

gokaldas exports ltd.

PERFORMANCE REVIEW

Gokaldas Exports Limited crosses the milestone of 1000 Crores in apparel sales !.

This is the first time ever any Indian apparel company has achieved this figure of Rs.1000 Crores. Following are the highlights of the annual results and also the results of the 4th Quarter 2006-07.

The nett profit of Q4 of 06-07 surged by 20.69%. The nett profit of Rs. 18.15 Crores has been achieved as against Rs. 15.04 Crores of Q4 of last year. In spite of the prevailing adverse conditions, the company has had an impressive performance. Following are the highlights.

Annual growth in top line is 16% and the PAT also has maintained a 15.44% increase, from Rs. 60.88 Crores to Rs. 70.28 Crores. The EBIDTA margin stands at 12.49% as against 11.64% last year, showing an increase of 7.3%.

The nett profit increase, both for the Quarter and for fiscal 2006-07 can be attributed equally to higher realisation and greater cost reduction efforts.

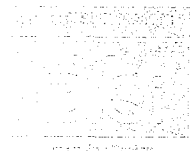
This year has been the highest capex year wherein Rs.100 Crores of capex has been added. Three new factories were commissioned in Bangalore in Q4 while in the fiscal 06-07, a total of 5 factories were added including a new washing facility. Besides, 2 existing factories were expanded and their capacity was increased by 30% each.. The headcount has consequently increased from 43,000 to 54,000, thereby adding a workforce of 11,000.

An annual capacity of 30 million garments has thus been created. This figure of 30 million garments consists of outerwear, bottoms, shirts, activewear, knitwear, etc. For the present year (07-08) two new factories, one at Tumkur and the other at Mysore city have already been commissioned. A third factory at Hyderabad is under construction and would be ready in a few months.

The order book of the present quarter, Q1 of 07-08, is about Rs.250 Crores and the orders for Q2 are being negotiated and finalised.



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The strong Indian Rupee and competition from the neighbouring countries are the negative factors for the year 2007-08. However, our strength of design, value addition and past performance would enable us to maintain a 15% growth.

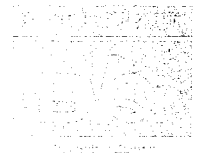
The impact of the appreciating Indian Rupee is being countered by our company's sizable imports (Rs.350 Crores for the whole year) and also by maintaining 10% of our contracts in Euro currency. The balance exposure is being taken care of by covering a good portion of the US Dollar in the forward market suitably. With this kind of Forex Risk Management, the company has been able to reduce the onslaught of the strengthening of the Rupee.

A U.S. slow down is being spoken of in the media, but so far no impact of this has been felt by the company.

The domestic market growth is quite promising and a few well-known domestic players have been added to our list of buyers. We expect a good growth in the domestic market, and with the entry of the bigger retail players, we expect a larger growth and activity in the Indian retail scene.



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1. FIRST EVER APPAREL COMPANY TO CROSS 1000 CRORES IN EXPORTS !
2. Q-4 NET UP 20.69% ON SALES OF RS. 262 CRORES.
3. PAT FOR WHOLE YEAR RS. 70.28 CRORES, i.e., 7.03% of TOP LINE.
4. EBIDTA FOR 06-07 12.49 %.
5. EPS 20.45.
6. ANNUAL TOPLINE GROWTH 16 % AND PAT ALSO MAINTAINED AT 15.44%.
7. CAPEX FOR YEAR 06-07 - RS 100 CRORES.
8. FIVE NEW PLANTS COMMISSIONED IN FISCAL YEAR 2006-07.
9. DIVIDEND OF 40% PROPOSED.



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