

Gokaldas Exports Limited



Performance Review on Q2 Results:

We have achieved a sales of Rs.242 Crores in Q-2 as against Rs.175 Crores of Q-1. The H-1 (2005-06) sales figure is Rs.417 Crores. This is a 13% increase on sales when compared with the H-1 of 2004-05. The PAT of H1 05-06 is 30.13 Crores which is 21.97% higher than H1 of 04-05.

The Quarter on Quarter comparison is not available since this is the first year after listing and Q-2 figures of 2004-05 were not computed and hence are not available for comparison.

As indicated earlier, apparel export business is a season oriented business. At the end of Q-2, we have completed the shipments for autumn and winter seasons.

The H1 exports sales constitute Rs. 412 Crores and domestic sales constitute Rs. 5 Crores. Our Sales to U.S.A has been approx. 70% and to the E.U. 25% and to other countries 5%.

The net profit of Q-2 achieved is Rs.18.50 Crores, which works out to 7.64% of the sales of Rs.242 Crores.

The table below indicates the growth comparison.

GROWTH COMPARISON					
(Rupees in Crores)					
Particulars	2005-06		2005-06		2004-05
	Q1	Q2	H1		H1
Sales	174.66	242.18	416.84		368.94
PAT	11.63	18.50	30.13		24.70
PAT % on Sales	6.66	7.64	7.23		6.69
PBIDT		26.47	44.36		38.33
Operating Margin (OPM) %		--	10.64		10.39
PAT Growth					
H1 of 2005-06 over H1 of 2004-05 %	--	--	21.97		--
Sales Growth					
H1 of 2005-06 over	--	--	12.98		--

H1 of 2004-05 %						
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On comparing H1 of 04-05 and H1 of 05-06, the revenue increase is 15.09% i.e., increased from Rs.371 Crores to Rs. Rs.427 Crores, and the net profit increase is 21.97%, i.e., Rs.30.13 Crores.

With a weak Rupee and good demand from our customers we look forward to a good Second Half-Year of 05-06. Orders on hand for delivery upto December, 2005 are approx. 250 Crores and we do see a healthy order book for January-March, 2006.

We believe we are in line with our earlier targetted growth of 15% to 20%. The new facilities which were commissioned during May/June/July, '05, have started production and have stabilized at a good capacity utilization level.

Our employee strength from 1st April, 2005, has increased by 3814, taking the total strength to 37,756.

We expect the pricing pressure to continue though the pricing environment seems favourable. With a weaker Rupee and the new factories achieving optimum productivity, we expect favourable performance in the next 2 Quarters.

China has been reimposed with restrictions both from E.U. and the U.S.A. and we strongly feel that India is at the brink of a big opportunity. A stable pricing environment is expected in the near future.

Growth:

- a) The construction work at the Madras SEZ Unit has already started.
- b) A new state-of-the-art laundry facility is being set up in Bangalore to take care of the washing requirements of the various products like trousers and denim jeans. The building of 70,000 sq. ft. is under construction and we hope to start activity by April, 2006.
- c) Our Jeans plant at Doddaballapur has started well and we are into adding 90,000 sq. ft. of space to bring it to a production level of 1,00,000 units per month.
- d) Our Yelahanka Unit (Venkateswara Clothing Company) is also being expanded and a space of 1,20,000 sq.ft. is being built. This additional facility will also manufacture jeans and trousers.

Our capacity today stands at approx. 2 Million garments per month.