

 gokaldas exports ltd.  .com



2nd
annual report 2004-2005

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Registered Office

No.70, Mission Road, Bangalore-560027, India.

Company Secretary

Shri L Nandalal

Statutory Auditors

M/s RSM &Co.

Chartered Accountants

"Ambit RSM House", 449, Senapati Bapat Marg
Lower Parel, Mumbai-400013.

M/s Girish Murthy & Kumar

Chartered Accountants

4502, High Point IV, 45, Palace Road
Bangalore - 560001

Bankers

Canara Bank

"Avenue Plaza", Avenue Road Branch
Bangalore-560002.

The Founder



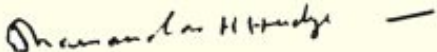
The Late Shri
Jhamandas H. Hinduja

It was his vision that gave birth to this remarkable company. His far sighted vision and ability to plan, execute and manage resulted in the phenomenal growth of Gokaldas Exports. He possessed the all-round expertise in business administration, banking, finance, trade and commerce, providing a strong foundation for the generations to come.

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...His Vision

To set a precedent in the global garment manufacturing industry through continuous innovation, exceptional products, focused services and enhanced customer satisfaction.



(Jhamandas H. Hinduja)

Mission



Report



Junction.com

Deliver on-time, every time, anywhere in the world.

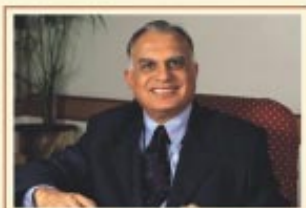
Keep a sharp eye on product quality and put in all efforts to raise the bar....constantly.

Comply flawlessly with all statutory regulations required by our customers in any country.

Augment and maintain a logistics infrastructure that adheres to the highest levels of efficiency that seamlessly blends with our customers' own supply chain.

Ensure escalating productivity standards at the lowest operating cost, thus offering our customers a product of the highest quality at the most competitive price.

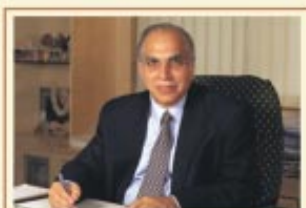
Board of Directors



Shri Madanlal J Hinduja
Chairman & Managing Director

Shri Madanlal J Hinduja is a commerce graduate from Bangalore University and founder promoter of the Company. He is one of the pioneers in the Indian Apparel export industry. He was awarded the life time achievement Pioneer award by the Confederation of Indian Apparel Exporters (CIAe).

He provides strategic direction in creating, designing and developing new fabrics. He also oversees the functions of sourcing of fabric.



Shri Rajendra J Hinduja
Executive Director Finance & Administration

Shri Rajendra J Hinduja holds a bachelor degree in Engineering from Bangalore University and founder promoter of the Company. He is on the Board of Apparel Export Promotion Council (APEC) and Aviation Travels Private Limited. He has served as Executive Committee Member of Export Promotion Council of EOUs and SEZs since 2003 and also was on various committees formed by the Ministry of Textiles, Government of India and Government of Karnataka. He is the brain behind critical functions like shipping, customs clearance, documentation, finance, legal and imports. He is also responsible for new projects and initiatives of the Company.



Shri Dinesh J Hinduja
Executive Director Production & Marketing

Shri Dinesh J Hinduja is the recipient of Award for Excellence from Association of Young India in 1994 and holds a bachelor degree in Science from Bangalore University. With his speedy decision making, he controls the Company's manufacturing units that employ over 35,000 workers and produce more than 1.5 million garments of various styles per month. He was on the state level management committee of National Institute of Fashion Technology (NIFT) and on the advisory Board of the World Fashion Exchange Inc. USA.



Shri Pradip P Shah
Director

Shri Pradip P Shah holds an MBA from Harvard Business School having secured Bachelor degree from Sydenham College, Bombay, apart from being a Cost Accountant and Chartered Accountant.

He is a Director of Asset Reconstruction Company (India) Limited, BASF (India) Limited, Godrej & Boyce Mfg. Limited, Gujarat Informatics Limited, Pfizer Limited, Shipping Corporation of India Limited, the Stock Exchange, Mumbai (BSE), Wartsila India Limited amongst other companies. He is currently the Chairman of IndAsia Fund Advisors Private Limited, Mumbai.



Shri H S Nagaraj
Director

Shri H S Nagaraj is a Fellow of Chartered Management Institute, U.K and has been in business for the last four and half decades. He is the promoter founder of Aviation Travels Private Limited, Swiss World Cargo India Private Limited and Airline Marketing Services India Private Limited.



Shri K P Kumar
Director

Shri K P Kumar is a law graduate with close to 40 years of experience in the field of advocacy. He is a designated Senior Advocate. He served as Partner and Senior Partner of M/s King & Partridge, Advocates, Bangalore and presently he is its Advisor. He is also on the Board of the M/s Karur Vysya Bank Limited and M/s Yokogawa India Limited.

Chairman's Statement



Madanlal J. Hinduja

REP

The year ended March 31, 2005, was a momentous year for us. We have completed our Group restructuring whereby all textile entities under the Gokaldas Exports group were brought together under one conglomerate, culminating a long restructuring exercise. This involved conversion of partnership firms into companies, merger of entities and bringing in of manufacturing units as subsidiaries of Gokaldas Exports Limited.

The results of Gokaldas Exports Limited. for the year ended March 31, 2005, as discussed in this performance review are thus not comparable with the financials for the previous year ended March 31, 2004.

We also concluded our IPO in April, 2005, whereby 31,25,000 shares were issued at a price of Rs. 425 per share to raise Rs.133 Crores. The issue received very good response.

The first few months of a landmark year in global textile trade have brought with them many significant milestones. As indicated by numerous forecasts of the post quota scenario, India and China seemed to have done well as per the US trade data for the first quarter of 2005, total imports of Textiles and Clothing into the US were US \$ 21.1 bn, which was 11.2% higher than the imports in the same period last year. Imports from China into the US

grew by a whopping 60% year-on-year value terms in this period, while those from India grew by a relatively modest 28%. China's share in total imports of Textiles & Clothing into the US in this period therefore stood at 22.7% as against 15.7% in the corresponding period in 2004. Imports from Pakistan were 11.6% higher than that in the same period last year. However, imports of Textiles and Clothing from Mexico, a traditional trading partner for the US under the NAFTA, fell by 7.1% in the same period.

The first few months of the post quota regime have also witnessed the use of safeguard measures against imports of certain items from China into the US.

Not just the US, but also the EU has launched an investigation into the sharp surge in imports of certain textile products, at the end of which safeguards will be applied. In this regard, given that China and India are expected to be the biggest gainers in the post quota scenario, it might be fruitful for them to work together against protectionist tendencies of the developed countries, as long as it is established that China is following fair trade practices. Such a stance might prove beneficial in the long run.

The EU has finally imposed restraints on China's export growth after an initial surge. Buyers are evaluating new vendors and similarly, manufacturers are trying to reach out to new buyers leading to a flux in the market place.

Most buyers are looking at realigning their sourcing pattern in line with quality and cost competitiveness of supplying nations, with removal of constraints imposed by quotas. India has emerged as a favoured sourcing destination with large global buying houses looking at enhancing their presence here.

Availability of reliable suppliers who can supply larger volumes is an issue that most buyers have highlighted. Indian capacities are falling short of buyer requirements. China experienced an initial surge given its large capacities and more competitive cost base but has also invited backlash from both the EU and the US.

The overall impact of quota removal has been quite positive for us. Several new customers including large international retailers and brands were added during the year. Some of the initial orders entailed higher quota costs and lower margins. However, we believe these customers can grow to become significant customers over time for us.

Our existing customers too expressed their intent to enhance their sourcing from us, for which we have increased our manufacturing capacities and continue to do so, to be able to service their growing requirements.

The views of the eminent personalities in international apparel industry are reproduced below.

The elimination of trade quotas in 2005 gives us the opportunity to consolidate our sourcing base. Without quota restrictions, we can choose our vendors and build strategic relationships with those who have the best capabilities and share our values

Paul S Pressler
President & CEO, GAP Inc.

We predicted that the prices would fall at the end of the quota system. They will probably continue to fall for while and then level off and start growing again. We cannot predict what the ultimate price will be since there are so many different levels in the market place. A lot of factors would decide the pricing of products.

Laura E Jones
Executive Director, USA-ITA
(United States Association of Importers of
Textiles and Apparels)

The outlook for the industry is quite positive. As a leading player, we expect to benefit from the growing demand for apparel from India. We are continuing to invest in manufacturing capacities as well as enhancing our product range by adding new products and finishing/ washing capabilities.

We have already opened two additional units during April - June, 2005 at Bangalore, increasing our capacity by 12 lines. One of these units is a dedicated denim plant which will focus on denim bottoms. Our Capex during 2004-05 was Rs. 36 Crores and we intend to invest a similar value this year also.

We are expanding our washing unit and intend setting up two new manufacturing units during the current financial year. We are also looking to add our capacities by outsourcing manufacturing to units that meet our requirements.

Our current export order book for the forthcoming Autumn-Winter season is quite healthy with orders for Rs 410 Cr. in hand, for delivery upto September 2005. Buyers are currently trying to exert pressure, leading us to be selective in picking our orders. At the same time, we are also evaluating new opportunities and at times are taking up orders at lower margins to get into new customers.

Madanlal J Hinduja
Chairman & Managing Director

June 18, 2005
Bangalore

Facilities



Every factory is staffed with trained supervisors and equipped with its own in built store for fabric and accessories, high-tech machines conforming to the necessary Quality Standards. With these facilities, we ensure optimum product and deadline adherence.



Our factories are streamlined for mass production with production lines that allow our group the flexibility to execute small or large orders with speed. Our automated manufacturing system through ERP enables real time production management.

This allows us to track and monitor production at all our manufacturing facilities at every stage, so that any changes or bottlenecks can be detected and quickly resolved.

Each factory is equipped with imported power operated sewing machines. In addition, we use special equipment that transforms assembly-line production into state-of-the-art manufacturing. These factories have their own inbuilt stores for fabric and accessories which enables them to handle all necessary details required to complete one particular order at a time.

New Facility - Post IPO



Awards Report junction.com



The highest award recipient

The recognition gained by Gokaldas Exports is epitomized by each and every single award bestowed on it-the highest in Asia!
The Company has the distinction of winning the top export awards, since 1980.

Some of the world's premier fashion brands come to Gokaldas Exports time and again. The trust bestowed by these global giants over the years is one reason why the company has grown enormously both in revenue and stature.

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