

PERFORMANCE REVIEW FOR (Q1) 2008-09

In the First Quarter of 2008-09 (Q1), Gokaldas Exports Ltd. has achieved a total revenue of Rs.272 crores which is 12% higher than the Q1 of last year (2007-08). The stand alone EBIDTA achieved in this Quarter is Rs.30 crores as against last year's of Rs.25.96 crores. An increase in EBIDTA of 16% is achieved in spite of the fact that Rs.8.30 crores of Foreign Exchange notional losses against Forex borrowing restatement have been accounted. The PAT stands at Rs.11.05 crores as against Rs.10.52 crores of last year thereby showing the increase of 5%. This increase in PAT could have been much higher but for the impact of Forex volatility which have been accounted to the extent of Rs.18 crores (loss). Both the EBIDTA and the PAT would have been much higher if the performance would have not been impacted by the rupee volatility.

Our business fundamentals are strong which is demonstrated by the good profit growth in our business. We expect the quarters ahead to compensate for the exchange losses booked this quarter and once Foreign Exchange covers are ended and with the present dollar / rupee rate our bottom line would be much stronger. The rupee volatility has been the major cause of concern and the quarterly financials are very much influenced by the consequent provisions.

The apparel industry as a whole has gone through a challenge in the first quarter due to the thrust of recession in our major markets, rising crude prices and unfavourable economic environment across the world. The rising cotton prices and chemical dyes prices pose a big threat to India's competitiveness, in addition to the impact of inflation on wages.

If the Indian rupee maintains at the level of Rs.42 to 43 and if more orders comes in India's way this could probably give a push to the sagging Apparel Exports. Our order position for Q2 is around Rs.275 crores and bookings are open for Q3. Though China (a major competitor in international apparel trade) has also been affected by the high inflation, much depends upon the US and EU market sentiments. The quarter Q2 (July/August/September) would be crucial as an indicator to see whether India can get a slice of China's apparel business.