

PERFORMANCE REVIEW FOR (Q2) 2006-07

For the Second Quarter (Q2), Gokaldas Exports Ltd. achieved a total revenue of Rs.276.52 crores when compared to Rs.242 crores of the same quarter(Q2) last year. The increase in revenue is about 14.5%. The PBT has been 21.76 crores as against 18.98 crores of last year and PAT stands at 20.79 crores as against 18.49 crores of last year. The increase in net profit is 12.4%. The EBIDTA margin stands at 12% as against 11.15% of last year (Q ON Q). On a sequential basis comparison, the revenue of Q2 is higher by 28% and net profit is higher by 53%.

Due to the high Capital Expenditure this year, the higher depreciation has also had a impact on the PAT.

This fiscal year of 2006-07 has been a year for new units and expansion of existing units.

1. New Laundry facility

- Commissioned in June 2006 and is now running to the rated capacity.

2. New Knitwear Unit

- started during May 2006 and is now running to the rated capacity

3. Doddaballapur Unit

Our Doddaballapur Unit which is manufacturing bottoms and Jeans has been expanded and factory is working to its full capacity. The strength of workers has increased to 1,700. A new laundry unit has been established in the same facility to make the unit self-sufficient.

- ### **4. New SEZ Unit at Chennai commenced on 2nd October 2006.**
- Pooja of new Building at the MEPZ (Madras Exports Processing Zone) was performed and trial runs in this facility have already started and about 400 workers have been enrolled. This unit will be fully operational by January 2007.

5. New Factory at Bangalore for Structured Suits

Building of 1,50,000 sq.ft. is ready and shall be started by January 2007. Machinery is presently being erected and the unit will be functional by January 2007.

6. Expansion of Existing Units

- Two new buildings, one of 2,00,000 sq.ft (at Yeshwanthpur) and another of 1,45,000 sq.ft (at Yelahanka) have been constructed and are ready and two of our existing units would be shifted to these new premises. Besides existing machinery an additional 30% capacity would be installed in both the units. These new units would be operational by November/December 2006.

7. New Unit at Mysore

- The construction of the building is under progress and we hope to complete and start the factory by April 2007.

8. Hyderabad Unit

- Construction of this unit is to start in December 2006.

The Capital Expenditure so far as 2006-07 is concerned is 41 crores and by end of 2006-07 total capex would be 60 to 65 crores.

The apparel export “business model” seems to be changing. Earlier Q2-Q4 were high sales quarters’, whereas Q3 also now seems to be catching up with higher numbers. We have a full order book upto December 2006 of 260 crores and capacity booking for Q4 also seems to be very aggressive and same is very encouraging. The Company saw a high growth in employees this year and present headcount has risen to 46,500.

The Indian apparel scenario seems to be quite positive. India has become the favoured destination of almost all foreign buyers, both big and small. Many of them are shopping around for capacities. India's apparel export growth rate for the year 2006 has exceeded that of China's and India expects to maintain 20% growth for the 2006 when compared to 2005. Besides, the Indian domestic retail business is also looking very promising. With players like Reliance, Bharathi, Tatas (West side), Aditya Birla Group, announcing their entry into Retail, organized garment manufacturers seem to be in for bigger business.