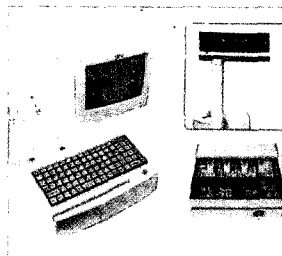
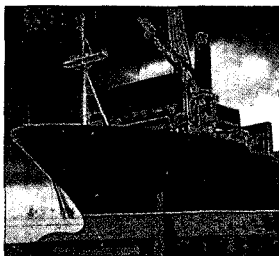
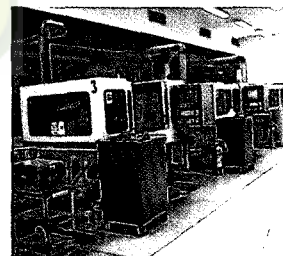
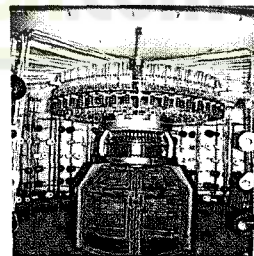


# FORBES GOKAK LTD.

Since 1767, A Tradition of Excellence

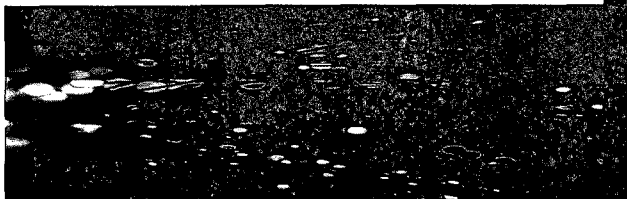


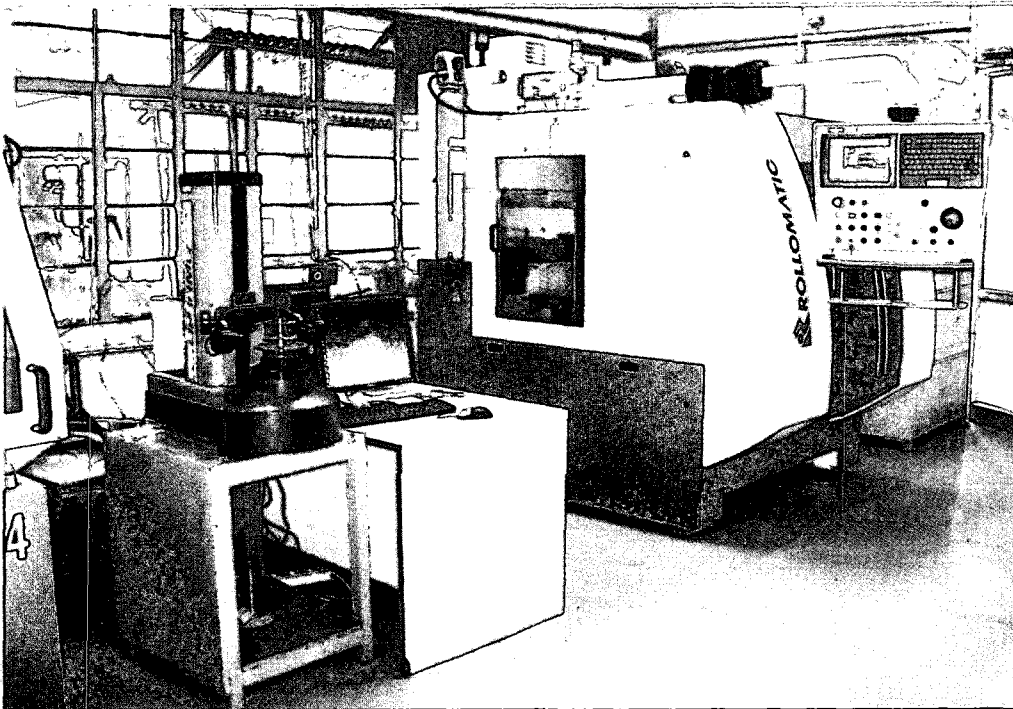
Report



**FORBES GROUP**

**88th ANNUAL REPORT  
2006 - 2007**





CNC Machine For Solid Carbide Tools

Report  junction.com



CNC Machine For Custom Tools



<b>DIRECTORS:</b>	PALLONJI S. MISTRY	<i>Chairman-Emeritus</i>
	SHAPOOR P. MISTRY	<i>Chairman</i>
	K. C. MEHRA	<i>Deputy Chairman &amp; Managing Director</i>
	D. B. ENGINEER	
	D. S. SOMAN	
	C. G. SHAH	<i>Executive Director (Finance)</i>
	R. N. JHA	
	CYRUS P. MISTRY	
	N. D. KHURODY	
	S. L. GOKLANEY	

<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>
	ASHOK BARAT	<i>Chief Operating Officer</i>
	C. A. KARNIK	<i>Director (Human Resources)</i>
	H. S. BHASKAR*	<i>Director- (Textiles)</i>
	G. MUKHERJI	<i>Director (Precision Tools)</i>
	CAPT. S. P. RAO	<i>Director (Shipping)</i>
	K. C. RAMAN	<i>Regional Director (Shipping-South &amp; East)</i>
	R. T. DOSHI	<i>Vice President (Finance &amp; Accounts)</i>

\* Appointed the Executive Director and CEO of GOKAK TEXTILES LIMITED with effect from 31<sup>st</sup> July, 2007

<b>AUDITORS:</b>	Messrs. S.B.BILLIMORIA & CO.
------------------	------------------------------

<b>SOLICITORS AND ADVOCATES:</b>	Messrs. CRAWFORD BAYLEY & CO Messrs. UDWADIA & UDESHI (REGD.)
--------------------------------------	--

<b>BANKERS:</b>	PUNJAB NATIONAL BANK
	STANDARD CHARTERED BANK
	UNION BANK OF INDIA
	INDUSTRIAL DEVELOPMENT BANK OF INDIA LIMITED
	STATE BANK OF INDIA
	THE FEDERAL BANK LIMITED
	AXIS BANK LIMITED



**REGISTRARS AND SHARE  
TRANSFER AGENTS:**

TSR DARASHAW LIMITED  
UNIT: FORBES GOKAK LIMITED,  
6-10, HAJI MOOSA PATRAWALA INDUSTRIAL ESTATE,  
20, DR.E.MOSES ROAD, MAHALAXMI,  
MUMBAI - 400 011.

**MILLS \* :**

GOKAK FALLS- 591 308 (District Belgaum -Karnataka)

**FACTORIES:**

**AURANGABAD**

- |                       |                                       |
|-----------------------|---------------------------------------|
| 1. A-7, M.I.D.C. AREA | 2. PLOT B - 13, WALUJ INDUSTRIAL AREA |
| CHIKALTHANA - 431 210 | WALUJ - 431 133                       |

**BELGAUM \***

BAGALKOT ROAD,  
VILLAGE MARIHAL  
DIST. BELGAUM,  
KARNATAKA - 591 167

**BHOWALI**

VILLAGE LEWESHAL,  
SATTAL ROAD, P.O. MEHRAGAON  
BHOWALI -263 132 NAINITAL DIST.  
UTTARANCHAL STATE

**CHENNAI**

No. 40, ANNA NEDUNCHALAI,  
PERUNGUDI, CHENNAI - 600 096  
TAMIL NADU

**HOSUR**

PLOT No. 52,  
SIPCOT INDUSTRIAL COMPLEX,  
HOSUR - 635 126, KRISHNAGIRI DIST.  
TAMILNADU

**MUMBAI**

- |   |  |
|---|--|
| 1. CHANDIVALI ESTATE,<br>SAKI POWAI ROAD,<br>MUMBAI - 400 072 | 2. PLOT No. C - 17, ROAD No.16,<br>WAGLE INDUSTRIAL ESTATE,<br>THANE - 400 604 |
|---|--|

**REGISTERED OFFICE:**

FORBES BUILDING,  
CHARANJIT RAI MARG,  
FORT, MUMBAI 400 001

\* Under the Demerger Scheme it forms part of GOKAK TEXTILES LIMITED with effect from 1<sup>st</sup> April, 2007

**EIGHTY-EIGHTH ANNUAL REPORT 2006-2007**

<b>CONTENTS</b>	<b>Pages</b>
Notice .. .. .	4-7
Directors' Report and Annexures .. .. .	8-21
Corporate Governance .. .. .	22-33
Summarised Balance Sheets 1987-88 to 2006-2007 .. .. .	34
Summarised Profit and Loss Accounts 1987-88 to 2006-2007 .. .. .	35
Auditors' Report .. .. .	36-39
Balance Sheet .. .. .	40
Profit and Loss Account .. .. .	41-42
Cash Flow Statement .. .. .	43-44
Schedule 1 — Share Capital .. .. .	45
Schedule 1A— Share Capital Suspense Account .. .. .	45
Schedule 2— Reserves and Surplus .. .. .	46
Schedule 3 — Secured Loans .. .. .	47-49
Schedule 4 — Unsecured Loans .. .. .	49
Schedule 5—Fixed Assets.. .. .	50
Schedule 6 — Investments .. .. .	51-52
Schedule 7 — Current Assets, Loans and Advances .. .. .	53-54
Schedule 8— Current Liabilities and Provisions .. .. .	55
Schedule 9 — Voluntary Retirement Compensation .. .. .	55
Schedule 10— Manufacturing, Trading and other Expenses .. .. .	56-57
Schedule 11 — Notes to the Accounts .. .. .	58-89
Balance Sheet Abstract and Company's General Business Profile.. .. .	90
Additional disclosure as required by the amended Clause 32 of the listing agreement with Stock Exchange .. .. .	91
Statement pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Companies .. .. .	92-93
Additional information on the Subsidiary Companies.. .. .	94-95
<b>Consolidated Financial Statements with Auditors' Report are attached separately and form part of this Report.</b>	

Annual General Meeting will be held on Friday, 28<sup>th</sup> September, 2007 at 4.00 P.M. at  
 "Centrum", 1<sup>st</sup> Floor, World Trade Centre Complex, Centre 1 Building, Cuffe Parade,  
 Mumbai 400 005.





## NOTICE

NOTICE is hereby given that the EIGHTY-EIGHTH ANNUAL GENERAL MEETING of the shareholders of FORBES GOKAK LIMITED, will be held at 'Centrum', 1<sup>st</sup> floor, World Trade Centre Complex, Centre 1 Building., Cuffe Parade, Mumbai 400005 on Friday, 28<sup>th</sup> September, 2007 at 4.00 p.m. to transact the following business:

1. To receive, consider and adopt the Audited Balance Sheet as on 31<sup>st</sup> March, 2007 and the Audited Profit and Loss Account for the year ended on that date and the Reports of the Directors' and Auditors' thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr. D. S. Soman, 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 appoint a Director in place of Mr. N. D. Khurody, who retires by rotation and is eligible for re-appointment.
6. To appoint Messrs. S. B. Billimoria & Co., Chartered Accountants, as Auditors of the Company and to authorise the Board of Directors to fix their remuneration.
7. To consider and, if thought fit, to pass, with or without modification, the following resolution, as an Ordinary Resolution:  
 "RESOLVED that, pursuant to the provisions of Section 228 and other applicable provisions, if any, of the Companies Act, 1956, Messrs. Kalyaniwalla & Mistry, Chartered Accountants, Mumbai be and are hereby appointed as Branch Auditors of the Company, to audit the Accounts in respect of the Company's Forbes Bradma Automation Division, situate at Mumbai and Thane and to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on terms and conditions and at a remuneration to be determined by the Board of Directors of the Company."
8. To consider and, if thought fit, to pass, with or without modification, the following resolution, as an Ordinary Resolution:  
 "RESOLVED that, pursuant to the provisions of Section 228 and other applicable provisions, if any, of the Companies Act, 1956, Messrs. Fraser & Ross, Chartered Accountants, Chennai, be and are hereby appointed as Branch Auditors of the Company, to audit the Accounts in respect of the Company's Forbes Energy Systems Division, situate at Chennai, Hosur and Bhimtal and to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on terms and conditions and at a remuneration to be determined by the Board of Directors of the Company."
9. To consider and, if thought fit, to pass, with or without modification, the following resolution, as an Ordinary Resolution:  
 "RESOLVED that, pursuant to Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of Directors to create an exclusive first charge (a) by way of mortgage of the land admeasuring 25 acres situate at Mundra, leased to the Company by Gujarat Adani Port Limited, together with building constructed/to be constructed thereon; (b) by way of mortgage of the Company's land admeasuring 15 acres situate at Veshvi, near Jawaharlal Nehru Port Trust and (c) by way of hypothecation of all of the Company's fixed assets and equipment acquired and to be acquired for the Container Freight Station Project in Mundra and Veshvi and by way of security for the due repayment by the Company of the term loan of Rs.7,50,00,000 granted/to be granted to it by The Federal Bank Limited, together with the payment of interest thereon at the respective agreed rates, additional interest, liquidated damages, commitment charges, premia on prepayment or on redemption, costs, charges, expenses and all other monies payable by the Company to the said Bank, in terms of the Letter(s) of Sanction / Loan Agreement(s) entered into / to be entered into between the said Bank and the Company.  
 RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to finalise with the aforesaid Bank, all necessary documents for creating the aforesaid mortgage and/ or hypothecation and to do all other acts, deeds, matters and things and to execute all such documents and writings as it may deem necessary, usual, requisite or proper for the purpose of giving effect to the aforesaid Resolution."
10. To consider and, if thought fit, to pass, with or without modification, the following resolution, as a Special Resolution:  
 "RESOLVED that effective from the date, the approval of the Central Government is received pursuant to the provisions of Section 21 of the Companies Act, 1956, the name of the Company be changed to "Forbes & Company Limited" or such other name as may be approved by the Central Government and accepted by the Board of Directors of the Company."

For and on behalf of the  
 Board of Directors  
**SHAPOOR P. MISTRY**  
*Chairman*

Mumbai, 21<sup>st</sup> August, 2007.

*Registered Office:*

Forbes Building,  
 Charanjit Rai Marg,  
 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 SUCH PROXY NEED NOT BE A SHAREHOLDER. FORMS FOR APPOINTMENT OF PROXIES, IN ORDER TO BE EFFECTIVE MUST BE DULY FILLED, STAMPED, SIGNED AND SHOULD BE DEPOSITED AT THE COMPANY'S REGISTERED OFFICE NOT LATER THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THIS ANNUAL GENERAL MEETING. FORMS FOR APPOINTMENT OF PROXIES SUBMITTED ON BEHALF OF LIMITED COMPANIES, SOCIETIES, PARTNERSHIP FIRMS, ETC., MUST BE SUPPORTED BY APPROPRIATE RESOLUTION / AUTHORITY AS APPLICABLE, ISSUED ON BEHALF OF THE APPOINTING ORGANISATION.
2. An Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 ("the Act") in respect of special businesses at items 9 and 10 of this Notice set out above is annexed hereto.
3. Pursuant to the exemption granted by the Central Government under Section 212(8) of the Act, the annual accounts of the subsidiary companies of the Company and related information will not be sent with the Company's accounts for the year ended 31<sup>st</sup> March, 2007. The annual accounts of the subsidiary companies of the Company will be made available to the shareholders seeking such information as and when such request is received by the Company. Such information is also available for inspection by any shareholder at the Registered Office of the Company and of the respective subsidiary companies of the Company .
4. The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, 18<sup>th</sup> September, 2007 to Friday, 28<sup>th</sup> September, 2007 (both days inclusive).
5. The dividend, when declared, will be payable on and after Monday, 1<sup>st</sup> October, 2007 to those shareholders whose names appear on the Register of Members on 28<sup>th</sup> September, 2007. In respect of shares held in dematerialised form in the depository system, the dividend will be paid to those shareholders whose names appear as Beneficial Owner(s) as per the list provided by the depositories.
6. Shareholders are requested to immediately notify the REGISTRARS AND SHARE TRANSFER AGENTS or the DEPOSITORY PARTICIPANTS (in case of shares which have been dematerialised) of any change in their address and/or bank account details to ensure correct and prompt receipt of the dividend warrants.
7. SHAREHOLDERS ARE ADVISED, IN THEIR OWN INTEREST THAT ALL 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 THAT LEDGER FOLIO.
8. 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. Advice is also being sent in this behalf, to the concerned shareholders, individually.

Dividend for the year ended	FORBES GOKAK LIMITED		erstwhile-FAL INDUSTRIES LIMITED		Date on which unpaid amount is required to be paid to the Central Govt.	Shareholders should apply latest by
	Rate of Dividend	Dividend Warrant dated	Rate of Dividend	Dividend Warrant Dated		
31 <sup>st</sup> March, 2001	30%	31.07.2001	10%	14.09.2001	25.08.2008	24.07.2008
31 <sup>st</sup> March, 2002	20%	28.08.2002	10%	30.07.2002	30.08.2009	29.07.2009
31 <sup>st</sup> March, 2003	25%	29.08.2003	10%	04.08.2003	31.08.2010	30.07.2010
31 <sup>st</sup> March, 2004	40%	07.07.2004	10%	31.07.2004	31.08.2011	30.07.2011
31 <sup>st</sup> March, 2005	50%	26.08.2005	10%	30.08.2005	28.09.2012	27.08.2012
31 <sup>st</sup> March, 2006	50%	15.09.2006	-	-	16.10.2013	05.09.2013

9. Pursuant to Section 205A of the Act, all unclaimed / unpaid Dividends upto the Financial Year ended 31<sup>st</sup> March, 1994 have been transferred to the General Revenue Account of the Central Government. Members who have so far not claimed their Dividends for the said periods may claim the same by submitting an application in Form No. II, prescribed under the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978, to the Registrar of Companies, Maharashtra, Mumbai.



10. Pursuant to Section 205A of the Act read with Section 205C of the Act, unclaimed / unpaid dividends for the Financial Year ended 31<sup>st</sup> March, 2000 have been transferred to the Investor Education and Protection Fund. It may be noted that once the unclaimed dividend is transferred to the Investor Education and Protection Fund as above, no claim shall lie with the Company in respect of such amount.
11. Please address all communications including lodging of Transfer Deeds to -

#### REGISTRARS AND SHARE TRANSFER AGENTS

TSR Darashaw Ltd.,  
UNIT: Forbes Gokak Ltd.  
6-10, Haji Moosa Patrawala Industrial Estate,  
20, Dr. E. Moses Road,  
Mahalaxmi,  
Mumbai 400 011  
Tel.: 91 22 66568484  
Fax: 91 22 66568494  
Business Hours: 10.00 a.m. to 4.30 p.m. (Monday to Friday)  
Email: csg-unit@tsrdarashaw.com

#### Branch Offices

- |   |  |
|---|--|
| <p>1. TSR Darashaw Ltd.<br/>503, Barton Centre, 5<sup>th</sup> floor,<br/>84, Mahatma Gandhi Road,<br/>Bangalore 560 001<br/>Tel.:080 25580019<br/>Fax:080 25320321<br/>Email:tsrdlbg@tsrdarashaw.com</p> | <p>3. TSR Darashaw Ltd.<br/>Bungalow No.1, "E" Road,<br/>Northern Town, Bistupur,<br/>Jamshedpur 831 001<br/>Tel.:0657 2426616<br/>Fax:0657 2426937<br/>Email:tsrdljsr@tsrdarashaw.com</p> |
| <p>2. TSR Darashaw Ltd.<br/>Tata Cente, 1<sup>st</sup> floor,<br/>43, Chowringhee Road,<br/>Kolkata 700 071<br/>Tel.:033 22883087<br/>Fax:033 22883062<br/>Email:tsrdlcal@tsrdarashaw.com</p>             | <p>4. TSR Darashaw Ltd.<br/>Plot No.2/42, Sant Vihar,<br/>Ansari Road, Daryaganj,<br/>New Delhi 110 002<br/>Tel.:011 23271805<br/>Fax:011 23271802<br/>Email:tsrdldel@tsrdarashaw.com</p>  |

#### Agent

Shah Consultancy Services Ltd.  
Sumatinath Complex, 2<sup>nd</sup> Dhal,  
Pritam Nagar, Ellisbridge,  
Ahmedabad 380 006  
Telefax: 079 26576038  
Email : [shahconsultancy@hotmail.com](mailto:shahconsultancy@hotmail.com)

Investors, if they so prefer, can send transfer request, correspondence and queries to the Company at the following address -

Company Secretary  
Forbes Gokak Ltd.  
Forbes Building, Charanjit Rai Marg,  
Fort, Mumbai 400001  
Telephone: 022 22002275  
Email. [atshah@forbes.co.in](mailto:atshah@forbes.co.in)

**Kindly quote your Ledger Folio No.**

12. As required under clause 49(IV)(G)(i) of the Listing Agreement of the stock exchanges, the relevant details of persons seeking appointment / reappointment as directors are furnished herewith.



## ANNEXURE TO NOTICE

## 1. Explanatory Statement under Section 173 (2) of the Companies Act, 1956

## Item 9:

Due to the enhancement in the scope of Container Freight Station Project at Mundra and Veshvi the project cost has gone up by nearly Rs.8.50 crores. To finance this, the Company has requested The Federal Bank Limited for an additional loan of Rs.7.50 crores. The repayment of the aforesaid loan by the Company to The Federal Bank Limited is proposed to be secured in the manner set out in the text of the special resolution at Item 9.

The resolution at Item 9 is considered necessary in view of the provisions of Section 293(1)(a) of the Companies Act, 1956.

Details of Loan and the Lender	Security
Rupee Term Loan of Rs.7.50 crores from The Federal Bank Ltd.	Exclusive first charge— a) By way of mortgage of lease hold rights on 25 acres of land leased to the Company by Gujarat Adani Port Ltd. with building constructed/to be constructed thereon. b) On 15 acres of land at Veshvi, near JNPT, Mumbai in the name of the Company with buildings. c) Hypothecation of all other equipments and fixed assets acquired and to be acquired for the project.

## Item 10:

The present name of the Company is Forbes Gokak Limited. The business of the Company included, inter alia, manufacture of cotton yarn at Gokak Falls, District Belgaum, commonly known as the Gokak Mills Division of the Company and referred to as 'Gokak'. Pursuant to the Scheme of Demerger approved by the shareholders of the Company and sanctioned by the High Court, Bombay and High Court of Karnataka at Bangalore, the yarn manufacturing activity has been placed into a separate company, which is now known as "GOKAK TEXTILES LIMITED".

In view of the above, since the activities referred to as "Gokak" have ceased to be a part of the activities of the Company, we wish to omit the word "Gokak" from our name and instead use the name "Forbes & Company Limited".

Section 21 of the Act provides that a company may, by special resolution and with the approval of the Central Government signified in writing, change its name. Hence the Resolution at Item 10 of the Notice.

## 2. Information required to be furnished under Clause 49 (IV) (G) (i) of the Listing Agreement.

As required pursuant to Clause 49 (IV) (G) (i) of the Listing Agreement, the particulars of Directors, who are proposed to be re-appointed at this Annual General Meeting, are furnished below: :

Name of Director	Mr.D.S.Soman	Mr.R.N.Jha	Mr.N.D.Khurody
Date of Birth	8 <sup>th</sup> May, 1930	2 <sup>nd</sup> July, 1939	29 <sup>th</sup> October, 1936
Date of first Appointment	28 <sup>th</sup> September, 1992	6 <sup>th</sup> July, 2004	17 <sup>th</sup> March, 2004
Qualification	IPS (Retired)	B.A. (Hons.)	M.A (Economics)-Cambridge University
Expertise in specific functional areas	Mr.D.S.Soman retired as Director General of Police	Mr.Jha retired as Executive Director of LIC. His expertise includes funds management and resource mobilization, general management, formulation and implementation of compensation packages and development and administration of properties.	Mr. N. D. Khurody retired as Managing Director of Voltas Limited. He has wide and varied experience in formulation and implementation of business plans, risk evaluation, business investment strategy and funds management. He is also experienced in formulation and implementation of compensation packages.
List of Companies in which Directorship held as on 31 <sup>st</sup> March, 2007	<u>PUBLIC COMPANIES</u> Ruby Mills Ltd.	<u>PUBLIC COMPANIES</u> Next Gen Publishing Ltd.	<u>PUBLIC COMPANIES</u> Afcons Infrastructure Ltd. Eureka Forbes Ltd. Forbes Infotainment Ltd. Next Gen Publishing Ltd. Samrat Holdings Ltd. Tata Ceramics Ltd. Vantech Investments Ltd. Voltas Ltd.
Member of the Board Committees	1. <u>Audit Committee</u> Ruby Mills Ltd. Forbes Gokak Ltd. 2. <u>Share Transfer and Investor Relations Committee</u> Ruby Mills Ltd. Forbes Gokak Ltd.	<u>Audit Committee</u> Forbes Gokak Ltd.	<u>Audit Committee</u> Afcons Infrastructure Ltd. Eureka Forbes Ltd. Forbes Infotainment Ltd.
No. of shares held	Nil	Nil	Nil

For and on behalf of the  
Board of Directors  
SHAPOOR P. MISTRY  
Chairman

Mumbai, 21<sup>st</sup> August, 2007.  
Registered Office:  
Forbes Building,  
Charanjit Rai Marg, Mumbai 400 001



## DIRECTORS' REPORT

To,  
The Shareholders,  
Ladies and Gentlemen,

Your Directors submit their Report and the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2007.

### 1. FINANCIAL RESULTS:

The results for the current year and those for the previous year are set out in this paragraph.

	For the year ended 31 <sup>st</sup> March, 2007	( Rs. in Crores) For the year ended 31 <sup>st</sup> March, 2006
01. Sales, Services and Other Income	654.18	615.57
02. Less: Expenditure	610.59	565.54
03. Profit after Interest and before Depreciation	43.59	50.03
04. Less: Depreciation	27.10	23.51
05. Profit after Depreciation	16.49	26.52
06. Less: Provision for Doubtful Loans and Advances and for diminution in value of Investments	0.39	0.09
07. Profit before prior period items	16.10	26.43
08. (Add) / Less : Prior period items (net)	(0.09)	0.39
09. Profit before taxation and Exceptional items	16.19	26.04
10. Less : Exceptional items	3.32	-
11. Profit before taxation	12.87	26.04
12. Less : Deferred tax Liability/Provision for Taxation (net)	3.75	4.44
13. Profit after Taxation	9.12	21.60
14. Add: Balance brought forward	33.93	21.84
15. Total amount available for Appropriation	43.05	43.44
16. Less: Appropriations:		
(a) Proposed Dividend	4.51	6.45
(b) Tax on Dividend Distribution	0.77	0.90
(c) General Reserve	22.00	2.16
(d) Sub Total	27.28	9.51
17. Balance Carried to Balance Sheet	15.77	33.93

In addition, upon the sale of the properties of the Company at Chennai and Vadodara, an amount of Rs.65.29 crores representing revaluation component, has been transferred from Revaluation Reserve to General Reserve.

Provision required for bad and doubtful debts, a chartering loss of Rs.14.54 crores, including a higher depreciation charge by Rs. 3.59 crores and adverse impact of the continuous and substantial adverse US\$ / Rupee rate have affected results for the year. But for these, the results would have been comparable to those of the previous year.

Segmentwise details of the operating performance are given in subsequent paragraphs.

### 2. DEMERGER:

Shareholders of the Company, at their meeting held on 20<sup>th</sup> March, 2007 have approved the demerger of the Textiles Undertaking i.e. Yarn business (the manufacturing unit of which is located at Gokak Falls, Dist. Belgaum, Karnataka State) and the Knitwear business (the manufacturing unit of which is located at Marihal, Dist. Belgaum, Karnataka State) into a separate company namely