



Performance Review of Q4 – 2010-11

Gokaldas Exports Limited has achieved a sales turnover of Rs.278 cr in Q4 2011 as against Rs. 254 cr in the same period of previous year, showing a growth of 9%.

In the backdrop of weak US and Europe economies, our revenues for the full year have been flat over previous year.

From an industry perspective, the apparel industry is confronted with several challenges. High cotton prices and spiraling wage costs continue to weigh on the industry and consequently on our bottom line. EBIDTA for the quarter is at Rs.7 cr loss with PBT at a loss of Rs.21 cr.

This is mainly due to substantial increase in wage costs, higher raw material costs and increased interest costs incurred in view of withdrawal of interest subvention by the Reserve Bank of India. Added to these, there has been additional airfreight costs being borne by the company, as well as loss incurred on account of fire accident. During the year, besides labor costs going up, shortage of labor has been one of the prevailing factors for lower manufacturing efficiency. Besides, duty drawback rates were also revised downwards during the year which impacted our bottomline. With higher raw material and labor costs, we were unable to pass on the entire impact to customers, keeping margins under pressure.

The present market situation is sluggish with buyers tending to reduce their order flow with global retail sales and prices not seeing much of optimism.

On the other hand, cotton prices are showing a declining trend over the last couple of months which would be a positive for the industry.

Our order book for the first half of the year is good with more in pipeline. We are looking at better market demand in our focus geographies, and expect the situation to improve in the coming few months.