

# Future Ready



# 22/23

ANNUAL REPORT FY 22 - 23

#### Forward-looking statements

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make, contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



# Future Ready

At Gokaldas Exports, we are not just focused on delivering exceptional products and services to our clients, but also focused on building a sustainable future for our business and stakeholders. With a team of experts who are always seeking out new and innovative ways to improve their processes and products, we believe we are ready to lead the industry into the future.

Operational excellence and customer-centricity continue to be the cornerstones of our success. Further, our commitment to sustainable and responsible business practices, such as superior environmental and social and labour compliance certifications across all units, is a testament to our focus on the long term. Complementing this is world-class manufacturing facilities and integrated ancillary units designed to be agile and adaptable to changing market demands, ensuring that we are always ready to meet the challenges of tomorrow.

Our future-ready approach is a reflection of our commitment to excellence, innovation and sustainability, and our dedication to delivering exceptional products and services that meet the needs of our clients today and well into the future.

# Contents

Overview

02

About the Company

04

Our size and scale

05

Services

06

Manufacturing strengths

08

Presence

10

Superior customer service

12

Letter from the Chairman

14

From the Vice Chairman and MD's desk

16

Key performance indicators

18

Value creation model

20

People

22

Community and environment initiatives

28

Ready for the future

30

Management Discussion and Analysis

Statutory Report

42

Corporate Information

43

Boards' Report

65

Corporate Governance Report

84

Business Responsibility and Sustainability Report (BRSR)

Financial Statements

112

Standalone Financial Statements

184

Consolidated Financial Statements

Notice

252

Notice



Further information visit here:  
[gokaldasexports.com](https://gokaldasexports.com)



Total Income

(₹ in crore)

₹2,247.2 cr



EBITDA

(₹ in crore)

₹295.8 cr



Net profit

(₹ in crore)

₹173 cr



Working capital

(In days)

61 days





About the Company



Where fashion  
meets  
*excellence*

Gokaldas Exports Limited is a premier apparel manufacturer, offering a broad range of apparel products, including outerwear, activewear and fashion wear for all seasons. Our journey began in 1979, and today, we have won the trust of some of the world’s most recognised brands, emerging as a one-stop solution for them. With over 40 years of experience in the industry, Gokaldas Exports has emerged as a name synonymous with quality and innovation.

-  **World-class manufacturing facilities**
-  **Integrated ancillary units**
-  **Value-added services such as laundry, embroidery and printing, among others**
-  **Superior environmental and social/labour compliance**
-  **Unwavering commitment to excellence, innovation and customer satisfaction**
-  **Strong focus on sustainability across operations**

These characteristics have enabled us to evolve into one of the largest organised apparel manufacturers in India.

 To be a leading manufacturer that is sought-after by top global apparel brands for its product capability, quality and consistency, with a strong commitment to sustainability, while delivering profitable year-on-year growth.

Ambition





Our size and scale

# A testimony to our efforts

Owing to our product capability, quality and consistency, our apparel is sought after by top global brands. Our goal is to become a lean and efficient operational entity that delivers superior customer engagement. We are confident in our ability to capitalise on market opportunities and take appropriate steps to manage and grow our business.

4+ decades  
Of manufacturing experience

20+  
State-of-the-art, full integrated manufacturing facilities

Strong  
Commitment to sustainability

26,000+  
Skilled professionals

75%  
Women in our workforce

50+  
Catered to brands in countries

15,000+  
Advanced machines

₹2,247 cr  
Annual turnover

36 mn  
Pieces annual apparel manufacturing capacity

Five  
Value-added service units

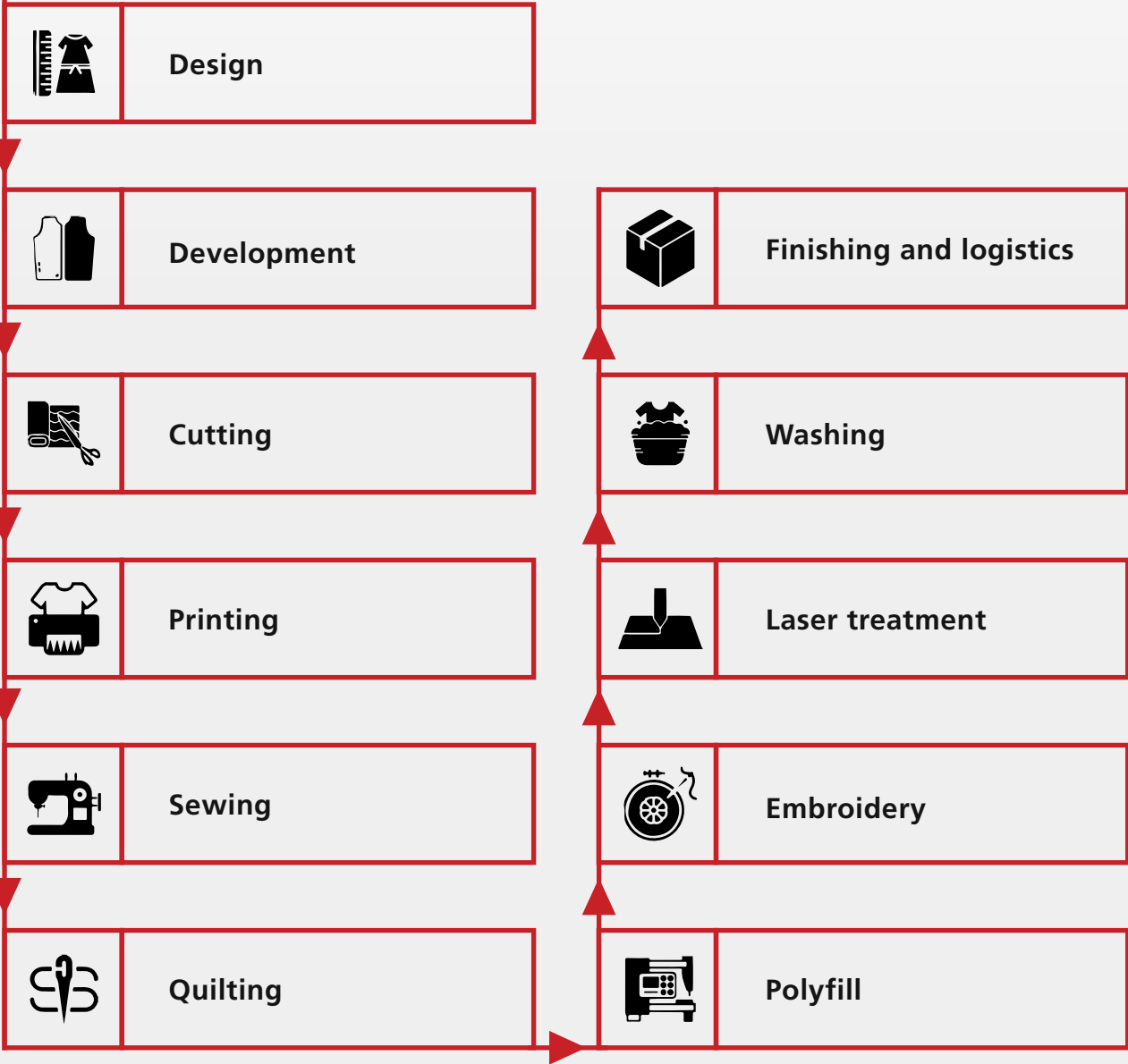
One  
New own manufacturing unit commissioned



Services

# Solutions that amplify fashion

Our bespoke services cater to every fashion aficionado’s desire. At the heart of our offerings lies a passionate commitment to delivering premium quality products and personalised experiences that leave an indelible impression on our clients. By seamlessly blending traditional craftsmanship with contemporary style, we offer customised solutions that cater to the myriad needs of our clients.



Manufacturing strengths



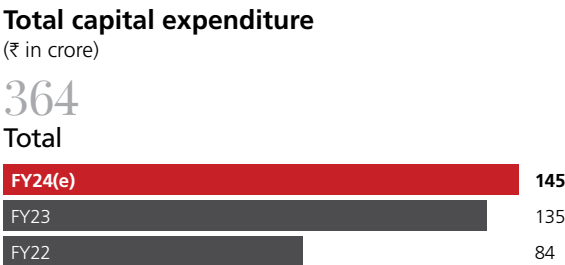
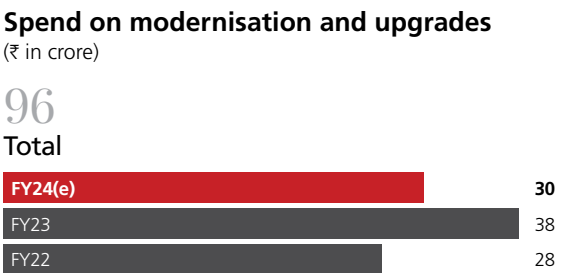
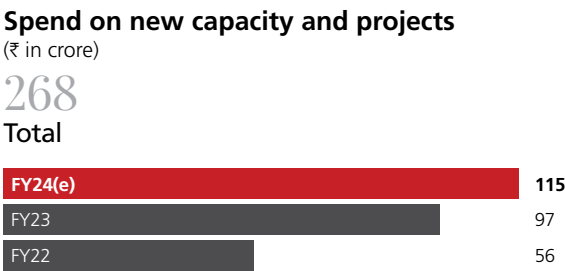
Integrated facilities that offer *excellence*

Our state-of-the-art factories are equipped with the latest technology and equipment, and staffed by a team of skilled professionals who are committed to delivering nothing but the best. Our factories are designed to facilitate efficient production while maintaining the highest standards of quality, ensuring that every product that leaves our premises is nothing short of perfect.

By nurturing a culture of innovation and fostering an enabling environment, we deliver exceptional quality products to some of the most esteemed global brands.

**Capex plans**  
We have dedicated significant resources to enhancing our internal processes, systems, and manufacturing capabilities. The setting up of new units and the implementation of world-class equipment reflect our commitment to a stronger and more sustainable future. We continue to invest in machinery upgradation and modernization and intend to exercise judicious control over our capex spending taking into consideration the market conditions.

₹135 cr  
Capital expenditure in FY2023



What sets us apart

- Efficient and robust product development capability
- In-house testing lab accredited by our leading customers
- State-of-the-art design studio with 3D design capabilities
- Integrated embroidery set-up
- Pneumatic fibre filler for making puffer jackets
- Polyfill manufacturing using the latest technology
- Quilting with a capacity to quilt over 10,000 meters/day
- Executing innovative wash on denims and non-denims
  - Combined capacity of producing 1,50,000 pieces/day, including garment dyeing and all kinds of dry processes
  - Modern ETP with a capacity to treat 0.7 million litres/day
  - Zero liquid discharge plant for washing
- Modern printing set-up with world-class automatic machines
  - Capacity to produce 54 million impressions/annum
  - Capability to print multiple options on all types of fabric qualities

Presence

# Expanding our fashion footprint

We distinguish ourselves through our prominent worldwide outreach, established international customer base and unwavering dedication to excellence. Our supply extends to all continents, but our primary stronghold lies in North America. Moving forward, we aspire to maintain this momentum and reinforce our influence in Europe and other regions.



North America

Most valued geography



Europe

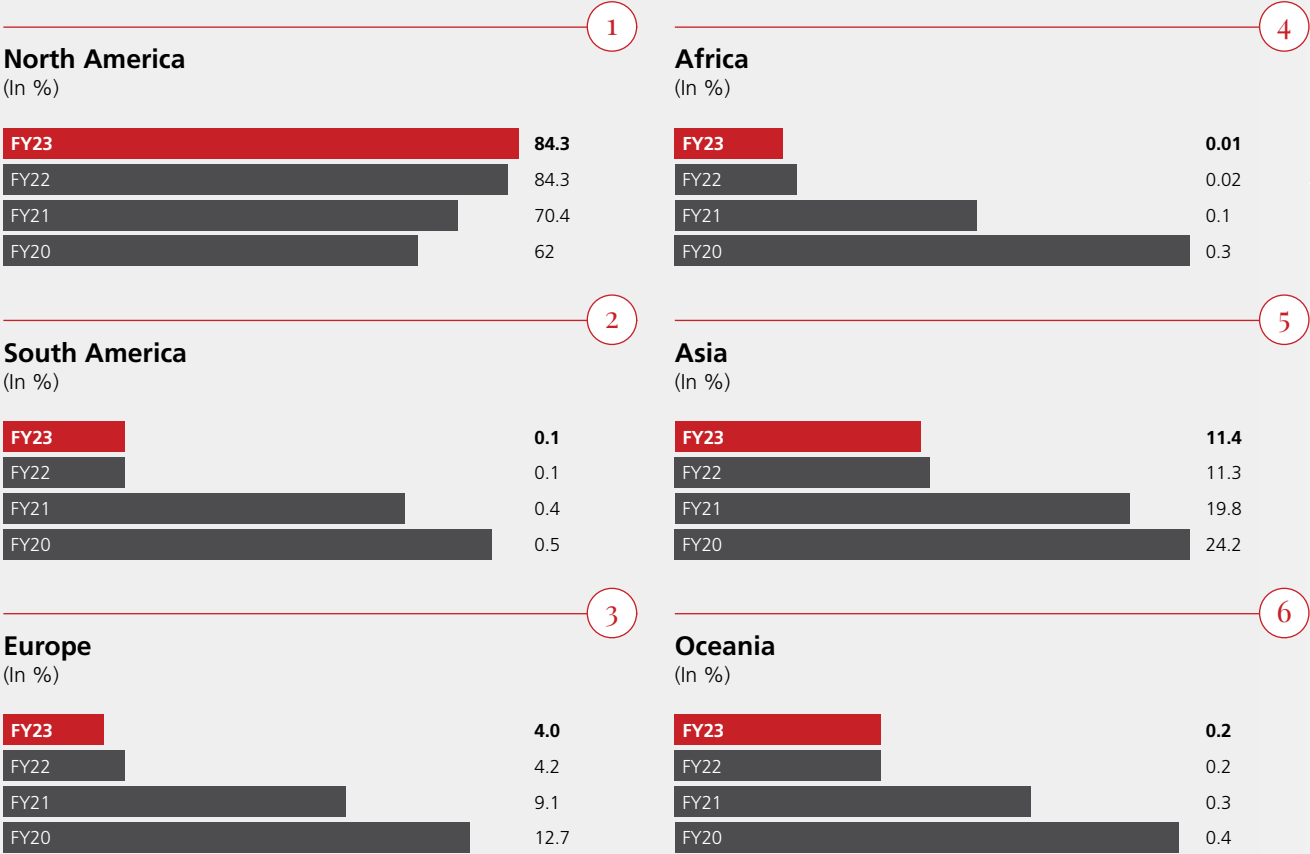
Geography with a strong prospect, especially with FTAs expected in the near future



Asia

Upcoming and high-potential geography

## GEOGRAPHY-WISE REVENUE CONTRIBUTION



Map not to scale, only for illustrative purpose



Superior customer service



Catering to  
esteemed global  
*brands*

Our passion to provide the best to our clients has made us one of the most trusted and leading apparel suppliers to international brands. With our superior quality, on-time delivery and excellent customer service, we continue to nurture these relationships.

INDICATORS OF OUR EXCELLENT CUSTOMER SERVICE

Revenue contribution from customers in the last 5 years

We have actively expanded our customer base over the past five years, and their share of revenue has steadily increased. As we add more brands and geographies to our client list, we continue to focus on providing superior customer service to all of our existing customers. With better capacity distribution and utilisation, we ensure that we ship products on time and meet customer satisfaction year-round.

Revenue contribution  
(In %)

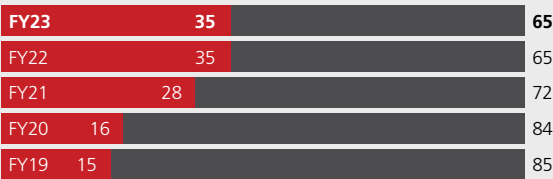


Revenue contribution from value-added products

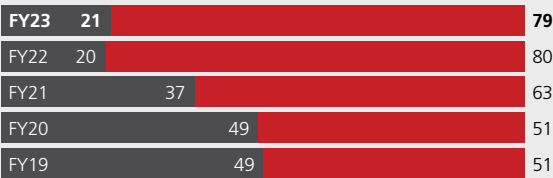
Our value-added products allow us to offer a more customised and differentiated product offering to our customers. The products are also in high demand by international brands, which helps boost our export sales.

CUSTOMER COUNT VERSUS SALES VALUE

Customer count  
(In %)



Sales value  
(In %)



High value with a relatively high margin      High volume with a relative low margin



Letter from the Chairman



Ready for  
a sustainable  
*future*

Dear Shareholders,

FY2023 was yet another year that brought Gokaldas Exports' resilience to the fore. Amidst the volatile operating environment, your Company stood strong with year-on-year revenue growth of 25% and net profit growth of 48%. Though the Company saw muted volume in second half of the year due to prevailing market conditions, our execution excellence led to consistent growth in operating margins and improved quarterly profits.

Our ability to effectively balance capacity with orders and focus on customer relationships contributed to a healthy financial base, high return on capital employed (ROCE) and a prudent approach to mitigating risks. This would not have been possible without the sincere efforts of our people, and I am immensely grateful to them.

22/  
23

The Company's unwavering commitment to adaptability amidst challenging times is exemplified by its remarkable workforce and its ability to seize opportunities. Our workforce, 75% of whom are women, is our pride and we leave no stone unturned in ensuring their safety, well-being, training and development. Additionally, we remain committed to improving the lives of community members and promoting sustainability.

Our efforts included equipping government schools with relevant technology to aid education and improving access to clean drinking water in schools. We are also focused on rainwater harvesting and replacing oil and fossil fuels with organic biomass. We will continue to prioritise the well-being of our personnel and the betterment of the community while driving sustainable practices.

In conclusion, I would like to assure our esteemed shareholders and investors that Gokaldas Exports remains steadfast in its commitment to delivering long-term returns. We continue to closely monitor potential macroeconomic risks and take measures to mitigate them by focusing on strengthening customer relationships and service excellence. We are focused on leveraging our operational excellence, strategic initiatives and market opportunities to generate sustainable growth and value for our stakeholders.

As we look ahead, we are confident in the strength of our business model, the talent of our team and our ability to adapt to and capitalise on emerging trends. We will continue to prioritise innovation, customer satisfaction and responsible business practices to ensure our long-term success.

Best wishes,  
**Mathew Cyriac**  
Chairman and Non-executive Director

48%  
Growth in profit after tax  
year on year



From the Vice Chairman and Managing Director's desk



Leveraging  
today's

*strengths*

#### Dear Shareholders,

I am delighted to present to you Gokaldas Exports' Annual Report 2022-23. It has been another wonderful year for us – one that had its fair share of challenges and one that tested our resilience. Despite the macroeconomic uncertainties, your Company managed to deliver outstanding results leveraging its long-standing competitive advantages of customer-centricity and robust manufacturing capability.

#### Robust performance in a volatile environment

In 2022, global markets faced volatility as central banks tackled high inflation with elevated interest rates. Excess inventory resulted from a post-COVID demand surge and ensuing supply chain bottlenecks, causing brands to order more than necessary. Although inflation remained high, volume growth was modest. Over time, the supply chain improved, leading to brands being stuck with excess inventory. Indian apparel exports grew by 1% in FY2023 as a consequence.

Amidst these conditions, Gokaldas Exports displayed resilience by achieving strong revenue and profit growth at the start of the year. Our robust order book and efficient capacity utilisation contributed to this success. However, market conditions led to reduced volumes in the latter half, as major customers liquidated excess inventory and faced a sluggish retail market. Despite these challenges, we effectively managed operations, consistently expanding operating margins and delivering superior quarterly net profit. This resulted in an impressive 25% revenue growth and 48% net profit growth year-on-year.

Our operating performance was exceptional, with a 116 basis point increase in EBITDA margin over the previous year, even after accounting for ₹23 crore in ESOP charges starting this financial year. We generated ~₹296 crore in cash from operations, securing a strong financial base. Currently, we maintain a net cash position of ₹333 crore, having reduced debt through efforts to unlock working capital. Our high ROCE of 27% reflects consistent profitability. We remain alert to potential macroeconomic risks, addressing them through appropriate measures while deriving strength from our deep customer relationships and service excellence.

#### Building capacities

During the year, we spent ₹38 crore on modernisation and upgrades, and ₹97 crore on new capacity and projects. We continue to exercise judicious control over capex spending taking into consideration the market conditions. We inaugurated Phase 1 of our Madhya Pradesh facility, introducing a 1,00,000 sq. ft production area to accommodate 2,000 employees. We started commercial production at the facility in June 2023. We are also setting up a manufacturing unit in Tamil Nadu, which is expected to start production in the second half of FY2024 and contribute materially to our FY2025 revenues.

#### Women at the core of our workforce

At Gokaldas Exports, women are at the heart of our workforce. Almost 75% of our workforce is women –we value their significant contributions and believe in their immense potential. Women hold key positions across various roles and levels, enriching our organisation with their diverse perspectives and driving innovation.

We are committed to empowering women and fostering their professional growth. Through equal opportunities, mentorship programmes and training initiatives, we ensure that women have the chance to take on challenging assignments, develop new skills and advance their careers. We also prioritise work-life balance by providing flexible working arrangements and comprehensive support systems. In this regard, we have equipped our facilities with amenities such as a creche, dispensary, ambulance and canteen.

Creating a safe and inclusive workplace is a top priority. We have zero tolerance for gender bias and actively promote a culture free from discrimination and harassment. We believe that by placing women at the core of our workforce, we enhance our business performance.

#### Running a responsible business

We firmly believe that sustainability is the core of our operations and the most critical determinant of our success. We acknowledge that we are part of an industry that has been a major contributor to climate change, resource intensification and biodiversity loss. We also recognise this challenge as an opportunity to drive impactful initiatives that transform the industry and create a positive wave of change. We have been progressively reducing our environmental footprint and enhancing our social imprint. We are confident that our sustainability efforts will make a real difference and act as a catalyst towards fostering a more sustainable and conscious future for generations to come.

We are also committed to upholding corporate social responsibility (CSR) principles with a focus on education, health, environment and community development. Our dedicated initiatives have made a meaningful impact on the lives of nearly 10,000 students across 18 schools situated in 6 districts spanning two states.

We will continue our endeavours to catalyse economic empowerment, create equitable employment opportunities and generate societal shared values among the most marginalised and vulnerable segments of society. We take responsibility for our actions and are accountable to our stakeholders. Our robust internal governance mechanisms and human resource capabilities will ensure that we stay ahead of the sustainability curve.

#### Towards a future full of opportunities

As we march into FY2024, I am confident of the long-term prospects for the industry and, in turn, your Company. With global sourcing shifting away from China and supplier consolidation towards efficient and well-capitalised players, the Indian apparel industry is poised for strong growth. At Gokaldas Exports, we are ready to make the most of the upcoming opportunities by gaining market share and preparing ourselves for business growth when market conditions turn more favourable.

As I conclude, I would like to extend my heartfelt thanks to our people for their unwavering commitment and to our investors and shareholders for their continued trust in us. Together, we are ready to transform the apparel industry and pave the way for a fashionable, sustainable and profitable future for all.

Sincerely,

**Sivaramakrishnan Ganapathi**  
Vice Chairman and Managing Director