

Gokaldas Exports Ltd

Performance Review – Q1 FY 2014-15

- **Revenue growth of 6% YoY in Q1 FY 14-15**
- **EBIDTA at Rs. 18 Cr for the quarter, positive swing of Rs. 17 Cr over Q1 FY14**

Gokaldas Export Limited has posted revenues of Rs.274 Cr for the first quarter of financial year 2014-15. This reflects a growth of 6% as compared to the corresponding quarter of the previous year.

The topline growth has been achieved through improved orders from our existing customers. From a macro perspective, there is positive traction in the US as well as in certain European countries. This is supporting our aggressive marketing strategies in these geographies, in addition to our focus on LatAm countries and Russia.

This quarter also saw a steep increase in minimum wages as announced by the Karnataka government, which came into effect from April 2014, affecting majority of players. This has made a big impact on the industry competitiveness as a whole. Besides, due to the delay in announcement of the Foreign Trade Policy, some of the exports' incentives continuance has been delayed. Hence these are not reflected in the results for the quarter.

Despite these issues, GEX has posted an EBIDTA of Rs. 17.8 Cr which translates to 6.5% EBIDTA margin. This compares favorably with EBIDTA of Rs. 0.5 Cr in Q1 FY14, and shows a positive swing of Rs. 17 Cr over the same quarter of the previous year. At the PBT level, the company has posted Rs. (2.7) Cr as compared to Rs. (16.3) Cr of Q1 FY14. This is likely to get offset in the subsequent quarters once the export incentives are restored with the announcement of the Foreign Trade Policy expected in the near future, as well as other initiatives being undertaken by the company.

The overall demand pattern is likely to be stable in the short to medium term, with operating costs at similar level as this quarter. Management is taking necessary steps to counter the impact of the cost increases.

Date: August 13, 2014