



PERFORMANCE REVIEW FOR (Q3) 2006-07

For the Third Quarter (Q3), Gokaldas Exports Ltd. achieved a total revenue of Rs.245.83 crores as against Rs.214.35 crores of the same quarter (Q3) last year. The increase in revenue is 14.69%. The PAT stands at 17.83 crores as against 15.72 crores of last year indicating an increase in net profit by 13.42%. The EBIDTA margin stands at 12.29% as against 10.06% of last year indicating an increase of 22.17%. Capital expenditure for the nine months has been Rs. 65 crores and therefore a higher depreciation has been claimed. The increase in net profit margin of 13.42% would have been higher but for this additional depreciation.

We have had another satisfying quarter and the Company's growth of 14.69% in the quarter came about despite adverse currency fluctuations. Growth has been broad based coming from the different markets. Our customer profile has increased and a steady flow of new customers is seen. During the last three months the rupee strengthened by about 4% thereby depressing the net realizations. The market conditions are quite stable and we expect a satisfactory Q4.

Four new units were commissioned in the last quarter, namely :

- (a) SEZ Unit at Chennai
- (b) New Unit at Yelahanka (Venkateshwara Clothing Co. Unit No.II)
- (c) New Unit at Yeshwanthpur (Triangle Apparels Unit No.VI)
- (d) New Unit at Magadi Road (Intex Unit No.V)

All these new units have started of well and of course the first few months will be a gestation period till they settle down to normal productivity levels. In these four units we have freshly employed 5600 workers.

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The Mysore and Hyderabad units are under construction and will be functioning in the next F.Y. (2007-08). The Mysore plant will be fully operational by April 2007 whereas the Hyderabad plant will take few months more.

New Factory at Tumkur – We are setting up a new factory for bottoms at Tumkur (45 miles from Bangalore) and this factory will have a worker strength of 1000 and would be functional by April 2007. This premises has been taken on lease and the estimated capital expenditure in this factory would be Rs. 5 crores. Our annual consolidated production in terms of units is 24 million and we expect this to increase to 30 million in the Financial Year 2007-08 with all the new facilities being operational.

We are not seeing any slow down in the global demand. So far, the demand for our products is concerned, it continues to be what it has been in the last nine months. We have added three new clients during the quarter and also added 5600 employees. We have increased our overall headcount to 52,100.

In view of the expected retail boom in India, we have started a domestic supply division. This division will be catering to various big retailers who are expected to open shop in India. The prominent names are Wal-Mart/Bharti, Reliance Retail, Future Group, Aditya Birla Group, Metro Group and the like. We are expecting this division to grow very rapidly since demand from these prospective buyers seems to be promising.

We are also negotiating a Joint Venture with an overseas apparel company in connection with producing a new apparel product to add to our line.

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Our Company in the last quarter was proud recipient of three awards which are as follows:

- (a) Largest Exporter of India Award
 - (b) Most Admired Clothing Company of the Year Award
- Both these awards were given by CMAI (Clothing Manufacturers Association of India)
- (c) Outstanding Industry of Karnataka Award (Award given by Government of Karnataka)

Our Company had an Extraordinary General Body Meeting on 9th December 2006 approving the stock split from the present face value of Rs.10/- to two shares of Rs.5/- each. The Board has taken note of the same and the record date is fixed as 15th February 2007.

The Textile and Clothing Industry is under focus of the Government of India as a Job Creating Industry and we expect some favourable changes in the Budget next month. All the major textile producing states have started creating Apparel Training Centers in the urban and rural areas so that many more jobs can be created by giving basic training to the workers. This will bear fruit in the next couple of years as presently there is a shortage of skilled labour.