



**FORBES GOKAK LTD.**

**83<sup>rd</sup>**

**ANNUAL REPORT**

**2001 - 2002**

### 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 Securities Depository 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 its 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.**



<b>DIRECTORS:</b>	PALLONJI S. MISTRY	<i>Chairman</i>
	K.C. MEHRA	<i>Deputy Chairman &amp; Managing Director</i>
	M.R. PAI	
	D.B. ENGINEER	
	D.S. SOMAN	
	C.G. SHAH	<i>Executive Director (Finance)</i>
	R.N. JHA	
	SHAPOOR P. MISTRY	
<b>SECRETARY:</b>	A.T. SHAH	<i>Company Secretary</i>
<b>MANAGEMENT:</b>	K.C. MEHRA	<i>Deputy Chairman &amp; Managing Director</i>
	C.G. SHAH	<i>Executive Director (Finance)</i>
	B.G. JAIN	<i>Director (Textiles)</i>
	C.A. KARNIK	<i>Director (Human Resources)</i>
	G. MUKHERJI	<i>Director (Engineering)</i>
	K.C. RAMAN	<i>Regional Director (Shipping-South &amp; East)</i>
	H.S. BHASKAR	<i>Director-Operations (Textiles)</i>
	T.R. CHANDRAN	<i>Regional Director (Shipping-North &amp; West)</i>
	B. NAIK	<i>Director-Marketing (Textiles)</i>
	A.V. SATHE	<i>Director (Materials Management &amp; Logistics)</i>
	R.T. DOSHI	<i>Vice-President (Finance &amp; Accounts)</i>
<b>AUDITORS:</b>	Messrs.A.F. FERGUSON & CO. Messrs.S.B. BILLIMORIA & CO.	
<b>SOLICITORS AND ADVOCATES:</b>	Messrs.CRAWFORD BAYLEY & CO. Messrs.MANEKSHA & SETHNA Messrs.UDWADIA, UDESHI & BERJIS (REGD.)	
<b>BANKERS:</b>	PUNJAB NATIONAL BANK STANDARD CHARTERED BANK UNION BANK OF INDIA STATE BANK OF INDIA	



**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 State) - 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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## EIGHTY-THIRD ANNUAL REPORT 2001-2002

### CONTENTS

	Pages
Notice .. .. .	4-19
Directors' Report .. .. .	20-32
Corporate Governance .. .. .	33-42
Highlights .. .. .	43
Summarised Balance Sheets 1982-83 to 2001-2002.. .. .	44
Summarised Profit and Loss Accounts 1982-83 to 2001-2002.. .. .	45
Distribution of Revenue .. .. .	46
Auditors' Report .. .. .	47-49
Balance Sheet .. .. .	50
Profit and Loss Account .. .. .	51
Schedule 1 — Share Capital. . . . .	52
Schedule 2 — Reserves and Surplus .. .. .	52
Schedule 3 — Secured Loans. . . . .	53-54
Schedule 4 — Unsecured Loans .. .. .	54
Schedule 5 — Fixed Assets .. .. .	55
Schedule 6 — Investments .. .. .	56-57
Schedule 7 — Current Assets, Loans and Advances .. .. .	58-59
Schedule 8 — Current Liabilities and Provisions.. .. .	60
Schedule 9 — Sales, Services and other Income .. .. .	60
Schedule 10 — Manufacturing, Trading and other Expenses. . . . .	61-62
Schedule 11 — Notes to the Accounts .. .. .	63-75
Cash Flow Statement. . . . .	76-77
Balance Sheet Abstract and Company's General Business Profile .. .. .	77
Statement pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Companies .. .. .	78-79
Sales and Fixed Assets Graphs .. .. .	80
<b>Consolidated Financial Statements with Auditors' Report</b> .. .. .	<b>81-104</b>
<b>Annual Reports and Accounts of Subsidiary Companies for the year ended 31st March, 2002:</b>	
Aquamall Water Solutions Limited .. .. .	S1 - S21
Bradma of India Limited .. .. .	S22 - S43
Campbell Knitwear Limited .. .. .	S44 - S62
Eureka Forbes Limited .. .. .	S63 - S85
Forbes Estates Limited .. .. .	S86 - S96
Latham India Limited .. .. .	S97-S111
Volkart Fleming Shipping & Services Limited .. .. .	S112-S124

**The Annual General Meeting will be held on Friday, the 23rd August, 2002 at 4.00 P.M. at Bombay House Auditorium, 24, Homi Mody Street, Mumbai 400 001.**



## NOTICE

NOTICE is hereby given that the EIGHTY-THIRD 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 Friday, the 23rd August, 2002 at 4.00 P.M. to transact the following business:

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2002 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors.
2. To declare a dividend.
3. To appoint a Director in place of Mr. Pallonji S. Mistry, who was appointed as an Additional Director of the Company, under Article 112 of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting by reason of Section 260 of the Companies Act, 1956, but is eligible for re-appointment and in respect of whom the Company has received a notice in writing from a shareholder, proposing him for the office of Director.
4. To appoint a Director in place of Mr. D.B. Engineer who retires by rotation and is eligible for re-appointment.
5. To appoint a Director in place of Mr. D.S. Soman who retires by rotation and is eligible for re-appointment.
6. To consider and, if thought fit, to pass, with or without modification, the following resolution, as an Ordinary Resolution:

“RESOLVED that, subject to Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the re-appointment of Mr. K.C. Mehra as the Deputy Chairman & Managing Director of the Company, for a period of 5 years from 1<sup>st</sup> April, 2002 to 31<sup>st</sup> March, 2007 (both days inclusive) on the remuneration set out in the draft of the Agreement to be entered into between the Company and Mr. Mehra, placed before this meeting and initialled by the Chairman for the purpose of identification and that, notwithstanding the period of appointment or any other provision of the Agreement, the appointment shall, however, be subject to the retirement policy of the Company for the time being.

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to vary, increase, expand, enhance, enlarge, widen or alter the scope of the remuneration and perquisites, including the monetary value thereof, from time to time as it may, in its discretion, deem fit, within the maximum amount payable to Managing and Whole-time Directors in accordance with Schedule XIII to the Act or any amendments made hereafter in this regard and that, the aforesaid draft Agreement between the Company and Mr. Mehra be suitably amended to give effect to the same in such manner as may be agreed to between the Board and Mr. Mehra.

RESOLVED FURTHER that the Directors of the Company be and are hereby authorised to enter into an Agreement on behalf of the Company with Mr. Mehra, in terms of the aforesaid draft Agreement.”

7. To consider and, if thought fit, to pass, with or without modification, the following resolution, as a Special Resolution:

“RESOLVED that, notwithstanding anything contained in Schedule XIII to the Companies Act, 1956, where in any financial year during a period of 3 years from 1<sup>st</sup> April, 2001 to 31<sup>st</sup> March, 2004, or the currency of the tenure of Mr. K.C. Mehra as the Deputy Chairman & Managing Director, whichever period is less, the Company has no profits or its profits are inadequate, it shall pay remuneration to Mr. Mehra by way of Salary, D.A., Perquisites and other Allowances as under:

## ANNUAL REPORT 2001-2002

- a. For the year 1<sup>st</sup> April, 2001 to 31<sup>st</sup> March, 2002 – as set out in the Agreement dated 30<sup>th</sup> September, 1997, as amended by the Agreement dated 3<sup>rd</sup> August, 2000 between the Company and Mr. Mehra, executed in terms of the Resolution passed by the shareholders of the Company at their meeting held on 26<sup>th</sup> September, 1997, as amended by the Resolution passed by the shareholders of the Company at their meeting held on 3<sup>rd</sup> August, 2000 and,
  - b. For the period 1<sup>st</sup> April, 2002 to 31<sup>st</sup> March, 2004 – as per the Agreement proposed to be executed in terms of the draft agreement placed at this meeting and referred to in Item 6 of this Notice.
8. To consider and, if thought fit, to pass, with or without modification, the following resolution, as an Ordinary Resolution:
 

“RESOLVED that subject to Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the re-appointment of Mr.C.G.Shah as the Whole-time Director of the Company, designated as the Executive Director of the Company, for a period of 5 years from 1<sup>st</sup> April, 2002 to 31<sup>st</sup> March, 2007 (both days inclusive) on the remuneration set out in the draft of the Agreement to be entered into between the Company and Mr.Shah, placed before this meeting and initialled by the Chairman for the purpose of identification and that, notwithstanding the period of appointment or any other provision of the Agreement, the appointment shall, however, be subject to the retirement policy of the Company for the time being.

RESOLVED FURTHER that, the Board of Directors of the Company be and is hereby authorised to vary, increase, expand, enhance, enlarge, widen or alter the scope of the remuneration and perquisites, including the monetary value thereof, from time to time as it may, in its discretion, deem fit, within the maximum amount payable to Managing and Whole-time Directors in accordance with Schedule XIII to the Act or any amendments made hereafter in this regard and that, the aforesaid draft Agreement between the Company and Mr. Shah be suitably amended to give effect to the same in such manner as may be agreed to between the Board and Mr. Shah.

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

“RESOLVED that, notwithstanding anything contained in Schedule XIII to the Companies Act, 1956, where in any financial year during a period of 3 years from 1<sup>st</sup> April, 2001 to 31<sup>st</sup> March, 2004, or the currency of the tenure of Mr.C.G.Shah as the Whole-time Director, whichever period is less, the Company has no profits or its profits are inadequate, it shall pay remuneration to Mr.Shah, by way of Salary, D.A., Perquisites and other Allowances as under:

  - a. For the year 1<sup>st</sup> April, 2001 to 31<sup>st</sup> March, 2002 – as set out in the Agreement dated 30<sup>th</sup> September, 1997, as amended by the Agreement dated 3<sup>rd</sup> August, 2000 between the Company and Mr. Shah, executed in terms of the Resolution passed by the shareholders of the Company at their meeting held on 26<sup>th</sup> September, 1997, as amended, by the Resolution passed by the shareholders of the Company at their meeting held on 3<sup>rd</sup> August, 2000 and,
  - b. For the period 1<sup>st</sup> April, 2002 to 31<sup>st</sup> March, 2004 – as per the agreement proposed to be executed in terms of the draft Agreement placed at this meeting and referred to in Item 8 of this Notice.
10. To consider and, if thought fit, to pass, with or without modification, the following resolution, as a Special Resolution:
 

“Resolved that, in partial modification of the Special Resolution passed by the shareholders at the 81<sup>st</sup> Annual General Meeting of the Company held on 3<sup>rd</sup> August, 2000 referred to at Item 7 of the Notice dated 3<sup>rd</sup> July, 2000, if in any of the four financial years of the Company, commencing from 1<sup>st</sup> April, 2001 the Company has no profits or its profits are inadequate, a fee of Rs. 5,000 be paid to each director for that year for every meeting of the Board or Committee thereof attended by him, in lieu of payment of commission, if any, to him pursuant to the aforesaid Special Resolution.”



11. To consider and, if thought fit, to pass, with or without modification, the following resolution, as an Ordinary Resolution:

“RESOLVED that the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions of the Companies Act, 1956, to mortgaging and/or charging by the Board of Directors of the Company, of all or any of the immovable and movable properties pertaining to the Textile Unit(s) of the Company, situate at Gokak Falls, Dist.Belgaum, both present and future, together with the right to appoint Whole-time Nominee Director(s) on the happening of certain events of default, in order to secure the repayment of term loan availed/to be availed and or Secured Redeemable Non-convertible Debentures of Rs.100 each, aggregating upto Rs.2500 Lakhs issued/to be issued by the Company together with the payment of interest at the respective agreed rates, additional interest, liquidated damages, commitment charges, premium on prepayment or on redemption, costs, charges, expenses and all other moneys payable by the Company to the lenders in terms of their respective Letters of Sanction/ Common Subscription Agreement executed by the Company, in respect of the said term loan/debentures.

RESOLVED FURTHER that the Board of Directors of the Company, be and is hereby authorised to do all such acts, deeds, matters and things and to execute all such documents and writings as it may deem necessary for the purpose of giving effect to this Resolution.”

12. To consider and, if thought fit, to pass, with or without modification, the following resolution, as an Ordinary 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 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

PALLONJI S. MISTRY  
Chairman

Mumbai, 13<sup>th</sup> June, 2002.

Registered Office:

Forbes Building,  
Charanjit Rai Marg,  
Mumbai 400 001



## ANNUAL REPORT 2001-2002

## 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 26<sup>th</sup> July, 2002 to 9<sup>th</sup> August, 2002 (both days inclusive).
4. The Dividend, when declared, will be payable on and after Wednesday, the 28th August, 2002 to those Shareholders whose names appear on the Register of Members on 9<sup>th</sup> August, 2002. In respect of shares held in dematerialised form in the depository system, the dividend will be paid to the beneficial owner as per the list provided by the depositories.
5. Shareholders are requested to notify the REGISTRARS AND SHARE TRANSFER AGENTS or to the DEPOSITORY PARTICIPANTS (in case of shares which have been dematerialised) immediately, any change in their address and bank account details to ensure correct and prompt receipt of the Dividend Warrants.
6. SHAREHOLDERS ARE ADVISED, IN THEIR OWN INTEREST THAT ALL THE COMMUNICATIONS TO THE COMPANY OR ITS REGISTRARS AND SHARE TRANSFER AGENTS WHICH WOULD HAVE THE EFFECT OF AMENDING THE PERMANENT DETAILS OF THEIR LEDGER FOLIO, SHOULD BE SIGNED BY ALL THE SHAREHOLDERS REGISTERED UNDER THE LEDGER FOLIO.
7. 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
31 <sup>st</sup> March, 1995	45%	29.09.1995
31 <sup>st</sup> March, 1996	25%	30.09.1996
31 <sup>st</sup> March, 1997	30%	30.10.1997
31 <sup>st</sup> March, 1998	30%	10.09.1998
31 <sup>st</sup> March, 1999	15%	26.08.1999
31 <sup>st</sup> March, 2000 (Interim)	100%	10.05.2000
31 <sup>st</sup> March, 2001	30%	31.07.2001

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

8. 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.



## ANNEXURE TO NOTICE

### Explanatory Statement under Section 173 of the Companies Act, 1956

#### Item 3 :

Mr. Pallonji S. Mistry was appointed an Additional Director of the Company under Article 112 of the Articles of Association of the Company. Pursuant to Section 260 of the Companies Act, 1956, Mr. Mistry holds office as Director only upto the date of the forthcoming Annual General Meeting. A Notice in writing alongwith a deposit of Rs.500 has been received from a shareholder of the Company pursuant to section 257 of the Companies Act, 1956, signifying his intention to propose the candidature of Mr. Mistry as a Director of the company.

Mr. Pallonji S. Mistry (age 73 years), is the Chairman of the Shapoorji Pallonji Group and has rich experience extending over 5 decades in business operations and financial management. He is the Chairman and Director of several leading companies in India. His experience and advice will be valuable to the Company.

Mr. Pallonji S. Mistry is interested in the Resolution at Item 3 of the Notice since it relates to his appointment.

#### Item 6 :

At the meeting of the Shareholders of the Company held on 26<sup>th</sup> September, 1997, the shareholders had approved the terms of appointment and remuneration of Mr. K.C. Mehra as the Deputy Chairman & Managing Director, for a period of 5 years from 1<sup>st</sup> April, 1997 to 31<sup>st</sup> March, 2002.

At the meeting of the Directors held on 7<sup>th</sup> March, 2002 the Directors have re-appointed Mr. Mehra as the Deputy Chairman & Managing Director for a further period of 5 years from 1<sup>st</sup> April, 2002 to 31<sup>st</sup> March, 2007 upon the terms and conditions set out in the draft Agreement placed before the meeting and initialled by the Chairman for the purpose of identification. Emoluments, benefits, perquisites and other conditions of appointment of Mr. Mehra, shall be as set out in Schedule 'A' hereto.

As the appointment of Mr. Mehra as the Deputy Chairman & Managing Director and the remuneration proposed to be paid to him, is in conformity with the provisions and requirements of Schedule XIII to the Companies Act, 1956, approval of the Central Government is not required for the same. The appointment and the remuneration payable to Mr. Mehra as set out in the aforesaid draft Agreement are, however, subject to the approval of the Shareholders in general meeting, pursuant to Section 269 read with Schedule XIII to the Companies Act, 1956. Hence the Resolution at Item 6 of the Notice.

The other material terms of the draft Agreement referred to in the above Resolution at Item 6 of the Notice are as follows:

1. The appointment of Mr. Mehra shall be for a period of 5 years from 1<sup>st</sup> April, 2002 to 31<sup>st</sup> March, 2007 subject to the same being previously determined as provided in the Agreement. Further, notwithstanding the period of the appointment or any clause of the Agreement, the same shall be subject to the retirement policy of the Company.
2. During his tenure as the Deputy Chairman & Managing Director the day-to-day management of the Company shall be in the hands of Mr. Mehra, subject to the supervision and control of the Board of Directors of the Company.
3. Mr. Mehra shall devote his whole-time attention and ability during business hours to the business of the Company and undertake travelling in India and abroad for the same.