 258           | 289           | 307           | 25.0         | 6.3          | 866          | 1,104        | 27.5         |
| <b>EBIT</b>                | <b>251</b>    | <b>393</b>    | <b>308</b>    | <b>386</b>    | <b>232</b>    | <b>-7.6</b>  | <b>-40.0</b> | <b>1,253</b> | <b>1,319</b> | <b>5.2</b>   |
| Other Income               | 26            | 37            | 39            | 42            | 55            | 112.4        | 32.7         | 119          | 174          | 45.6         |
| Interest                   | 84            | 82            | 89            | 105           | 115           | 36.4         | 9.5          | 285          | 391          | 37.5         |
| <b>PBT</b>                 | <b>193</b>    | <b>348</b>    | <b>258</b>    | <b>323</b>    | <b>172</b>    | <b>-10.6</b> | <b>-46.7</b> | <b>1,088</b> | <b>1,101</b> | <b>1.2</b>   |
| Total Tax                  | 45            | 85            | 57            | 89            | 42            | -7.2         | -53.1        | 259          | 273          | 5.5          |
| <b>APAT</b>                | <b>148</b>    | <b>263</b>    | <b>200</b>    | <b>234</b>    | <b>131</b>    | <b>-11.7</b> | <b>-44.2</b> | <b>829</b>   | <b>828</b>   | <b>-0.1</b>  |
| <b>Extraordinary items</b> | <b>0</b>      | <b>0</b>      | <b>0</b>      | <b>0</b>      | <b>0</b>      |              |              | <b>0</b>     | <b>0</b>     |              |
| <b>Reported PAT</b>        | <b>148</b>    | <b>263</b>    | <b>200</b>    | <b>234</b>    | <b>131</b>    | <b>-11.7</b> | <b>-44.2</b> | <b>829</b>   | <b>828</b>   | <b>-0.1</b>  |
| <b>Reported EPS (Rs)</b>   | <b>2.7</b>    | <b>4.9</b>    | <b>3.7</b>    | <b>4.3</b>    | <b>2.4</b>    | <b>-11.7</b> | <b>-44.2</b> | <b>15.3</b>  | <b>15.3</b>  | <b>0.0</b>   |
| <b>(%)</b>                 | <b>Q4FY23</b> | <b>Q1FY24</b> | <b>Q2FY24</b> | <b>Q3FY24</b> | <b>Q4FY24</b> | <b>(bps)</b> | <b>(bps)</b> | <b>FY23</b>  | <b>FY24</b>  | <b>(bps)</b> |
| Gross Margin               | 63.8          | 61.3          | 60.7          | 61.5          | 63.5          | -30          | 200          | 60.8         | 61.7         | 90           |
| EBITDAM                    | 31.5          | 33.8          | 30.0          | 33.4          | 29.7          | -190         | -370         | 31.9         | 31.8         | -20          |
| EBITM                      | 15.9          | 20.7          | 16.3          | 19.1          | 12.7          | -320         | -640         | 18.9         | 17.3         | -160         |
| PBTM                       | 12.2          | 18.3          | 13.6          | 16.0          | 9.5           | -280         | -650         | 16.4         | 14.4         | -190         |
| PATM                       | 9.4           | 13.8          | 10.6          | 11.6          | 7.2           | -220         | -440         | 12.5         | 10.9         | -160         |
| Effective Tax rate         | 23.3          | 24.5          | 22.2          | 27.5          | 24.2          | 90           | -330         | 23.8         | 24.8         | 100.0        |

Source: Company, Emkay Research; Note: \*Post-IndAS-116 EBITDA

## Exhibit 15: Peer Comparison

| Companies             | CMP<br>(Rs/sh) | Mcap<br>(Rs bn) | Reco       | Target<br>Price<br>(Rs/sh) | EPS (Rs)    |             |             | P/E (x)     |             |             | EV/EBITDA (x)* |             |             |
|-----------------------|----------------|-----------------|------------|----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|----------------|-------------|-------------|
|                       |                |                 |            |                            | FY24E       | FY25E       | FY26E       | FY24E       | FY25E       | FY26E       | FY24E          | FY25E       | FY26E       |
| Titan Company         | 3,534          | 3,137           | Buy        | 4,150                      | 39.4        | 49.7        | 63.5        | 89.7        | 71.1        | 55.7        | 59.6           | 47.0        | 37.9        |
| Page Industries       | 34,793         | 388             | Reduce     | 36,250                     | 527.9       | 609.4       | 725.5       | 65.9        | 57.1        | 48.0        | 42.1           | 36.9        | 31.4        |
| Jubilant FoodWorks    | 463            | 305             | Sell       | 420                        | 4.3         | 5.3         | 6.7         | 106.6       | 87.3        | 68.8        | 26.8           | 23.3        | 20.0        |
| Devyani International | 166            | 200             | Reduce     | 165                        | 0.7         | 1.5         | 2.3         | 250.0       | 109.1       | 71.3        | 31.3           | 24.1        | 18.8        |
| ABFRL                 | 254            | 258             | Reduce     | 230                        | -5.6        | -4.4        | -2.2        | NA          | NA          | NA          | 18.3           | 12.8        | 10.0        |
| Westlife Foodworld    | 843            | 131             | Buy        | 900                        | 4.4         | 4.9         | 10.0        | 189.9       | 172.3       | 84.5        | 34.9           | 31.1        | 23.2        |
| Sapphire Foods        | 1,414          | 90              | Buy        | 1,700                      | 8.7         | 19.2        | 28.6        | 162.4       | 73.8        | 49.4        | 18.8           | 14.5        | 11.4        |
| <b>Go Fashion</b>     | <b>1,046</b>   | <b>56</b>       | <b>Buy</b> | <b>1,300</b>               | <b>15.3</b> | <b>18.8</b> | <b>26.3</b> | <b>68.1</b> | <b>55.4</b> | <b>39.7</b> | <b>22.6</b>    | <b>19.2</b> | <b>14.9</b> |
| Ethos                 | 2,344          | 57              | Buy        | 2,950                      | 34.6        | 41.4        | 52.7        | 67.8        | 56.6        | 44.5        | 35.1           | 26.2        | 19.6        |
| Senco Gold            | 924            | 72              | Buy        | 1,100                      | 23.4        | 29.8        | 37.7        | 39.5        | 31.0        | 24.5        | 20.4           | 16.6        | 13.5        |
| Varun Beverages       | 1,507          | 1,958           | Add        | 1,500                      | 15.8        | 20.4        | 26.8        | 95.2        | 73.8        | 56.1        | 55.4           | 43.9        | 35.4        |
| Aditya Vision         | 3,493          | 45              | Buy        | 5,150                      | 66.6        | 93.2        | 133.7       | 52.4        | 37.5        | 26.1        | 27.8           | 20.9        | 15.6        |

Source: Company, Emkay Research; Note: \*Post-IndAS-116 EBITDA

## Exhibit 16: Changes in estimates

| (Rs mn)            | FY25E |       |            | FY26E  |        |            | FY27E  |
|--------------------|-------|-------|------------|--------|--------|------------|--------|
|                    | Old   | New   | Change (%) | Old    | New    | Change (%) | New    |
| Revenue            | 9,011 | 8,915 | -1.1       | 11,170 | 10,847 | -2.9       | 13,044 |
| EBITDA*            | 1,733 | 1,605 | -7.4       | 2,347  | 2,210  | -5.9       | 2,746  |
| EBITDA margin (%)* | 19.2  | 18.0  | -120 bps   | 21.0   | 20.4   | -60 bps    | 21.0   |
| Net profit         | 1,047 | 1,020 | -2.6       | 1,457  | 1,422  | -2.4       | 1,762  |
| EPS (Rs)           | 19.4  | 18.9  | -2.6       | 27.0   | 26.3   | -2.4       | 32.6   |

Source: Company, Emkay Research; Note: \*Pre-IndAS-116 EBITDA

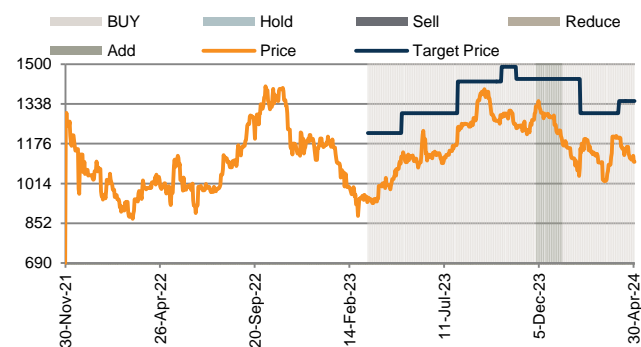


## RECOMMENDATION HISTORY - DETAILS

| Date      | Closing Price (INR) | TP (INR) | Rating | Analyst         |
|-----------|---------------------|----------|--------|-----------------|
| 07-Apr-24 | 1,200               | 1,350    | Buy    | Devanshu Bansal |
| 07-Feb-24 | 1,154               | 1,300    | Buy    | Devanshu Bansal |
| 10-Jan-24 | 1,188               | 1,440    | Buy    | Devanshu Bansal |
| 30-Nov-23 | 1,330               | 1,440    | Add    | Devanshu Bansal |
| 31-Oct-23 | 1,239               | 1,440    | Buy    | Devanshu Bansal |
| 08-Oct-23 | 1,293               | 1,490    | Buy    | Devanshu Bansal |
| 01-Aug-23 | 1,243               | 1,430    | Buy    | Devanshu Bansal |
| 10-Jul-23 | 1,106               | 1,300    | Buy    | Devanshu Bansal |
| 06-May-23 | 1,123               | 1,300    | Buy    | Devanshu Bansal |
| 09-Apr-23 | 1,015               | 1,220    | Buy    | Devanshu Bansal |
| 14-Mar-23 | 940                 | 1,220    | Buy    | Devanshu Bansal |

Source: Company, Emkay Research

## RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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|---------------|---|
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