

PERFORMANCE REVIEW OF Q-1 2007-08

For the First Quarter of 2007-08 (Q-1) Gokaldas Exports Limited has achieved a total revenue of Rs.244 Crores which is 13% higher than last year's Q-1.

The PBT has been 11.6 Crores as against Rs.14.9 Crores of last year and the PAT stands at 10.5 Crores as against Rs.13.5 Crores of last year. There has been a decrease in the PAT by 22%. The EBIDTA margin stands at 10.6 % as against 11.4% of last year, a decrease of 0.8%. (Q on Q).

Despite the acute Rupee appreciation of 9% in 3 months, the top line has grown by 13% and has affected the net profit by 2% (6.3% to 4.3%).

Sales of Rs.200 Crores have been made in US Dollar currency, and had the Rupee been stable, our net profit would have been higher by Rs.10 Crores and the Top Line by Rs.20 Crores.

The Indian Apparel Export industry's performance has been down by 20% in the last Quarter. However, in spite of the prevailing adverse conditions, our company has been able to achieve 13% increase in top line, EBIDTA of Rs.26 Crores and PAT of Rs.10.5 Crores. This, we feel, is a good performance considering the present situation of the industry.

The strong Rupee position would continue for some time and hence to combat the rise of the Rupee, we are trying to mitigate this by 4 methods.

- (a) Get higher prices from customers for future orders.
- (b) Improve productivity and try to reduce manufacturing costs.
- (c) Using imported raw materials which are more competitive.
- (d) By manufacturing more value-added products where competition is less fierce.

Our factories at Tumkur and Mysore were commissioned a few months ago and have stabilized and are well set and running. The Hyderabad plant is to start in a few months.

The order position of Q-2 is Rs.250 Crores and in fact, many orders have been declined by us during this Quarter due to price reasons. The strong Rupee impact is being felt by the entire Indian exporting community and the Government of India is trying its best to help the exporters.

We have added a few new customers and this will help in improving our customer profile.