



Dear Shareholders

I hope you and your families – are staying safe amidst this COVID-19 pandemic. The world will see a new normal and take this as an opportunity for renewed growth.

I am writing this email to further update you on the operational performance of the Company and challenges faced by the Company due to pandemic and global recessionary trend in textile, garment and apparel industry.

For the first time, the world has faced a situation of Nationwide Lockdown for such uncertain long period, where the entire operations came on standstill. The COVID-19 pandemic have also affected the Apparel, Textile and Garment Industry which is grappling with major hurdles.

The global apparel market is expected to decline from \$672.3 billion in 2019 to \$659.7 billion in 2020 at a compound declining annual growth rate (CAGR) of -1.9%. The decline is mainly due to economic slowdown across countries owing to the COVID-19 outbreak and the measures to contain it.

Globally, the latest look at the purchasing practices of brands and retailers also shows new challenges have emerged since COVID-19 crisis, as buyers are changing their pricing and ordering strategies amid ongoing caution over consumer demand. High pressure tactics used by apparel and footwear brands and retailers during cost negotiations are impacting supplier's profitability. The biggest changes are being seen in a drop in order volume compared to previous orders or seasons, smaller volumes at the same price and lower target prices from previous orders.

A General Impression of the Indian textile industry looking in the past, makes one understand that the industry in India is facing difficulties due to following reasons:

- 1) Global recession and low purchases by consumers;
- 2) Less export orders due to reductions in inventories by global retail giants like Wal-Mart, Target, J C Penny etc.;
- 3) Price of key raw materials like cotton and increase in labour cost
- 4) Infrastructure bottlenecks such as power, particularly in Karnataka;
- 5) low efficiency of labour per garment manufactured in India.

The company is also facing cancellations/deferral of export order leading to inventory build-up. Low export receivables have led to financial crises and higher working capital requirements.

The Company is unable to get the economies of scale, volume and efficiency in production in manufacturing unit, as the cost and production overheads per unit is far higher in India. The company is badly affected due to the prices in raw material, expensive labour, infrastructure bottlenecks, reduced export orders and last but not the least the global recession.

There is a very tough competition in India with other local players and from units in

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neighboring countries like Bangladesh, Vietnam, Indonesia, Sri Lanka etc., resulting in very low margin and the situation has deteriorated post pandemic of COVID-19. The Company has booked more losses then compared to last quarters. The company fails to see financial or operational revival of the business of the company for the foreseeable future.

Considering the current pandemic situation, company is sure that demand in garments will take considerable time for revival. Due to reduction in sales, company's cash flow position is also badly affected. As explained in below table, company's overall liabilities stands at Rs 49,021.53 lacs and has increased by 1,248.49 lacs in 30th June 2020 quarter as compared to immediately previous quarter ended 31st March, 2020.

The summary of the financial performance of E-Land Apparel Limited for the quarter ended 30th June 2020, 31st March 2020, and year ended March 31, 2020 is as below:

FINANCIAL PERFORMANCE

(Amount in lacs)

Particulars	Quarter Ended		(Decrease)/Increase for Quarter	Year Ended		(Decrease)/Increase for Year End
	30-Jun-20	31-Mar-20		31-Mar-20	31-Mar-19	
Total Sales	1,823.05	3,654.84	(1,831.79)	14,934.90	17,201.89	(2,266.98)
Total Exports	1,736.10	2,854.33	(1,118.23)	10,273.56	12,494.64	(2,221.08)
Total Domestic Sales	86.95	800.51	(713.56)	4,661.34	4,707.24	(45.91)
Loss Before Tax	(1,465.17)	(1,384.02)	81.15	(5,242.83)	(4,151.88)	1,090.95
Loans & Borrowing	4,733.82	4,277.63	456.19	4,311.77	3,504.64	807.13
Total Liabilities (Current + Non-Current)	49,021.53	47,772.74	1,248.79	47,772.74	42,164.61	5,608.13
EPS	(3.05)	(2.88)		(10.92)	(8.65)	

Company's losses are now Rs 1,465.17 lacs and has increased by 81.15 lacs in quarter ended 30th June 2020 as compared to immediately previous quarter ended 31st March, 2020. For the year to year comparison, company losses has increased by 1,090.95 lacs in March 2020 as compared to immediately preceding year ended March 2019.

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Company has Orders of approx. Rs 15 Crores on hand as on September, 2020 as compared to Rs. 25 crores as on September, 2019.

Details of Company's Networth Position and Book value per share

(Amount in lacs)

Particulars	Quarter Ended		(Decrease)/Increase for Quarter	Year Ended		(Decrease)/Increase for Year End
	30-Jun-20	31-Mar-20		31-Mar-20	31-Mar-19	
Net-worth	(37,323.11)	(35,857.96)	(1,465.15)	(35,857.96)	(30,645.15)	(5,212.81)
Book Value per Share	(77.77)	(74.72)		(74.72)	(63.86)	

Company's net worth and Book value per share now stands at Negative Rs -37,323.11 lacs and Negative Rs -77.77 per share. Net worth is further eroded by 1,465.15 lacs in 30th June 2020 quarter as compared to immediately previous quarter ended 31st March, 2020. For the year to year comparison, company net worth has gone down by 5,212.81 lacs in March 20 as compared to immediately preceding year ended March 19.

Due to this pandemic situation the company have suffered a huge losses and as result is finding a severe difficulty to operate its business in India. Considering the fact that the situation is exceptional and is changing dynamically, the Company is not in a position to gauge with certainty, the future impact on its operations.

The Company continues to operate its manufacturing operations with its current leased and rental facility.

I wish to convey to you and your family member's compliments of the festive Season.

With Best Wishes and Warm Regards,

Thanking you

For E-LAND APPAREL LIMITED

JAEHO SONG
MANAGING DIRECTOR
October 19, 2020

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