

# gokaldas exports ltd.

## Performance Review

For the Second Quarter of 2007-08, GEL has achieved a sales turnover of Rs.235 Crores which is 3.5% less than Q-1 of 2007-08 and PAT is 11.29 Crores as against Rs.10.52 Crores which is 7% higher than last Quarter. (compared sequentially).

The PBT has been Rs.12.03 Crores as against Rs.11.6 Crores. The EBIDTA margin is 11.4% as against 10.6% of last Quarter. (sequentially).

The unabated fund flow into domestic equities, coupled with the prevailing high interest rate regime, has resulted in a massive surge in the Rupee value against the US Dollar. The Indian Rupee has touched the highest mark of Rs.39.40 last week.

Between September 2006 and September 2007, the appreciation has been to the tune of 12% and the textile and clothing industry has suffered the most. As a measure of combating the Rupee appreciation, we are trying to change our billing into Euro (currency) for all the European business (which is 40% of our total sales). For the US business, we are trying to increase our selling prices to absorb a substantial portion of the appreciation. Wherever the price increase is not accepted, we are declining non-remunerative orders at the cost of a decreasing Top Line. This is exactly the reason for our reduced sales this Quarter. (15% less than that of Last Year Q2).

Our order book is at a comfort level of Rs.300 Crores and we expect more business to come our way for January, 2008 shipment onwards.

Many exporters have reduced their work force due to lack of orders and profitability and the situation in most of the apparel exporting centres of India is quite depressed.

However, in view of our track record and good relationship with our buyers, we are better placed, and we expect to improve our performance.

Our new design centre is ready and will be functional by the 10<sup>th</sup> November, 2007 (Diwali day). The centre will facilitate speedy approvals of samples and prototypes. Our buyers have been informed and we expect their design teams to use this facility and take the best advantage of this centre.

We have added a few new foreign customers and our thrust is to achieve more European business than US Dollar linked business. Our domestic business is also steadily increasing. There seems to be an opportunity in the domestic market and we are focusing our efforts to encash on this, thereby reducing the impact of the strong Rupee.



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