

# gokaldas exports Ltd.

## PERFORMANCE REVIEW OF Q-4 OF 2007-08

In the 4<sup>th</sup> Quarter of 2007-08 (Q-4), GEL has marginally improved the total revenue at Rs.279 Crores as against Rs.276 Crores of Q-4 of last year. In Dollar terms the revenue has grown annually by 10%, and the Volume has grown by 20%.

The EBIDTA achieved in the quarter is Rs.33.51 Crores as against Rs.36.84 Crores of last year and this translates to 12.04% as against 13.32% of last year. There has been a notional loss as per the new guidelines of ICAI with respect to quantifying the mark to market loss against forward covers. Without entering into any exotic derivatives, the notional forward cover loss which had to be quantified is to the extent of Rs.8.28 Crores. Without this, our bottom line would have been at Rs.16.91 Crores as against Rs.8.63 Crores. With this figure, the PAT would have been same as compared to Q-4 of last year.

Considering the whole year 2007-08, the EBIDTA is Rs.127 Crores which is 11.4%. The adverse impact of the steep Rupee appreciation has eroded the profitability of the business and masked the underlying strong performance supported by robust volume growth.

However, we believe in a strong future for this business and our investments into the business have been maintained. This has resulted in a higher depreciation of Rs.36 Crores as against Rs.28 Crores last year.

In the last 4 weeks, the Indian Rupee has depreciated by 6%, but this depreciation of the Rupee would not immediately reflect into additional profits because of the existing forward covers till October, '08. Ordinarily this depreciation should be a big positive for the export focussed apparel companies whose earnings are highly sensitive to the Rupee. Unfortunately, this has coincided with the U.S. slowdown and inflation, resulting into pressure on margins.

Our order book for both Q-1 and Q-2 exceeds Rs.500 Crores and the bookings are still open. If the Rupee maintains its level of Rs.42 per USD, the Indian Apparel Industry would get a fresh thrust and would fare better.



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