

## **Performance review of Q2 -2008-09.**

Gokaldas Exports Ltd. has posted a substantial growth of 26% in revenue despite the fact that the textile and clothing industry has been adversely affected due to market conditions.

The sales figure has been at Rs. 295 Crores, which is 26% higher than the same Quarter of last year. The EBITDA works out to Rs.40.4 Crores which is 12.10%. This increase of EBITA works out to 30% higher than Q2 of last year.

However, it has been hit by the volatility of the Rupee, posting a fall in its net profit in the second Quarter by 70%. The net profit came down because of forex losses which includes a notional loss of Rs. 16 Crores on account of the revaluation of the company's net foreign currency borrowings. This is likely to reverse should the Rupee appreciates before the borrowings become due for repayment. Profits are also hit by the rising cost of raw materials and wages increase due to inflationary trends.

Besides this notional loss of Rs.16 Crores, there are forex hedging losses to the tune of Rs. 2 Crores and an additional deferred tax liability of Rs. 2.7 Crores. If these notional losses are not considered, the net profit would have been the highest for the last 2 years, and would have registered a growth of 80 %

The order book position is strong for Q3 (October to December, 2008), consisting of Rs.290 Crores, and bookings are open for Q4, viz. January, February, March, 2009.

There is an economic challenge and clients are more cautious in decision making. Consumer spending has reduced in the US and European markets, and order placement decisions are delayed as a fall out of the global financial crisis.

Many retail chains have shut their non-productive outlets and the demand is expected to remain subdued in the short to medium term until the global situation improves.