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FORBES GOKAK LTD.

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81st ANNUAL REPORT

1999 - 2000

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IN YOUR OWN INTEREST

1. **Dematerialisation of shares of the Company :**
   The shares of the Company are eligible for dematerialisation. The Company has entered into an agreement for dematerialisation of securities with both National Depository Services (India) Ltd and Central Depository Services (India) Ltd. **The ISIN is INE518A01013.**

2. **Permanent Details of your Account:**
   All communications to the Company or its Registrars and Share Transfer Agents which would have the effect of amending the permanent details of your ledger Account viz. change of address, advising details of bank account etc. should be signed by all the Shareholders.

3. **Ledger Folio Number:**
   Please quote your ledger folio number in all your communications with the Company or our Registrars and Share Transfer Agents.

4. **Multiple Accounts:**
   Please advise us all folio numbers for combining into one. Please also forward your respective Share Certificates to enable us to change folio number.

5. **Change of Address:**
   Please intimate us change in address, as soon as possible.

6. **Unclaimed Dividend:**
   Please claim your previous dividends, if any, not encashed. If the dividend warrants have been lost, please apply for duplicate warrants.

7. **Transmission of Shares:**
   In case of deceased Shareholders, their relatives are requested to file death certificates, probate and other relevant documents for transmission of shares. Kindly contact our Registrars and Share Transfer Agents for necessary formalities.

SHAREHOLDERS ARE REQUESTED TO NOTE THAT HANDBAGS/ PARCELS OF ANY KIND WILL NOT BE ALLOWED INSIDE THE AUDITORIUM. THE SAME WILL HAVE TO BE DEPOSITED, AT THE SHAREHOLDER'S OWN RISK, AT THE COUNTER OUTSIDE THE AUDITORIUM. ENTRANTS WILL HAVE TO COLLECT AUDITORIUM ENTRY PASS FROM THE RECEPTION COUNTER AND HAND OVER THE SAME AT THE ENTRANCE OF THE AUDITORIUM.

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FORBES GOKAK LTD.

DIRECTORS:	Dr. F. A. MEHTA	*Chairman*
	K. C. MEHRA	*Deputy Chairman & Managing Director*
	N. A. SOONAWALA	*Vice-Chairman*
	G. V. KAPADIA	
	M. R. PAI	
	D. B. ENGINEER	
	D. S. SOMAN	
	J. K. SETNA	
	C. G. SHAH	*Executive Director (Finance)*
	R. N. JHA	
SECRETARY:	A. T. SHAH	*Company Secretary*
MANAGEMENT:	K. C. MEHRA	*Deputy Chairman & Managing Director*
	C. G. SHAH	*Executive Director (Finance)*
	B. G. JAIN	*Director (Textiles)*
	C. A. KARNIK	*Director (HRD)*
	G. MUKHERJI	*Director (Engineering)*
	K. C. RAMAN	*Regional Director (Shipping-South & East)*
	H. S. BHASKAR	*Director-Operations (Textiles)*
	T. R. CHANDRAN	*Regional Director (Shipping-North & West)*
	V. CHANDRASEKHARAN	*Director-Marketing (Textiles)*
	R. T. DOSHI	*Vice-President (Finance & Accounts)*
	R. CHOPRA	*Vice-President (Shipping - North)*
AUDITORS:	Messrs. A. F. FERGUSON & CO.	
	Messrs. S. B. BILLIMORIA & CO.	
SOLICITORS AND ADVOCATES:	Messrs. CRAWFORD BAYLEY & CO.	
	Messrs. MANEKSHA & SETHNA	
	Messrs. UDWADIA, UDESHI & BERJIS (REGD.)	
BANKERS:	PUNJAB NATIONAL BANK	
	STANDARD CHARTERED BANK	
	UNION BANK OF INDIA	
	STATE BANK OF INDIA	

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REGISTRARS AND SHARE TRANSFER AGENTS:	TATA CONSULTANCY SERVICES, UNIT: FORBES GOKAK LIMITED, 6, LOTUS HOUSE, SIR VITHALDAS THACKERSEY MARG, MUMBAI 400 020.
MILLS:	GOKAK FALLS (District Belgaum - Karnataka) - 591 308 VADODARA (Gujarat) 390 005.
FACTORIES:	
AURANGABAD	1. A-7, M.I.D.C. AREA, CHIKALTHANA, AURANGABAD 431 210 2. PLOT B-13, WALUJ INDUSTRIAL AREA, AURANGABAD 431 133.
MUMBAI	CHANDIVALI ESTATE, KURLA-POWAI ROAD, MUMBAI 400 072
REGISTERED OFFICE:	FORBES BUILDING, CHARANJIT RAI MARG, FORT, MUMBAI 400 001.

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FORBES GOKAK LTD.

EIGHTY-FIRST ANNUAL REPORT 1999-2000

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The Annual General Meeting will be held on Thursday, the 3rd August, 2000 at 4.00 P.M. at Bombay House Auditorium, 24, Homi Mody Street, Mumbai 400 001.

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NOTICE

NOTICE is hereby given that the EIGHTYFIRST ANNUAL GENERAL MEETING of the Shareholders of FORBES GOKAK LIMITED, will be held at the Bombay House Auditorium, 24, Homi Mody Street, Mumbai 400 001 on Thursday, the 3rd August, 2000 at 4.00 P.M. to transact the following business:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2000 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors.
2. To appoint a Director in place of Mr. M. R. Pai who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Mr. J. K. Setna who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. R. N. Jha who retires by rotation and is eligible for re-appointment.
5. To consider and, if thought fit, to pass, with or without modification, the following resolution, as an Ordinary Resolution :

   "RESOLVED that, subject to the provisions of Section 269, 309 and 310 and other applicable provisions, if any, of the Companies Act, 1956, and the approval of the Central Government, if required, the increase in the remuneration of Mr. K. C. Mehra, Deputy Chairman & Managing Director of the Company, effective from 1st April, 2000, as set out in the draft Supplemental Agreement to be entered into between the Company and Mr. Mehra, placed before the meeting, initialled by the Chairman for the purpose of identification, be and the same is hereby approved.

   RESOLVED FURTHER that Directors of the Company be and are hereby authorised to enter into Supplemental Agreement on behalf of the Company with Mr. Mehra in terms of the aforesaid draft."
6. To consider and, if thought fit, to pass, with or without modification, the following resolution, as an Ordinary Resolution:

   "RESOLVED that, subject to the provisions of Section 269, 309 and 310 and other applicable provisions, if any, of the Companies Act, 1956, and the approval of the Central Government, if required, the increase in the remuneration of Mr. C. G. Shah, Executive Director (Finance) of the Company, effective from 1st April, 2000, as set out in the draft Supplemental Agreement to be entered into between the Company and Mr. Shah, placed before the meeting, initialled by the Chairman for the purpose of identification, be and the same is hereby approved.

   RESOLVED FURTHER that the Directors of the Company be and are hereby authorised to enter into Supplemental Agreement on behalf of the Company with Mr. Shah in terms of the aforesaid draft."
7. To consider and, if thought fit, to pass, with or without modification, the following resolution, as a Special Resolution:

   "RESOLVED that, pursuant to the provisions of Section 309(4) and other applicable provisions, if any, of the Companies Act, 1956 and, subject to other approvals as may be required, consent be and is hereby accorded to the payment and distribution of such sum by way of commission, not exceeding in aggregate, 1% per annum of the net profits of the Company, computed in the manner referred to in Section 198 of the Companies Act, 1956, for each of the five financial years of the Company, commencing from 1st April, 2000, to such Directors of the Company, (other than the Managing Director and the Whole-time Directors), the quantum, proportion and manner of such payment and distribution to be made as the Board may from time to time decide.
8. To consider and, if thought fit, to pass, with or without modification, the following resolution, as a Special Resolution :

   "RESOLVED that Messrs. A. F. Ferguson & Co. and Messrs. S. B. Billimoria & Co., Chartered Accountants, be and they are hereby appointed Auditors of the Company to hold office from the conclusion of this

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Annual General Meeting until the conclusion of the next Annual General Meeting, at the remuneration to be determined by the Board of Directors, plus their actual travelling and other expenses in connection with the Company's audit".

For and on behalf of
the Board of Directors

F.A.MEHTA
Chairman

Mumbai, 3rd July, 2000.

Registered Office:
Forbes Building,
Charanjit Rai Marg, Fort,
Mumbai 400 001.

NOTES:

1. A SHAREHOLDER ENTITLED TO ATTEND AND VOTE AT THE MEETING, IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A SHAREHOLDER.
2. An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, is annexed hereto.
3. As advised through Newspapers, the Register of Members and the Share Transfer Books of the Company will remain closed from 20th July, 2000 to 3rd August, 2000 (both days inclusive).
4. Please check whether you have encashed Dividend Warrants for earlier years. If the Dividend Warrants are lost or have become time-barred, please apply to the Company or its Registrars and Share Transfer Agents for duplicate / revalidated Dividend Warrants.

Dividend for the year ended	Rate of Dividend	Dividend Warrant dated
31st March, 1996	25%	30.09.1996
31st March, 1997	30%	30.10.1997
31st March, 1998	30%	10.09.1998
31st March, 1999	15%	26.08.1999
31st March, 2000 (Interim)	100%	10.05.2000

Advices are also being sent in this behalf, to the concerned shareholders individually.

5. Please address all communications including lodging of Transfer Deeds to —

REGISTRARS AND SHARE TRANSFER AGENTS
Tata Consultancy Services,
UNIT: Forbes Gokak Ltd.
6, Lotus House,
Sir Vithaldas Thackersey Marg,
Mumbai 400 020
Kindly quote your Ledger Folio No.

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ANNEXURE TO NOTICE

Explanatory Statement under Section 173 of the Companies Act, 1956

Item No. 5:

The Shareholders of the Company, at the Annual General Meeting of the Company held on 26th September, 1997, had approved the appointment of Mr. K. C. Mehra as the Managing Director (Designate) of the Company for the period 1st April, 1997 to 30th September, 1997 and as the Deputy Chairman & Managing Director of the Company for the period 1st October, 1997 to 31st March, 2002, on the terms and conditions set out in the Agreement dated 30th September, 1997.

Simultaneously, the Shareholders had also authorised the Board of Directors to revise or increase the remuneration of Mr.K.C.Mehra to the extent to which it may be increased in accordance with the provisions relating to payment of managerial remuneration under the Companies Act, 1956.

At the meeting of the Directors of the Company held on 8th June, 2000, the Directors have decided to amend the said agreement, with the consent of Mr.K.C. Mehra, on the lines of the draft Supplemental Agreement, placed before the meeting. The material terms of the said draft Supplemental Agreement between the Company and Mr.Mehra are as under:

In Schedule A to the Agreement, the following appears:

"Salary Rs.50,000 p.m. with effect from 1st April, 1997 in the scale Rs.50,000 to Rs.70,000 p.m. The annual increments which will be effective 1st April, each year, will be decided by the Board within the scale of salary of the Appointee and will be merit based and take into account the Company's performance."

The above clause is proposed to be substituted by the following, with effect from 1st April, 2000:

"Salary Rs.50,000 p.m. with effect from 1st April, 1997 in the scale of Rs.50,000 to Rs.2,00,000 p.m. The annual increment which will be effective from 1st April, each year, will be decided by the Board within the scale of salary of the Appointee and will be merit based and take into account the Company's performance. In the event no commission on the net profits is paid for any year as remuneration, an additional salary may be paid as may be decided by the Board of Directors of the Company, provided the same is within the foregoing range and provided the same is within the limit stipulated by the Central Government for minimum remuneration".

Save and to the extent hereby amended, the Principal Agreement to continue to remain in full force and effect.

The foregoing may also be treated as an abstract of the terms of the aforesaid draft Supplemental Agreement, for the purpose of Section 302 of the Companies Act, 1956.

Copies of the Principal Agreement and the Supplemental Agreement referred to above will be available for inspection by the Shareholders at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day except Saturday.

Mr. Mehra is interested in the Resolution at Item No.5 of the Notice since it relates to him.

Item No. 6:

The Shareholders of the Company, at the Annual General Meeting of the Company held on 26th September, 1997, had approved the appointment of Mr. C.G. Shah as the Whole-time Director of the Company for the period, 1st October, 1997 to 30th September, 2002, on the terms and conditions set out in the Agreement dated 30th September, 1997.

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Simultaneously, the Shareholders had also authorised the Board of Directors to revise or increase the remuneration of Mr.C.G. Shah to the extent to which it may be increased in accordance with the provisions relating to payment of managerial remuneration under the Companies Act, 1956.

At the meeting of the Directors of the Company held on 8th June, 2000, the Directors have decided to amend the said agreement, with the consent of Mr.C.G. Shah, on the lines of the draft Supplemental Agreement, placed before the meeting. The material terms of the said draft Supplemental Agreement between the Company and Mr.C.G. Shah are as under:

In Schedule A to the Agreement, the following appears:

"Salary Rs.24,500 p.m. with effect from 1st October, 1997 in the scale Rs.20,000 to Rs.40,000 p.m. The annual increments which will be effective 1st April, each year, will be decided by the Board within the scale of salary of the Appointee and will be merit based and take into account the Company's performance."

The above clause is proposed to be substituted by the following, with effect from 1st April, 2000:

"Salary Rs.24,500 p.m. with effect from 1st October, 1997 in the scale of Rs.20,000 to Rs.1,00,000 p.m. The annual increment which will be effective from 1st April, each year, will be decided by the Board within the scale of salary of the Appointee and will be merit based and take into account the Company's performance. In the event no commission on the net profits is paid for any year as remuneration, an additional salary may be paid as may be decided by the Board of Directors of the Company, provided the same is within the foregoing range and provided the same is within the limit stipulated by the Central Government for minimum remuneration".

Save and to the extent hereby amended the Principal Agreement to continue to remain in full force and effect.

The foregoing may also be treated as an abstract of the terms of the aforesaid draft Supplemental Agreement for the purpose of Section 302 of the Companies Act, 1956.

Copies of the Principal Agreement and the Supplemental Agreement referred to above will be available for inspection by the Shareholders at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day except Saturday.

Mr. Shah is interested in the Resolution at Item No.6 of the Notice since it relates to him.

Item No. 7:

At the 76th Annual General Meeting held on 22nd September, 1995, the Shareholders had, by a Special Resolution, resolved that in terms of Section 309(4) of the Companies Act, 1956, the Directors of the Company (other than the Managing Director and the Whole-time Directors) be paid for each of the five financial years of the Company, from 1st April, 1995, such sum by way of commission, not exceeding in aggregate 1% per annum of the net profits of the Company, computed in the manner referred to in Section 198 of the Companies Act, 1956, the quantum, proportion and manner of such payment and distribution to be made as the Board may from time to time decide.

The above Special Resolution also provided that the payment of such commission would be in lieu and to the exclusion of any fees paid to the Directors attending meetings of the Board and / or any Committee thereof.

The above Special Resolution was modified by shareholders at their 77th Annual General Meeting held on 26th September, 1996. The Resolution hereby proposed seeks to confer on the Board an authority to pay such commission for a further period of 5 years from 1st April, 2000.

All the Directors of the Company, except Mr.K.C.Mehra and Mr.C.G.Shah are interested in the resolution.

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Item No. 8:

This item relates to the appointment of Auditors and the fixation of their remuneration. The Directors recommend the re-appointment of Messrs. A. F. Ferguson & Co. and Messrs.S.B.Billimoria & Co., Chartered Accountants as the Company's Auditors.

Section 224A of the Companies Act, 1956, provides that if not less than 25 per cent of the subscribed share capital of a company is held, whether singly or in any combination by a public financial institution or a Government Company or Central Government or any State Government or any financial or other institution established by any Provincial or State Act in which a State Government holds not less than 51 per cent of the subscribed share capital, or a nationalised bank or an insurance company carrying on general insurance business, the appointment or re-appointment of an auditor would require to be made by a Special Resolution at the Annual General Meeting.

The aforesaid institutions or authorities, singly or in any combination, may hold more than 25 per cent of the subscribed share capital of the Company. Hence the Special Resolution at Item 8 of the Notice.

For and on behalf of
the Board of Directors

F.A.MEHTA
Chairman

Mumbai, 3rd July, 2000.

Registered Office:
Forbes Building,
Charanjit Rai Marg, Fort,
Mumbai 400 001.

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