







Gokaldas Exports Ltd - Corporate Office

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Registered Office

No. 70, Mission Road
Bangalore – 560 027, India

Company Secretary

M Venkata Subbaiah

Statutory Auditors

M/s RSM & Co
Chartered Accountants
"Ambit RSM House"
449, Senapati Bapat Marg
Lower Parel
Mumbai – 400 013

M/s Girish Murthy & Kumar
Chartered Accountants
4502, High Point IV
45, Palace Road
Bangalore – 560 001

Bankers

Canara Bank
"Avenue Plaza"
Avenue Road Branch
Bangalore – 560 002

Vision

To set a precedent in the global garment manufacturing industry through continuous innovation, exceptional products, focused services and enhanced customer satisfaction.

Mission

Deliver on-time, every time, anywhere in the world.

Keep a sharp eye on product quality and put in all efforts to raise the bar..... constantly.

Comply flawlessly with all statutory regulations required by our customers in any country.

Augment and maintain a logistics infrastructure that adheres to the highest levels of efficiency that seamlessly blends with our customers' own supply chain.

Ensure escalating productivity standards at the lowest operating cost, thus offering our customers a product of the highest quality at the most competitive price.

BOARD OF DIRECTORS



Shri Madanlal J Hinduja
Chairman & Managing Director



Shri Rajendra J Hinduja
Executive Director-Finance & Administration



Shri Dinesh J Hinduja
Executive Director-Production & Marketing



Shri Pradip P Shah
Independent Director

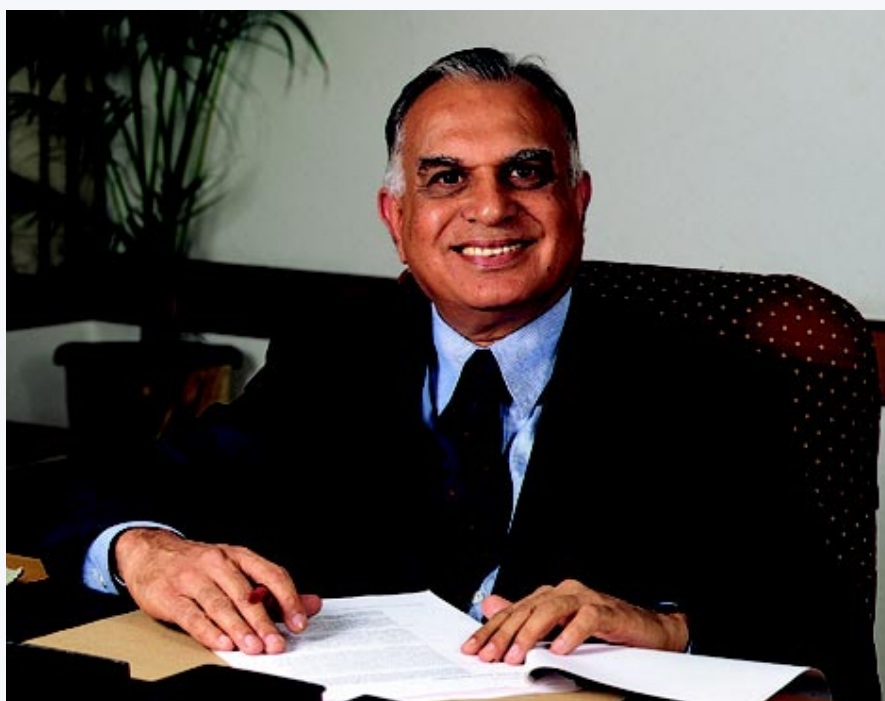


Shri H S Nagaraj
Independent Director



Shri K P Kumar
Independent Director

CHAIRMAN'S STATEMENT



Dear Shareholders,

Report

The year 2005-06 has been an eventful year both for your company as well as the entire textile exporting community of India.

India as a country has done well in the first year after the elimination of quotas, and there has been a jump of nearly 22% in the nation's apparel exports. The thrust of the increase has been in both the big markets, namely USA and the EU.

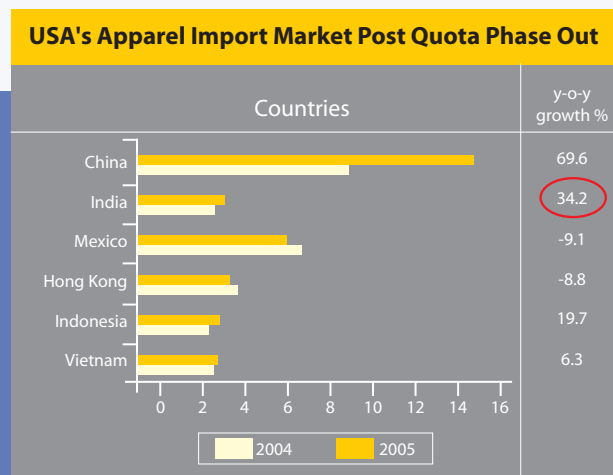
Readymade garment exports occupy a significant place in the economics of several developing countries. Clothing exports represent a substantial portion of the total merchandise exported for many nations, namely Bangladesh, Cambodia, Macau, Mauritius, Sri Lanka, etc. For India also, readymade garments constitute a fairly significant share, i.e., 10% of this merchandise exports for the financial year 2005-06.

The presence of several low cost manufacturers makes the Asian region the largest exporter, with the share of nearly 50% of the global exports. The leading exporting countries are China, Hong Kong, Turkey, Mexico, India, Romania and Bangladesh. India's share in the global apparel exports is approx. 3.5%.

Post dismantling of quotas, the changes in the global trade has been in line with the expectations with China leading the list, and India taking the second place with a substantial jump in its exports. The graph below indicates the position of various countries with respect to their exports to the US market.

To capitalize on the opportunities opened post dismantling of quotas, your company also has aggressively grown and expanded by setting up new manufacturing facilities in Bangalore.

The capex for 2005-06 stood at Rs. 86 crores, compared to Rs.39 crores for FY 2004-05. New units at Doddaballapur, Yeshwanthpur, a knit-wear unit on Hosur Road, and a modern laundry, all in Bangalore, have been established to generate bigger revenues, in keeping with the trend. The state-of-the-art laundry facility has been commissioned and is catering to the special requirements of the various big customers, namely Nike, Gap, A&F, etc.



Source: OTEXA

As an expansion plan for the current year, we intend to put up a plant for structured suits and other outer-wear.

The Indian textile industry is one of the largest industries in the world. The industry is currently estimated to be 46 billion and is growing at 20% per annum. With the abolition of quotas in 2005, Indian apparel industry grew by 22% to reach 16 billion in 2005. Indian exports also benefited during the latter half of the year due to several safeguards on China.

I am happy to inform you that your company did win the following Awards during the previous year.

1. Top Award for India's Largest Apparel Exporter, given by the Confederation of Indian Apparel Exporters, for the year 2004-05.
2. Award for Top Exporter, given by Clothing Manufacturers' Association of India, for the year 2004-05.
3. Highest Exporter Award, given by the Federation of Karnataka Chambers of Commerce and Industry, for the year 2004-05.
4. Highest Exporter Award for Readymade Garments, given by the Government of Karnataka, for the year 2004-05.

May 25, 2006,
Bangalore

Madanlal J Hinduja
Chairman



DIRECTORS' REPORT

Your Directors are pleased to present their Third Annual Report on the business and operations of your Company for the year ended 31st March, 2006.

Financial Results

(Rs. In lakhs)

Particulars	Year ended	Year ended
	31st March 2006	31st March 2005
Profit Before Tax	6794.04	4369.66
Less: Provision for Tax:	705.70	411.23
Profit after Tax	6088.34	3958.43
Balance brought forward from last Year	3476.46	293.73
Amount available for appropriation	9564.80	4252.16
Appropriations:		
Proposed dividend	515.64	343.76
Corporate dividend tax	84.59	35.94
General Reserve	610.00	396.00
Balance carried forward	8354.57	3476.46

The company reported turnover of Rs.86195.58 lakhs for the year ended 31st March, 2006 and profit after tax at Rs.6088.34 lakhs. The Company added new customers and existing buyers have increased their offtake resulting in higher turnover.

Operations Review

The year 2005 proved to be a watershed for the country's textile industry, with global trade in textiles opening up from January 1, 2005 and Indian exporters managing to score over competitors from most countries to make significant inroads in the US and the European Union markets.

After China, which was off to a flying start to capture the chunk of the Western markets for textile products, the Indian textile sector was the next best performer on the global scene following the quota phase-out, with the country increasing its share of textile and garment deliveries to the US and the EU by a quarter in the first nine months of 2005.

The new state-of-the-art laundry facility at Bangalore had been commissioned in June'06. This will give a big impetus to the sale of washed bottoms and special



CAD Cutting Machine

washed outerwear. Washed garments presently have a big demand from the Western Countries.

Our knit wear unit at Bangalore was commissioned this year and is well on track with a good productivity and steady flow of orders.

The expansion programme at Chennai, Hyderabad, Mysore and Bangalore is under progress.

The Chennai SEZ factory is under construction, and will be commissioned in this financial year.

The 9 acres of land at Hyderabad has been acquired in a centrally located industrial area at a cost of Rs. 2.5 crores and will have a built-up area of approx. 1 Lakh sq.ft. The Mysore plant will have a built-up area of 75,000 sq. ft.



Auto Surging

We have also initiated the process of buying the machinery for manufacture of structured suits and we intend to set up this suit plant in Bangalore very shortly. Suits are a value added product and there is a good demand for this segment of clothing from the western world. We hope to set up a world-class suit manufacturing plant in the present financial year and our clients have indicated a good requirement of the same. Suits will cover both areas, men's as well as ladies' suits, and we also would eventually look at manufacturing industrial clothing.

India is getting recognized as the main apparel source after China. The market indications are quite positive and very much in favour of India being recognized as a manufacturing hub for different kinds of textiles and apparels, especially in the value-added segment.

Gokaldas Exports has added new important clients in the past year and the growth rate seems optimistic.

Capital Structure

During the year, your company made a maiden public offering of 31,25,000 equity shares with a price band of Rs.375/- to Rs.425/- for which the subscription was open from 30th March to 6th April 2005. The issue received very good response and price was fixed at the upper band of Rs.425/- per equity share of Rs.10/-. With the allotment of 31,25,000 equity shares to the public on 20th April 2005, the paid up capital of the Company has gone up to Rs.17,18,80,000/-. As per the SEBI (Disclosure & Investor Protection) Guidelines, 2000, all fresh issue of shares to the public shall be in the dematerialized form only. Accordingly, to facilitate the public to hold the shares in the demat form, the Company entered into a tripartite agreement with National Securities Depository Limited (NSDL) Central Depository Services India Limited (CDSL) and Karvy Computershare Pvt. Ltd.

Dividend

Your directors recommend a dividend of Rs.3/- per share (30%) for the year ended 31st March 2006, an increase of 10% over the previous year ended 31st March 2005, subject to the approval of the shareholders at the ensuing Annual General Meeting. Shareholders whose names stand registered on the register of members at the close of market hours on 9th August 2006 would be entitled for the dividend.

OUR FACILITIES



Cutting Section



Sewing Lines