Performance Review

The largest Indian Apparel Exporter, GOKALDAS EXPORTS LTD., (GEL) closed the financial year with an impressive set of numbers.

In the financial year GEL's consolidated revenue grew from Rs. 720 Crores in FY 2005 to Rs. 888 Crores in FY 2006. The company has registered a 23.33% growth and the net profit rose from Rs. 39.58 crores to Rs. 60.88 crores, indicating an increase of 54%.

The quarter-on-quarter comparison between 2005 and 2006 is not available because at that time the company was not listed. However, the consolidated annual sales of FY 2005 was Rs. 720 crores. The sales of Q4 stands at Rs.230 Crores with the net profit at Rs.15.03 Crores.

These impressive figures were achieved by continuous ramping up across productivity, coupled with robust growth of 23.33 %.

The operating margin stood at 11.14% and the PBDIT stood at 9.98%. The annual PBT is Rs. 67.94 Crores and the PAT at 60.88 Crores.

There is a jump of 120% in the Capex this year. The Capex for FY 06 is Rs.86 Crores whereas the Capex for FY 05 was Rs. 39 Crores. The depreciation also has been higher to the tune of 56%. The depreciation for FY 06 is Rs. 18.07 Crores and the same for last year was Rs. 11.57 Crores. The difference is Rs. 6.50 Crores. As a consequence of this high Capex, deferred tax liability has also increased. For FY 06 Rs. 3.33 Crores has been provided towards deferred tax liability and FY 05 it stood at Rs.2.68 Crores.

The provision for current taxation, including fringe benefit tax and deferred tax is Rs. 7.06 crores, whereas the same figure last year was Rs.4.11 crores which is an increase of 72%. Added to this high increase in Capex, the Rupee volatility also did impact the margin to a certain extent. However, in spite of these adverse factors, the company has performed well, indicating a handsome growth in sales as well as net profit.

Performance Highlights:

(Rs. in Crores)

Particulars	Quarter 4 2005-06	Current Year 2005-06	Previous year 2004-05
Turnover	230.77	861.96	709.24
Other Operating Income	8.21	22.53	9.81
TOTAL	**238.98**	**884.49**	**719.05**
Operating Margin	27.59	95.99	66.63
Operating Margin (%)	11.95	11.14	9.40
Profit Before Tax	20.41	67.94	43.70
Profit Before Tax (%)	8.85	7.88	6.16
Profit After Tax	15.04	60.88	39.58
Profit After Tax (%)	6.52	7.06	5.58
Earning Per Share (Rs.)		35.76	29.01
Return on Investment (%)	-	24.30	23.81
Return on Capital Employed (%)		21.56	16.68

The Board has recommended a dividend of Rs.3/- per share of Rs.10, viz., 30%. Dividend paid for last year was Rs.2/- per share. i.e. 20%.

More than 80% of our revenues are generated from the export of outerwear and bottoms. Both these items have remained the key components to revenue generation for the company.

Outerwear include both sportswear and winterwear and bottoms include casual pants, chinois, linen trousers, denim jeans and the like.

The new state-of-the-art laundry facility at Bangalore will be commissioned by end May, '06. This will give a big impetus to the sale of washed bottoms and special washed outerwear. Washed garments presently have a big demand from the western countries.

Our knit wear unit at Bangalore was commissioned this year and is well on track with a good productivity and steady flow of orders.

The expansion programme at Chennai, Hyderabad, Mysore and Bangalore is under progress.

The Chennai SEZ factory is under construction, and will be commissioned in this financial year.

The 9 acres of land at Hyderabad has been acquired in a centrally located industrial area at a cost of Rs. 2.5 Crores and will have a built-up area of approx. 1 Lakh sq.ft.

The Mysore plant will have a built-up area of 75,000 sq. ft.

India is getting recognized as the main apparel source after China. The market indications are quite positive and very much in favour of India being recognized as a manufacturing hub for different kinds of textiles and apparels, especially in the value-added segment.

Gokaldas Exports has added new important clients in the past year and the growth rate seems optimistic.