

A woman with blonde hair, wearing a vibrant red, flowing dress, is captured in a dynamic pose. She is looking upwards and to the right, with her hands near her face. The dress is voluminous and billows out around her, creating a sense of movement. The background is a plain, bright white.

NO LIMITS!

**Gokaldas Exports Limited**  
Annual Report 2017-18

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### Forward-looking statement

This document contains statements about expected future events and financial and operating results of Gokaldas Exports limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of the annual report.



## No Limits!

At Gokaldas Exports Limited, No Limits! is not just a term; it is a mindset.

A mindset that indicates there are no limits to what we can imagine.

A mindset that underlines that when you blend passion with capability, the upside can be unlimited.

A mindset that emphasizes however challenging the circumstances, there is always a better way.

## The philosophy of ‘No Limits!’ has three implications.

**One,** outperformance of the Indian apparel sector.

**Two,** sustained and profitable growth at our company.

**Three,** increased year-on-year EBITDA margin.

# 8 things you need to know about Gokaldas Exports Limited



## 1 Values

### Our Vision

To be a globally reputed apparel manufacturer, evoking distinctive recognition for Product, Performance, Process and People.

### Our Mission

Achieve profitable growth through Innovation, Quality, Consistency and Commitment.



## 2 Functions

The Company executes orders ranging from the simple to the most complex. The Company's functions comprise laying, cutting, sewing, embroidery, quilting and printing.



## 6 People

The company employed ~23,000 workers (as on 31 March 2018) across 22 manufacturing units. The average age of the company was 33 years.



## 7 Listing

The company is listed on the Indian stock exchanges. Following the exit of Blackstone, Clear Wealth Consultancy Services LLP owned 39.94% of the equity (as on 31 March 2018) of the company.





## Background

The Company is a leading apparel exporter since 1979. It caters to customers across prominent international markets like US, Canada, Europe, Japan, Russia, Middle East, South Africa and South America. The Company's customers comprise leading global branded apparel players. The company addresses their growing needs across product categories. The company's products are exported to more than 50 countries.



## Our locations

The Company's operations are dispersed across 16 factories and six value-adding service units with an annual capacity to manufacture 30 million pieces of garments a year. The company's factories are spread across Tier 1 and Tier 2/3 cities. These factories are designed around lean and end-to-end processes.



## Strong in-house capabilities

The Company is competent in trend forecasting, fashion designing, product engineering and mass production. The Company has extended its services to a design studio, R&D sampling, in-house testing lab, laundry for denim and non-denim washes, embroidery, printing, poly-wadding and in-house quilting for outerwear.



## Products

The company is engaged in the manufacture of outerwear, sportswear casual and formal wear for women, men and children.





## Some of our prominent customers

### GAP

San Francisco, USA

Largest specialty retailer in the United States, with products being available in 90 countries through 3,300 company-operated stores, 400 franchise stores and e-commerce sites.

### ADIDAS

Herzogenaurach, Germany

Leader in athletic apparel and the largest sportswear manufacturer in Europe and the second largest in the world (Syracuse Housing).

### COLUMBIA

Portland, USA

Industry leader in outdoor apparel and products like jackets, pants, fleece, boots and shoes.

### ZARA

Arteixo, Spain

World's biggest fashion retailer and one of the most successful global fast fashion retail brands. The fashion retailer launches 12,000 new designs a year.

### H&M

Stockholm, Sweden

One of the world's leading fashion companies with a presence in more than 60 markets and online business in more than 35 countries.

#### OUR BIG NUMBERS

US\$ 165  
million

turnover, 2017-18

2.5  
million

peak monthly production  
capacity (garments)

50

countries exported to

22

production units

23,000

direct employees

13,000+

machines



Dear Shareholders,

**On behalf of the Board of Directors of Gokaldas Exports Limited, I am pleased to present the annual report of the company for the financial year 2017-18.**

It was a productive year despite headwinds and I am happy to see the dynamic leadership team of Gokaldas Exports working effectively to revitalize the company and make significant sustainable progress.

The company has re-positioned itself as a global player ensuring that its products include a diverse mix of apparels that caters to international as well as domestic markets. Operating revenues grew by 12% over the previous year despite a significant reduction in duty drawback by the Government from July 2017 and the impact of rupee of appreciation.

We continued to focus on customer service, agility in responding to fast-changing customer needs and improved operational performance. All this helped the company deliver better results. On behalf of the Board, I thank our valued customers for their continued support, confidence and partnership.

Shareholder value creation remains a priority for the Board and I thank our investors for their support for the strategic plans envisaged by the management of the company. While we continue to retain our strong market position, laying a foundation for sustainable and profitable growth will be our key focus.

To drive performance in this competitive and fast-changing market, the company needs the right leadership team. We inducted new members in the Board and strengthened the new management team with professionals possessing rich experience and diverse capabilities. I welcome our new Managing Director and CEO Sivaramakrishnan Ganapathi to the Board, who possesses extensive experience in business transformation and leadership.

The acquisition procedures effected last year between Blackstone FP

Capital Partners (Mauritius) VB Subsidiary Ltd and Clear Wealth Consultancy Services LLP (Acquirer) through the share purchase agreement, representing 39.94% of fully-paid equity shares, has been entirely completed. You will find the details in Board report under 'Open Offer' caption. Following the acquisition, Clear Wealth Consultancy Services LLP is a major shareholder of the company.

To enhance operational efficiency and facilitate business ease, the Company has applied for a merger of nine wholly owned subsidiary companies with the Company. The company has completed all the required process with the Hon'ble National Company Law Tribunal, obtained clearance from the secured creditors and shareholders of the company and awaits necessary approvals.

During the last quarter of the FY18, we started the work for equity-raising through qualified institutional placements (QIP) to fund infrastructure and technology upgrades of the company. The QIP process was completed in May 2018 and the company has successfully raised ₹69.4 Crore. I would like to express my gratitude to our new shareholders and those who have reposed trust and confidence in us.

I would like to acknowledge the expertise and counsel of the Board that enabled steady progress of Gokaldas Exports through the year. I also wish to thank our leadership team and employees, led by Managing Director Sivaramakrishnan Ganapathi for their passionate effort and involvement in the growth of the company.

**Mr. Richard B Saldanha**  
Chairman & Non-executive  
Independent Director





**Mr. Richard B Saldanha**  
*Chairman & Non-executive  
Independent Director*



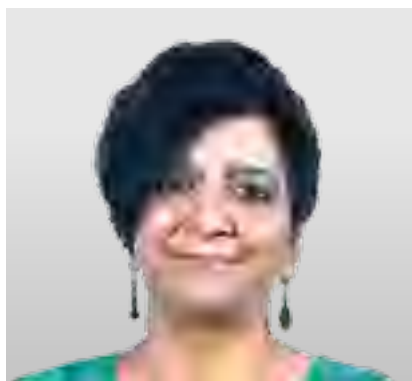
**Mr. Sivaramakrishnan Ganapathi**  
*Managing Director*



**Mr. Mathew Cyriac**  
*Non-Executive Director*



**Mr. Palaniappan Chidambaram**  
*Non-Executive Director*



**Ms. Anuradha Sharma**  
*Non-Executive & Independent Director*



**Mr. Arun K Thiagarajan**  
*Non-Executive & Independent Director*



**Mr. JitendraKumar H Mehta**  
*Non-Executive & Independent Director*



We, at Gokaldas Exports, are in the process of reinventing the Company with a clear philosophy of 'No Limits!' This stems from a conviction that the Company is on a path of sustainable growth.

I am pleased to communicate to you that we have begun a turn-around of your company and have been putting the basic ingredients in place, which will lead to long-term sustainable growth in revenues and profitability. A number of realities underline the No Limits! philosophy.

Even as India accounts for 25% of the global market of cotton and cotton yarn, the country accounts for only 4.5% per cent of the global market for apparel. This indicates that the country's raw material advantage is

progressively squandered as it climbs the value chain from yarn and fabric to apparels, reflected in extensive sectoral fragmentation. There are only a few apparel export companies enjoying revenues in excess of ₹1000 crore, with the largest accounting for no more than 5% of the country's apparel export.

There are a number of reasons behind the extensive fragmentation of India's apparel sector. The sector is marked by low entry barriers, as capital required for business entry

is low with technology and skills freely available. Taking advantage of this, a number of unorganized players mushroomed in the country. The sector grew horizontally more than it grew vertically. Besides, smaller countries like Bangladesh, Sri Lanka and Vietnam enjoyed attractive tariff concessions for their exports to certain developed countries, making it possible for them to grow faster.

Indian manufacturers are facing a rising stress on factor costs, additional pressure