

INFORMATION MEMORANDUM

GOKAK TEXTILES LIMITED

Registered Office: 45/3 Gopalkrishna Complex, 1st Floor, Residency Cross Road, Bangalore-560 025
Corporate Office : Chandivali Estate, Saki Powai Road, Chandivali, Mumbai 400 072

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(We were incorporated as a Public Limited Company on March 27, 2006 as ANS Textiles (Bangalore) Limited and the name was changed to GOKAK TEXTILES LIMITED with effect from January 23, 2007)

INFORMATION MEMORANDUM FOR LISTING OF 64,99,308 EQUITY SHARES OF RS.10 EACH.

NO EQUITY SHARES ARE PROPOSED TO BE SOLD OR OFFERED PURSUANT TO THIS INFORMATION MEMORANDUM

GENERAL RISKS
Investments in equity and equity-related securities involve a degree of risk and investors should not invest in the equity shares of GOKAK TEXTILES LIMITED unless they can afford to take the risk of losing their investment. Investors are advised to read the Risk Factors carefully before taking an investment decision in the shares of GOKAK TEXTILES LIMITED. For taking an investment decision, investors must rely on their own examination of the Company including the risks involved.
ABSOLUTE RESPONSIBILITY OF GOKAK TEXTILES LIMITED
GOKAK TEXTILES LIMITED having made all reasonable inquiries, accepts responsibility for, and confirms that this Information Memorandum contains all information with regard to GOKAK TEXTILES LIMITED, which is material, that the information contained in this Information Memorandum is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Information Memorandum as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.
LISTING
The Equity Shares of GOKAK TEXTILES LIMITED are proposed to be listed on Bombay Stock Exchange Limited.
SHARE TRANSFER AGENT
TSR Darashaw Ltd., UNIT: GOKAK TEXTILES LIMITED 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai 400 011. Telephone : 022 – 6656 8484 Fax : 022 – 6656 8494 Email : csg-unit@tsrdarashaw.com Contact Person: Ms. Nandini Nair

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DEFINITIONS, ABBREVIATIONS & INDUSTRY RELATED TERMS

Term	Description
“GTL” or “Company” or “Our Company” or Resulting Company or GOKAK TEXTILES LIMITED	GOKAK TEXTILES LIMITED, a Public Limited Company incorporated under the provisions of the Companies Act, 1956
“We” or “us” and “our”	Refers to GOKAK TEXTILES LIMITED
Affiliate	Includes: Any company, firm, body corporate, association of persons, associates or other entity controlled, directly or indirectly by Group as the case may be.
Articles/Articles of Association	Articles of Association of GOKAK TEXTILES LIMITED
Auditors	The Statutory Auditors of GOKAK TEXTILES LIMITED
Bankers to the Company	The Bankers which are the bankers to GOKAK TEXTILES LIMITED
Board of Directors/Board/Directors	The Board of Directors of GOKAK TEXTILES LIMITED
BSE	Bombay Stock Exchange Limited
CDSL	Central Depository Services (India) Limited
Companies Act / Act	The Companies Act, 1956, as amended from time to time
Current Year	April 1, 2007 to March 31, 2008
Demerged Company	Forbes Gokak Limited, a Public Limited Company, under the provisions of the Companies Act, 1956
DSE	Designated Stock Exchange
EPS	Earnings per equity share
Equity Shares	Equity shares of the Company of Rs.10 each unless otherwise specified in the context thereof
Financial year/fiscal/FY	The twelve months ended 31 st March , unless otherwise stated
HUF	Hindu Undivided Family
Information Memorandum	This document filed with the Stock Exchange is known as and referred to as the Information Memorandum
I.T. Act	The Income-tax Act, 1961, as amended from time to time, except as stated otherwise
ITAT	Income Tax Appellate Tribunal
Investee Companies or Operating Companies	Refers to GOKAK TEXTILES LIMITED along with their subsidiaries, associates and affiliates, as applicable.
Memorandum/Memorandum of Association	The Memorandum of Association of GOKAK TEXTILES LIMITED
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
RBI	Reserve Bank of India
Registered office of our Company	45/3 Gopalkrishna Complex, 1 st Floor, Residency Cross Road, Bangalore 560 025.
ROC	Registrar of Companies, Maharashtra, at Mumbai and Registrar of Companies, Karnataka, at Bangalore, as may be applicable in the context

Scheme	Scheme of Arrangement under Sections 391 to 394 of the Companies Act, 1956 between Forbes Gokak Ltd. and GOKAK TEXTILES LIMITED and their respective shareholders and creditors, sanctioned by the High Court, Bombay on May 4, 2007 and the High Court of Karnataka at Bangalore on July 13, 2007 and effective from April 1, 2007.
SEBI	Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992
SEBI Act	Securities and Exchange Board of India Act, 1992 as amended from time to time
SEBI Guidelines	Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 issued by Securities and Exchange Board of India effective from January 27, 2000, as amended, including instructions and clarifications issued by Securities and Exchange Board of India from time to time
Stock Exchanges	BSE and NSE
Textiles Undertaking	Textiles Undertaking of Forbes Gokak Limited set out in the Scheme and reproduced in the attachment hereto under the caption 'Textiles Undertaking'.

General Industry Terms

BSS	Business Support System
CAGR	Compounded Annual Growth Rate
CAPEX	Capital Expenditure
GoI	Government of India
Net debt	Long terms debt <i>less</i> cash and cash equivalents
PIN	Personal Identification Number
SCN	Show Cause Notice

Definition of 'Textiles Undertaking'

The Textiles Division of FGL comprising of the business activity of textiles being carried on by FGL on a going concern basis and including the manufacturing and/or allied activities of the following subdivisions, as on the Appointed Date:

- Yarn division engaged in manufacturing and marketing of cotton yarn including but not limited to dyed yarn, grey yarn, canvas, terry towels, etc.
- Knitwear division engaged in all the operations from knitting to making of garments like polo shirts, T-shirts etc. manufactured and sold under the 'Campbell' brand; and otherwise
- Shall include (without limitation):
 - (a) All assets wherever situated, whether movable or immovable, real or personal, in possession or reversion, corporeal or incorporeal, tangible or intangible, present or contingent and including land, buildings, residential properties (more particularly described in the Schedule of this Scheme), offices, all the power generation plants whether hydro power or multi-fuel electricity plant located at factory site or otherwise, mills, power looms, dornier looms, plant and machinery including spindles, capital work-in-progress, warehouses, godowns, depots, power lines, vehicles, other fixed assets but without being limited to factory licences, brands, trademarks, patents, copyrights and other intellectual property rights, investments (including the investment in P.T. Gokak Indonesia), leases, tenancy rights, premises, hire purchase and lease arrangements, computers, office equipment, furniture, telephones, telexes, facsimile connections, communication facilities, electrical and other installations, inventories, current assets, sundry debtors, deposits, receivables, funds, cash, bank balances, accounts and all other rights, benefits of all agreements, subsidies, grants, taxes, tax credits (including but not limited to credits in respect of income tax, sales tax, value added tax, turnover tax, excise duty, service tax, etc.), bills of exchange, letters of intent and loans and advances appearing in the books of accounts of FGL pertaining to or relatable to the Textiles Division.
 - (b) All liabilities present, future and the specified contingent liabilities including the liabilities of FGL allocable or pertaining to the business of Textiles Division including guarantees in respect of borrowings of P.T.Gokak Indonesia. For the purpose of this Scheme, it is clarified that liabilities allocable or pertaining to the Textiles Division shall include:
 - (i) The liabilities which arise out of the activities or operations of the Textiles Division;
 - (ii) The specific loans or borrowings raised, incurred and utilized solely for the activities or operations of the Textiles Division; and
 - (iii) In cases, other than those referred to in Sub-Clauses (i) and (ii), so much of the amounts of general or multipurpose borrowings of FGL, allocable to the Textiles Division as stand in the same proportion which the value of the assets transferred to GTL under this Scheme bears to the total value of the assets of FGL immediately before the Demerger, as prescribed under the Income-tax Act, 1961.
 - (c) Without prejudice to the generality of the provisions of the foregoing, the Textiles Division shall include all rights and licences, all assignments and grants thereof, benefits of agreements, contracts and arrangements, powers, authorities, industrial and other licences, municipal permissions, registrations, quotas, permits, allotments, approvals, export licences, sanctions, remissions, special reservations, holidays, incentives, concessions and other authorizations, benefits, entitlements and incentives of any nature whatsoever including sales tax remissions and custom duty exemption certificates, consents, privileges, liberties, advantages, easements and all the right, title, interests, goodwill, benefits, entitlement and advantages and all other rights and claims of whatsoever nature and wheresoever situated belonging to or in the possession of or granted in favour of or enjoyed by FGL and / or to which FGL is entitled to in connection with or pertaining to or relatable to the Textiles Division of whatsoever kind, nature or description held, applied for or as may be obtained thereafter and all respective books of accounts, papers, documents and records relating to the Textiles Division, and all earnest money and/or deposits including security deposits paid by FGL in connection with or relating to the Textiles Division.

(d) All permanent employees of FGL employed in the Textiles Division as on the Effective Date and those permanent employees that are determined by the Board of Directors of FGL, to be substantially engaged in or in relation to the Textiles Division.

It is intended that the definition of Demerged Undertaking under this Sub-Clause would enable the transfer of all property, assets, liabilities, rights, obligations, entitlements and benefits (including under excise, sales-tax, etc. to which the Demerged Undertaking is entitled to in terms of the various statutes / schemes, etc. and accumulated loss and allowance for unabsorbed depreciation under income-tax) of the Demerged Undertaking to GTL pursuant to this Scheme, without any further act or deed.

CERTAIN CONVENTIONS; USE OF MARKET DATA

Unless stated otherwise, the financial data in this Information Memorandum is derived from our financial statements prepared in accordance with Indian GAAP. Our current financial year commenced on April 1, 2007 and ends on March 31, 2008. In this Information Memorandum, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding-off.

For definitions, please see the section titled “Definitions, Abbreviations and Industry Related Terms”.

All references to “India” contained in this Information Memorandum are to the Republic of India. All references to “Rupees” or “Rs.” are to Indian Rupees, the legal currency of the Republic of India.

Unless stated otherwise, industry data used throughout this Information Memorandum has been obtained from industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe that industry data used in this Information Memorandum is reliable, it has not been independently verified.

The Equity shares of GOKAK TEXTILES LIMITED are not listed on any Stock Exchange. The information included in this Information Memorandum about GOKAK TEXTILES LIMITED and other listed and unlisted companies is based on their respective Annual Reports and their respective information made publicly available by the respective companies.

FORWARD LOOKING STATEMENTS

We have included statements in this Information Memorandum, that contain words or phrases such as “will”, “aim”, “will likely result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions that are “forward-looking statements”.

All forward-looking statements are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include, among others:

- General economic and business conditions in India and other countries;
- Our ability to successfully implement our strategy, our growth and expansion plans and technological changes;
- Changes in the value of the Rupee and other currency changes;
- Changes in Indian or international interest rates;
- Changes in laws and regulations in India;
- Changes in political conditions in India; and
- Changes in the foreign exchange control regulations in India.
- Other unspecified, unknown factors.

For further discussion of factors that could cause our actual results to differ, see the section titled “Risk Factors”. By their nature, certain risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated.

We do not have any obligation to, and do not intend to, update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition.

RISK FACTORS

An investment in equity shares involves a high degree of risk. You should carefully consider all of the information in this Information Memorandum, including the risks and uncertainties described below. If any of the following risks actually occur, our business, financial condition and results of operations could suffer, the trading price of our Equity Shares could decline, and you may lose all or part of your investment.

EXTERNAL RISK FACTORS

1. After this listing, the prices of our Company's equity shares may be volatile, or an active trading market for our Company's equity shares may not develop.

There has been no public market for our Company's equity shares till now, and no history of public disclosure of information relating to our company, and the prices of our Company's equity shares may fluctuate after this listing. There can be no assurance that an active trading market for the equity shares will develop or be sustained after this listing. Our Company's share price could be volatile. Future sales by shareholders could cause the price of equity shares to decline. As there is no lock-in provision on the equity shares after listing, sale of substantial number of equity shares could lead to fall in market prices of the equity shares. Downturns or disruptions in the securities markets could reduce transaction volumes, and could cause a decline in the business volume and impact our share prices. We are affected directly by national and global economic and political conditions, broad trends in business and finance, disruptions to the securities markets and changes in volume and price levels of securities and future transactions.

Management Perception/Mitigation Mechanism/Support Structure/Comments

This is a risk inherent in all equity investments. However, investment is a long term phenomenon and in the long term the plus and minus may even out each other. An investor has to take a view and a call on his investment strategy.

2. Risk of Force Majeure, Political, Economic and War Risks

Our operations are dependent upon continued stable trading conditions. The occurrence of a natural disaster or other unanticipated problem could cause interruptions in the operations. Any damage or failure that causes interruptions in the operations could have a material adverse effect on our business, operating results and financial condition. Performance may be affected by a number of factors beyond our control including political and economic developments both inside and outside India.

Management Perception/Mitigation Mechanism/Support Structure/Comments

This is a risk affecting all economic activities, industries and companies.

3. Global economic, political and social conditions may harm our ability to do business, increase our costs and negatively affect our stock price.

External factors such as potential terrorist attacks, acts of war or geopolitical and social turmoil in many parts of the world could prevent or block our ability to do business, increase our costs and negatively affect our stock price. These geopolitical social and economic conditions could result in increased volatility in India and worldwide financial markets and economy, and such volatility could prevent or block our ability to do business, increase our costs and negatively affect our stock price. Regional conflicts in Asia and other export markets could adversely affect the Indian economy, which in turn may disrupt our operations and cause business to suffer. The Asian region has from time to time experienced instances of civil unrest and hostilities among neighboring countries.

Management Perception/Mitigation Mechanism/Support Structure/Comments

This is a phenomenon which will affect all industries and all companies and the same universal correction that would apply to others would also apply to us.

4. We face substantial competition in the textile business, both from Indian and International companies, which may adversely affect our revenues.

We face significant competition from existing players and potential entrants in the Indian textile industry. The Indian textile industry is highly competitive both in the cotton yarn cotton and knitwears. Internationally, we will face competition mainly from large vertically integrated and diversified companies as well as new companies, particularly in Pakistan, Bangladesh, Korea, China and Indonesia. Some of our international competitors are larger than us and have greater financial resources.

Increased competition could result in price reductions, decreased sales, lower profit margins or losses in market share, any of which could have an adverse effect on our business, results of operations and financial condition. We cannot be certain that we will continue to compete successfully against either current or potential competitors in the future.

We operate in a globally competitive business environment. We face significant competition from countries such as Pakistan, Bangladesh, Indonesia, China, Korea, etc. which also have cheaper labour and significant production capacities. We may also face competition from other established companies and future entrants into the industry. The growing competition may force us to reduce prices of our products, which may reduce our revenues and margins and/or decrease our market share, either of which could adversely affect our business, financial condition and results of operations.

Management Perception/Mitigation Mechanism/Support Structure/Comments

This is a phenomena concerning all the units in the textile industry. We are addressing this issue by upgrading technology, rationalizing products and doing everything possible, to be cost competitive.

5. Reduction or termination of policies instituted to promote growth of the textile sector.

The Government of India has instituted several policies to promote the growth of the Indian textile sector. These include interest rate subsidies and duty / tax reimbursement schemes like duty drawback / DEPB. Termination of or variation in the terms of such policies can adversely impact the profitability of textile companies in the country, including us. Further, any change in regulatory environment in relation to manufacturing in India or for marketing our products within and outside India will significantly impact our business. A delay in the disbursement or release of benefits / funds may hamper our operations.

Management Perception/Mitigation Mechanism/Support Structure/Comments

The Government recognizes the job and growth potential of the industry and it is expected that the industry would receive all support and help it deserves.

6. Increasing employee compensation in India may erode some of our competitive advantage and may reduce our profit margins.

Wage costs in India have historically been significantly lower than the wage costs in the developed countries for comparably skilled professionals in the textile industry, which has been one of our competitive strengths. However, wage increases in India may prevent us from sustaining this competitive advantage and may negatively affect our profit margins. The buoyancy in the Indian textile industry with the opening up of global trade may lead to an increase in wage costs which could result in increased cost for textile professionals. This can impact our performance and margins and may result in a material adverse effect on our business.

Management Perception/Mitigation Mechanism/Support Structure/Comments

This is a phenomenon which cannot be ignored. Other industries/units are known to address this issue by discarding low value addition products and moving up the value chain. Of course this requires significant capital investment, and therefore this strategy can be implemented only gradually and over a period.

INTERNAL RISK FACTORS

- 1. We are subject to risks arising from foreign exchange rate fluctuations, which could adversely affect our business, financial condition and results of operations.**

We sell a significant portion of our products in the export market. One of our Units is a 100% EOU. Export sales form major part of our overall sales and result into realization in foreign currencies. Further, we shall import certain plant & machineries for technological improvement as well as raw materials, for which we would require to make payments in foreign currencies. Any adverse fluctuations in the current estimated exchange rates as against Indian Rupee could adversely affect our business, financial condition and results of operations. A long term hedge against foreign exchange fluctuations in this regard may not be cost effective.

Management Perception/Mitigation Mechanism/Support Structure/Comments

Textiles is one of the largest providers of jobs. Policies of the Government of India in the recent past have indicated that the government recognizes job and growth potential of this industry. Whereas sudden sharp change in the exchange policy can affect the operations, it is expected that over a period of time the Government will step in to ensure viability of the Industry. We also hedge our positions from time to time on the basis of the expert advice.

- 2. All our manufacturing facilities are geographically located in one area.**

All our manufacturing facilities are based in the Belgaum Dist. Karnataka State. As a result, any localized social unrest, natural disaster or breakdown of services and utilities in this region could have material adverse effect on the business, financial position and results of operations of our Company. Further, spiraling cost of living in the Belgaum District may push our manpower cost in the upward direction, which may reduce our margin and cost competitiveness.

Management Perception/Mitigation Mechanism/Support Structure/Comments

The region where we are located has in the past experienced stable business environment.

- 3. Our operations depend on certain key personnel and growth prospects may be disrupted if we lose services of such personnel**

The future success of our operations is dependent upon the continued service of our key executives and employees. It cannot be assured that we will be able to retain these executives and employees. If one or more of the key personnel were unable or unwilling to continue in their present positions, or if they joined a competitor or formed a competing company, our business may be significantly disrupted and the financial condition and results of operations may be materially and adversely affected. It cannot be assured that we will be able to attract and retain the key personnel that we will need to achieve the business objectives.

Management Perception/Mitigation Mechanism/Support Structure/Comments

The Company follows contemporary HR policies and barring temporary dislocations it is expected that the issues can be effectively addressed.

- 4. Our main raw material is cotton. The prices we are able to obtain for the cotton yarns and Knitwear that we produce depend largely on prevailing market prices.**

Our main raw material is cotton which is an agro-product, the price of which keeps fluctuating significantly. The wholesale price of cotton has a significant impact on our profits. Cotton is subject to price fluctuations resulting from weather, natural disasters, domestic and foreign trade policies, shifts in supply and demand and other factors beyond our control. As a result, any prolonged movement in cotton prices could have a material adverse effect on our Company and our results of operations. On the other hand, the prices we are able to obtain for the cotton yarn and knitwear that we produce depends largely on prevailing market prices and do not vary in the same direction and proportion as the cotton.

Management Perception/Mitigation Mechanism/Support Structure/Comments

This is a phenomenon affecting all the units in the yarn and knitwear industry. The Company can address this issue by moving towards niche segments.

5. We are dependent on external suppliers for Cotton, which constitutes the largest component of our raw material costs for manufacturing Cotton Yarns.

For manufacturing cotton yarns, we are dependent on external suppliers for many of our inputs, especially for cotton, which constitutes the largest component of our raw material cost. Cotton procurement constitutes a significant part of our total lead-time. Any delays or non-conformance to quality requirements by our suppliers can impact our ability to meet our customer's requirements and thus impact our business.

Management Perception/Mitigation Mechanism/Support Structure/Comments

Being in the textile industry for over a century, we have developed a network of supply chain participants, all over India and overseas, which include the government and semi-government agencies. Further, the network is broad based both geographically and organizationally.

6. Our loan agreements and current debt sanctions contain several restrictive covenants.

We have availed of several loans and financial facilities from various banks and financial institutions. The agreements entered into by us for availing such loans and financial facilities contain several restrictive covenants, some of which operate on a day-to-day basis, and the others which operate on any default by us in meeting our repayment obligations, or not complying with the terms of those agreements. These covenants, especially (but not restricted to) those which require us to obtain approval of lenders for undertaking certain activities, and those which operate on default, are restrictive and can prejudicially and adversely affect and continue to affect our current operations and future plans.

The restrictive covenants require us to obtain the prior consent of the lenders before undertaking certain actions such as new project, expansion or diversification, effecting any scheme of amalgamation, reconstitution or merger; raising any additional debt; changing or altering our capital structure; declaration of dividend; withdrawal of money brought in by promoters; create any charge or lien or interest of whatsoever nature; change in the project scope, equipment or any other aspect which will render any project ineligible for assistance under the TUFs; dealing with other than members banks; any change in promoter, directors or in the core management team; extending any finance to associate concerns; review of cost of the project before final disbursement of the loan; approval from various government authorities; disposal of shareholdings held by the promoters; submission of financial closure of loan from the bank/FI's and raise the public issue money before disbursement, etc.

Further, these sanctions also provide for commitment charges on the undrawn amount and penal interest in case of default in payment of installment/interest, delay / non-submission of stock statement. Moreover, the Lenders reserve the right to amend, alter the terms and conditions or withdraw all or any credit limits sanctioned at any time at their discretion without assigning any reasons whatsoever.

Management Perception/Mitigation Mechanism/Support Structure/Comments

Whereas the lenders are expected to protect their own interest, they are also not expected to unreasonably withhold approval, and provided we are able to make out a case that a proposal is in the long term interest of the Company and thus also in the interest of the lenders, required approval may come forth.

7. Outstanding litigation

The results of operations, and financial position, and liquidity could be affected by significant legal proceedings which are adverse to our interests. Moreover, such litigation may be time consuming, distracting to management, expensive and difficult to predict, and this may adversely affect the business. Please also see "OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS."

Management Perception/Mitigation Mechanism/Support Structure/Comments

The Company has been acting on the basis of appropriate professional advice and the Company has been advised that the Company has good chance of success.

8. We have not provided for contingent liabilities

As on September 30, 2007, we have not provided for the following contingent liabilities:

(Rs.in Crores)

Sr.No.	Particulars	Previous Year Ended 30.09.2007
1.	Bills discounted with Banks	13.44
2.	Guarantees issued by Banks	0.68
3.	Guarantees given on behalf of Associated Companies	13.58
3.	In respect of Sales Tax, Excise, Customs and other statutory dues	5.04
4.	Labour matter in dispute	2.68
5.	Bonds in favour of Customs / Excise Authorities	26.83
6.	Other demands contested by the Company	1.17
7.	Estimated amount of contracts to be executed	13.44

Management Perception/Mitigation Mechanism/Support Structure/Comments

Based on past experience and legal advice, these liabilities are not expected to materialize to a significant extent.

9. Business which forms a part of our Undertaking now, had a history of losses, substantial capital and operating expenditure.

Business which forms a part of our Undertaking now, had a history of losses in the recent past and expect to continue to incur substantial expenditures on account of capital and operational costs, for existing and new projects and businesses, including those businesses which may not as yet have an established customer base. Although our businesses have experienced growth in revenues in recent periods, this growth rate may not be indicative of future operating results and they will need to generate significant revenues and efficiently control capital and operating expenses to achieve profitability. It cannot be assured that we will be able to achieve and/or sustain operating profits.

Management Perception/Mitigation Mechanism/Support Structure/Comments

The Company had a backlog of modernization in the past which has been partly corrected in the last five years. Further, post Demerger, the Company would have an interest advantage on its net worth. However, future profitability would depend upon the profitability of the Textile industry in general.

10. Members of our Promoter Group will continue to retain significant control in our Company after the issue, which will allow them to influence the outcome of matters submitted to shareholders for approval.

After this issue, members of our Promoter group will beneficially own approximately 73.56% of our post-issue Equity Share Capital. As a result, our Promoter Group will have the ability to exercise significant influence over all matters requiring shareholders' approval, including the election of directors and approval of significant corporate transactions. The Promoter Group will also be in a position to influence any shareholder action or approval requiring a majority vote, except where they are required by applicable laws to abstain from voting. Such a concentration of ownership, may also have the effect of delaying, preventing or deferring a change of control.

Management Perception/Mitigation Mechanism/Support Structure/Comments

Objective of the promoters and other investors would be the same i.e. enhancement of the value of their investment and therefore this position should be valued as an advantage.

11. Any failure to keep abreast with the latest trends in the technologies may adversely affect our cost competitiveness and ability to develop new products.

We operate in a technologically intensive environment, where we compete on a global scale, especially in the export market. Technology by its very nature is dynamic and ever-changing, and we may not be able to keep pace with the rapidly changing technological environment. Any such failure on our part could adversely affect our ability to compete efficiently, our cost-competitiveness and the quality of our products, which could consequentially adversely affect our sales and profitability.

Management Perception/Mitigation Mechanism/Support Structure/Comments

Keeping pace with technology would require a significant investment in technology and this can be achieved only over a period depending upon availability of resources which in turn would depend upon the profitability of the Company and the resources provided by the capital market.

12. If we fail to comply with environmental laws and regulations or face environmental litigation, results of our operation may be adversely affected.

Environmental laws and regulations in India have been increasing in stringency and it is possible that they will become significantly more stringent in the future. If, as a result of compliance or non-compliance with any environmental regulations, any of our units or the operations of such units are shut down, we will continue to incur costs in complying with regulations, appealing any decision to close our facilities, maintaining production at our existing facilities and continuing to pay labour and other costs which continue even if the facility is closed. As a result, our overall operating expenses will increase and our profits will decrease.

Management Perception/Mitigation Mechanism/Support Structure/Comments

Cotton Textile industry and the Knitwear industry are not highly polluting. In respect of our dyeing process, we have appropriate mechanism in place to comply with the requirements.

13. There are a number of outstanding litigations against our Company and our Directors.

We our Directors and are involved in a number of legal proceedings incidental to our business and operations. A brief summary of all these outstanding litigations is set out in a separate section under caption `outstanding litigations and material developments`.

Management Perception/Mitigation Mechanism/Support Structure/Comments

Comments form a part of respective item.

14. Our insurance coverage may not adequately protect us against certain operating hazards and this may have a material adverse effect on our business.

Management Perception: We maintain insurance policies with leading Indian insurers. All our principal places of business, including our textile mills are covered by fire, insurance, workmen compensation policy, cash in transit, stock insurance, transit insurance of sales and purchase and vehicle insurance policies. Our plant and machinery such as mills, boilers, DG sets, motors, tubewells, and effluent treatment plant and office equipments are covered by insurance against fire, flood & earthquake. We also maintain loss of profit insurance.

While we believe that the insurance coverage we maintain would reasonably be adequate to cover all normal risks associated with the operations of our business, there can be no assurance that any claim under the insurance policies maintained by us will be honoured fully, in part or on time. To the extent that we suffer loss or damage that is not covered by insurance or exceeds our insurance coverage, our results of operations and cash flow may be adversely affected.

Management Perception/Mitigation Mechanism/Support Structure/Comments

This is set out in the text itself.

INTRODUCTION

SUMMARY

Industry and Business of our Company

You should read the following summary together with the risk factors included in this Information Memorandum and the more detailed information about us and our financial data included in this Information Memorandum.

Note: Unless otherwise indicated, all financial and statistical data relating to the industry in the following discussion is derived from internal Company reports and data, industry publication and estimates. This data has been reclassified in certain respects for purposes of presentation. For more information, see “Forward-Looking Statements” in this Information Memorandum.

INDUSTRY OVERVIEW

Indian Textile Industry

Textile Industry is one of India's largest industries, after agriculture. It provides direct employment to about 35 million people. Besides this, there are a large number of ancillary industries, which are dependent upon this sector, such as manufacturing various machines, accessories, stores, ancillary items and chemicals. Known globally for its skill and craftsmanship, the Indian textile industry is also one of the largest export earners and accounts for about 35% of the gross export earnings in trade. Trade restrictions have hitherto kept the Indian textile industry from soaring to the height it is capable of, but this is expected to change, as after January 2005 the quota and other trade restrictions are being gradually removed.

Textiles cover the following sub-segments:-

Fibre intermediates; P-X, DMT, PTA, MEG, Caprolactum, Wood Pulp, etc.,

Fibres: ginning and pressing of cotton, manufacture of PFY, NFY, Rayon fibre, etc.

Synthetic fibre/filament processing viz., drawing, texturising, twisting, etc.,

Yarn: spinning cotton & blends on rotors and ring frames

Weaving/Knitting/Made-ups

Processing and

Distribution.

Structure of the Textile Industry

The industry has a complex structure marked by presence of large-scale and small-scale production units. The industry is manufacturer driven with spinning having large scale operations and the retailing as the weakest link which is now changing. From growing own raw material (cotton, jute, silk and wool) to providing value added products to consumers (fabrics and garments), the textile industry covers a wide range of economic activities, and results in employment generation in both organized and unorganized sectors.

Post MFA Global Environment

The international trade in textiles and clothing was regulated by special arrangements for 40 years outside the rules of General Agreement on Tariff and Trade (GATT). The framework of Multi-Fibre Arrangement (MFA) applied to international trade in textiles and clothing for the period 1974 to 1994. India has entered into bilateral agreement with USA, Canada, EU etc., exports to which account for a major share of total exports of Indian textiles. Consequent upon the establishment of the World Trade Organisation (WTO) with effect from 01.01.1995, the quantitative restrictions in the bilateral agreements under the MFA were governed by the Agreement on Textiles and Clothing (ATC) contained in the final Act of the Uruguay Round negotiations. The quota regime in the textile sector was completely phased out by the end of 2004.

Prior to 01.01.2005, the exports of textiles and clothing (including knitwear), were subjected to quantitative restrictions in the importing countries, were regulated by means of the Export Entitlements (Quota) Policies (for garments and textiles respectively) formulated by the Government. With dismantling of the Quota Regime on 01.01.2005, there is no Quota Policy in operation. However, certain provisions of the Quota Policy were extended initially for one year i.e. upto 31.12.2005 to deal with the situations arising out of the residuary operations of the Policy. The residuary functions of the Quota Policy notifications have been extended upto 31.12.2006.

Support from the Central Government

The extension of the TUF Scheme will continue the process of modernization and technological upgradation of the textile industry and will also aid in achieving investment target of US\$ 15 billion required to increase textile exports to US\$ 50 billion by 2010. Reduction in duties on polyester fibres and on raw materials is likely to boost the sector prospects, as produces get cheaper and competitive in the export markets. Further, allocations of additional funds to the Scheme for integrated Textiles Parks will facilitate setting up of dedicated textile hubs. Consumers may benefit from the duty cut as manufactures, in times of increasing competition, would be forced to slash rates. The basic direction of the Central Government budgets in the recent years has been positive and supportive.

Implication on Indian Textile Industry

India has a very strong and diverse raw material base for manufacturing fibres/yarn from natural (i.e. cotton, wool, silk, jute) to artificial (i.e. synthetic, cellulosic and multiple blend of such fibres/yarn) raw materials. India had competitive advantage in terms of labour cost also. International Textile Manufacturers Federation (ITMF) conducted a comparative manufacturing cost study of 7 countries including India. This study had indicated that Indian industry has competitive advantage in terms of raw material cost and labour cost in manufacture of yarn and fabric. Therefore MFA phase out may not have much adverse impact on domestic textile industry. Top textile importing countries like USA and the EU are looking towards India for meeting their import requirements. India, according to several recent studies, is going to emerge as an alternative source of supply to China. India's growth in exports will be driven by value added made ups and apparel as India has comparative advantages over its competitors in relation to (i) availability of relatively inexpensive and skilled workforce; (ii) design expertise; (iii) large production base of basic raw material like home grown cotton, yarns and fabrics; and (iv) availability of wide range of textiles.

According to a recent study by CRISIL (commissioned by ICMF), the Indian textiles and apparel industry can achieve a potential size of USD 85 billion by 2010, of which, the domestic market potential would be USD 45 billion and export potential would be USD 40 billion. Nearly 60% of exports would comprise garments. This would create 12 million job opportunities, comprising of 5 million direct jobs in textile industry, and 7 million jobs in allied sectors.

Initiatives in the Recent Past to Grant impetus to the Textile Industry

- (a) **Announcements in the Union Budget 2007-08 :** To strengthen domestic textile industry for meeting the growing global competition, the following important announcements have been made in the Union Budget 2007-08.

Indirect Tax

Reduction in import duty from 10 per cent to 7.5 per cent on polyester staple fibres and low-end polyester filament yarns, polyester chips and certain other inputs (DMT, PTA and MEG).

Reduction in excise duty from 16 per cent to 12 per cent on caprolactum (including benzene) and nylon chips.

Optional excise duty at 12 per cent has been prescribed on fishnet grade nylon yarns, fishnet fabrics, fishnet twine and fishnets.

Levy of 8 percent duty on specific textile machinery by withdrawal of full exemption.

Reduction in rate of Central Sales tax from 4 per cent to 3 per cent.

Policy Announcements

Enhancement of budget allocation from Rs.189 crore to Rs.425 crore for Integrated Textiles Parks Scheme.

Allocation of Rs.911 crores for Technology Upgradation Fund (TUF) Scheme. The Scheme will continue during the 11th Plan i.e. 2007-2012.

Enhancement of budget allocation from Rs.241 crore to Rs.321 crore for the Handloom sector for implementation of 100-150 additional clusters in 2007-2008.

Scheme for modernization and technology upgradation for the coir industry, with special emphasis to major coir producing States with a proposed allocation of Rs.22.50 crore.

- (b) **Announcement of National Textile policy:** One of the main objectives of the National Textile Policy (NTxP-2000) announced in November 2000 is to facilitate the textile industry to attain and sustain a pre-eminent global standing in the manufacture and export of clothing. The policy endeavours to achieve the target of textile and apparel exports from the present level to USD 50 billion by 2010 of which the share of garments will be USD 25 billion.
- (c) **Technology Upgradation Fund Scheme:** In view of the urgent need for stepping up the process of modernization and technology upgradation of the textile industry in India, Ministry of Textiles launched a Technology Upgradation Fund Scheme (TUFS) for the textile and jute industry for a five year time frame from 01.04.1999 to 31.03.2004. The scheme has since been extended till 31.03.2007 and further. The scheme provides 5% interest reimbursement in respect of loans availed thereunder from the concerned financial institutions for investments in benchmarked technology for the sectors of the Indian textile industry specified thereunder. An additional option has been given to powerloom units for 20% capital subsidy under Credit Linked Capital Subsidy (CLCS-TUFS) upto a cost of Rs.100 lacs in eligible machinery with facility to obtain credit from a credit network that includes all co-operative banks and other genuine non-banking financial companies (NBFC) recognized by Reserve Bank of India.
- (d) **Liberalization of FDI Policy:** Government of India has allowed foreign equity participation upto 100%, through automatic route, in the textile sector with the only exception in knitwear/knitting sector.
- (e) **Export Promotion Capital Goods (EPCG) Scheme:** The scheme facilitates import of capital goods at 5% concessional rate of duty with appropriate export obligation. Import of second hand capital goods without any restriction on age is also allowed under the new Foreign Trade Policy.

- (f) **Advance Licensing Scheme:** With a view to facilitating exports and to access duty free inputs under the scheme, standard input-output norms for about 300 textile and clothing export products have been prescribed and this scheme remains operational
- (g) **Duty Exemption Pass Book (DEPB) Scheme:** DEPB credit rates have been prescribed for more than 83 textile and clothing products. The nomenclature and rates for DEPB entries pertaining to certain textile products have been rationalized. The DEPB credit rates were reduced by 45% across the board on all textile items on 23.09.2004. While addressing the concerns of certain segments of the trade, the DEPB credit rates were again revised on 30.12.2004 by announcing changes to the extent of 60% reduction in respect of cotton textile items, 30% reduction in blended textile and woollen items and 22.5% reduction in man-made textile and silk items in place of the 45% reduction effected earlier. These modalities and rates are revised from time to time as may be considered appropriate.
- (h) **Duty Drawback Scheme:** The exporters are allowed refund of the excise and import duty suffered on inputs of the export products under this Scheme. The Department of Revenue announced revision in All Industry Rates of Duty Drawback (AIR of DBK) on 18.01.2005 and the changes made effective from 19.01.2005. There has been substantial reduction in AIR of DBK in almost all textile export products except certain items of silk and wool sectors. In the revised Drawback Schedule, 165 new entries of textile products have been created in addition to earlier 101 entries. The revised rates have been prescribed on the basis of weight of the export product instead of earlier system based on FOB value of the product. Besides, in respect of apparel items, the drawback rates have also been given on the basis of composition of textiles. These modalities and rates are revised from time to time as may be considered appropriate.

Business of Company

(a) OUR BUSINESS

The Company has two manufacturing units both in the Belgaum District, Karnataka State. One is the Spinning Mills at Gokak Falls, where it manufactures Cotton Yarn (Grey and Dyed), Canvas and other products. The other is at Village Marihal where it manufactures Knitwear. Both the Units are within 50 kms of each other.

(i) Spinning Mills at Gokak Falls, Dist. Belgaum, Karnataka

The Company is currently engaged in manufacture of combed and carded cotton yarns ranging from Ne 4 to Ne 40 in single and multifold. These yarns are suitable for applications such as apparels, undergarments, Terry Towels, Denims, Medical Fabrics, Furnishing Fabrics and Industrial Fabrics.

The Company has installed plant & machineries imported from textile machinery manufacturers like Rieter (Switzerland), Savio (Italy), Schlafhorst AG & Co. (Germany) and Truetzschler (Germany). It has also installed plant & machineries purchased from Laxmi Machine Works and Kirloskar Toyoda Textile Machine.

The Company has at present an installed capacity of 1,21,188 spindles and 1104 rotors for cotton yarn with a manufacturing capacity of 30,000 TPA. It has continuously expanded and modernized its facilities in line with the industry trend, which has also been supported by term loans from Financial Institutions and Banks under Technology Upgradation Funds Scheme (TUFS) introduced by Government of India.

The company draws electricity from Karnataka State Electricity Board. The Company also has captive Hydro Power Plants of aggregate capacity 6.30 MW and Heavy Furnace Oil (HFO) plant of 6.5 MW, along with standby arrangements for electricity. The company relies mainly on KEB and Hydro Power and uses HFO only as a standby.

The Company is exporting cotton yarns to countries like Australia, Bahrain, China, Columbia, Egypt, Israel, Italy, Korea, Mauritius, Russia, Poland, U.K., U.S.A. and others. It supplies to customers, who are in the fields like apparel and garment industry, industrial fabrics, furnishing fabrics, towels, Denims etc. At present, the exports are restricted to around 10-15 countries only, which leaves more scope for the Company to develop new markets and to increase its presence accordingly, if market economics enable this to happen.

To achieve economies in the cost of electricity, the Company intend to implement Monsoon Spillway Project, which, would expand the capacity of the present Hydro Power Plant.

(ii) Knitwear Unit at Village Marihal, Dist. Belgaum, Karnataka.

The Company is currently engaged in manufacture of Knitwear namely Polo Shirt and T-Shirts. The Company has the capacity to knit single Jersey, Rib and interlock fabric and other possible structures. The knitted fabrics produced by the Company are used for Made-ups in apparel and garment industry. Knitting is the cheapest and fastest process of converting yarn into fabric. It also sells a portion of our knitted fabrics to other manufacturers of Knitwear.

The Company has installed plant & machineries imported from textile machinery manufacturers like Pegasus, Mayer & Cie (Germany).

For the year ended 31st March 2007, the unit produced 2 million knitwear. It has augmented its capacity by setting up a sub-unit in the vicinity of this unit.

The Company is exporting knitwear to countries like Australia, Israel, Italy, Mauritius, France, U.K., U.S.A. and others. It supplies knitted fabrics to customers, who are in the fields like apparel and garment industry. At present, the exports are restricted to around 10 countries only, which leaves more scope for the Company to develop new markets and to increase its presence accordingly, if the market economics enable this to happen. Further, with the phasing out of quota restrictions, the Company is expecting to achieve high growth rate in the global markets in the coming years.

GENERAL INFORMATION

GOKAK TEXTILES LIMITED (the Resulting Company”) was originally incorporated on March 27, 2006 under the Companies Act, 1956 as ANS Textiles (Bangalore) Ltd. The name has since been changed to its present name, viz. GOKAK TEXTILES LIMITED, with effect from January 23rd, 2007.

Registered Office of Company

GOKAK TEXTILES LIMITED
45/3 Gopalkrishna Complex, 1st Floor,
Residency Cross Road,
Bangalore 560 025.
Telephone: 080 – 2558 9942, 080 – 2559 7442
Fax: 080 – 4123 2267

Registration Number: U17116 KA 2006 PLC 038839

Address of Registrar of Companies:

Registrar of Companies, Karnataka
E-Wing, 2nd Floor,
Kendriya Sadana, Koramangala,
Bangalore 560 034, Karnataka
India.

Board of Directors as on the date of filing of the draft Information Memorandum

Mr. Pallonji S. Mistry
Mr. Shapoor P. Mistry - Chairman
Mr. Cyrus P. Mistry
Mr. Ashok Barat
Mr. D. G. Prasad
Mr. H. S. Bhaskar – Executive Director & CEO
Mr. C. G. Shah
Mr. Hoshang Billimoria
Mr. Ramaotar Goyal

For further details of the Board of Directors of the Company, please see the section titled “Management”.

Company Secretary and Compliance Officer

Mr. Vinod Vora
Email: vkvora@forbes.co.in
Phone No.: 022 - 2200 8081
Fax No. : 022 - 2200 7378

Bankers to the Company

Name:	Punjab National Bank	Standard Chartered Bank	State Bank of India	AXIS Bank Ltd.
Address:	PNB House, P.M. Road, Fort, Mumbai 400 001	90, Mahatma Gandhi Road, Fort, Mumbai 400 001	N.G.N. Vaidya Marg, Mumbai 400 023	P.M.Road, Fort.
Tel. No.	91-22 22667542	91-22 22670162	91-22 22662205	91-22 67074407
Fax No.	91-22 22678515	91-22 22624912	91-22 22626474	91-22 22186944

Auditors

Chhajed Kedia & Associates
Chartered Accountants,
206, Blue Moon Chambers,
25, Nagindas Master Road, Fort,
Mumbai 400 023

Telephone: 022-2263 3133
Email : lkchhajed@hotmail.com

Registrars and Share Transfer Agent:

TSR Darashaw Ltd.,
UNIT: GOKAK TEXTILES LIMITED
6-10, Haji Moosa Patrawala Industrial Estate,
20, Dr. E. Moses Road,
Mahalaxmi,
Mumbai 400 011.

Telephone : 022 – 6656 8484
Fax : 022 - 6656 8494
Email : csg-unit@tsrdarashaw.com
Contact Person : Ms. Nandini Nair

CAPITAL STRUCTURE

SHARE CAPITAL

Upon issue and allotment of shares pursuant to the Scheme, the Share Capital of the Company is as follows:

A.	Authorised Share Capital 70,00,000 Equity Shares of Rs.10 each	Rs. 700,00,000
B.	Paid up Share Capital Issued Subscribed and Paid Up Capital 64,99,308 Equity Shares of Rs.10 each	Rs. 6,49,93,080
C.	Share Premium Account Before the Scheme : After the Scheme :	NIL NIL

- 1) The Authorised share capital of the Company at the time of incorporation was Rs. 5,00,000 divided into 50,000 equity shares of Rs. 10 each. Subsequently the Authorised share capital was increased to Rs. 700,00,000 vide resolution passed at its Extra-Ordinary General Meeting held on April 20, 2007.
- 2) As per Clause 6.1 of the Scheme the Company has issued and allotted 64,49,308 equity shares to the eligible members of Forbes Gokak Limited as provided in Clause 6.1 of the Scheme on September 28, 2007.
- 3) Prior to the allotment of shares as per Scheme of Arrangement, the Issued, Subscribed, and Paid up Share Capital of the Company was Rs 5,00,000 divided into 50,000 equity shares of Rs. 10 each, which was and is entirely held by Forbes Gokak Limited and its nominees.

Notes to Capital Structure

Share Capital history of our Company:

Sr. No.	Date of Allotment	Date when Fully Paid-up	Consideration	No.of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	% of post Arrangement paid-up Capital	Lock-in period
1	25 th April, 2006	25 th April, 2006	Cash	50,000	10	10	0.77%	NIL
2.	28 th September, 2007	28 th September, 2007	Issuance pursuant to the Scheme	64,49,308	10	N.A.	99.23%	NIL

Shareholding pattern of the Company before and after the Scheme (as on the date of Information Memorandum)

	CATEGORY	Pre Demerger		Post Demerger	
		NO.OF EQUITY SHARES	%	NO. OF EQUITY SHARES	%
A	PROMOTERS HOLDING				
1	Promoters				
(a)	Indian Promoters	50,000	100.00	47,80,845	73.56
(b)	Foreign Promoters				
	Sub-Total	50,000	100.00	47,80,845	73.56
B	NON-PROMOTERS HOLDING				
1	Institutional Investors				
(a)	Mutual Funds and UTI	0	0.00	21,561	0.33
(b)	Banks, Financial Institutions, Insurance Companies (Central/State Gov. Institutions/Non-Government Institutions)	0	0.00	4,74,693	7.30
(c)	FII's	0	0.00	12,294	0.19
	Sub-Total	0	0.00	5,08,548	7.82
2	Others				
(a)	Private Corporate Bodies	0	0.00	2,81,212	4.33
(b)	Indian Public	0	0.00	8,90,970	13.71
(c)	NRIs/OCBs	0	0.00	37,363	0.57
(d)	Any other (Trusts)	0	0.00	370	0.01
	Sub-Total	0	0.00	12,09,915	18.62
	GRAND TOTAL	50,000	100.00	64,99,308	<u>100.00</u>

List of the persons/entities comprising Promoter group

As on the date of this Information Memorandum, the Promoter group of the Company is as under:

Sr.	Name of the Shareholder	Initial shareholding prior to Demerger	No. of Shares allotted (Under the Scheme)	Total No. of shares	% Holding
A	PROMOTER				
1	Forbes Gokak Limited	50,000	-	50,000	0.77
2	Shapoorji Pallonji & Co. Ltd.	-	3,07,252	3,07,252	4.73
3.	Sterling Investment Corpn. Pvt. Ltd.	-	41,63,176	41,63,176	64.05
4.	Cyrus Investments Ltd.	-	1,77,218	1,77,218	2.73
5.	Warrior (Investments) Ltd.	-	768	768	0.01
6.	Forbes Finance Ltd.	-	82,431	82,431	1.27
B	Persons acting in concert with the Promoter	0	0.00	0	0.00
	TOTAL	50,000	47,30,845	47,80,845	<u>73.56</u>

The list of top 10 shareholders of the Company and the number of Equity Shares held by them:

(a) Top ten shareholders on the date of filing the Information Memorandum

List of shareholders holding more than 32,497 shares (0.50%) as on the date of information memorandum.

Sr.No.	Particulars of shareholding	No.of shares	% holding
1.	Sterling Investment Corpn. Pvt. Ltd.	41,63,176	64.05%
2.	Life Insurance Corporation of India	3,12,045	4.80%
3.	Shapoorji Pallonji & Company Ltd.	3,07,252	4.73%
4.	Cyrus Investment Ltd.	1,77,218	2.73%
5.	National Insurance Company Ltd.	96,730	1.49%
6.	Forbes Finance Ltd.	82,431	1.27%
7.	Ghevar Investments & Trading Co.Pvt.Ltd.	1,25,000	1.92%
8.	Tata Investment Corporation Ltd.	50,000	0.77%
9.	Governor of Kerala	39,990	0.62%
10.	Forbes Gokak Ltd.	50,000	0.77%
	Total	54,03,842	83.14%

(b) Top ten shareholders 10 days prior to the date of the Allotment on Demerger

Sr. No	Name of Shareholders	Number of Equity Shares on the date of approval of the Scheme of Demerger.
1.	Forbes Gokak Limited	50,000
	Total (100 % of the paid-up capital of the Company)	50,000

(c) Top ten shareholders of the Company on the date of approval of the Scheme of Demerger

Sr.No.	Name of Shareholders	Number of Equity Shares on the date of approval of the Scheme of Demerger.
1.	Forbes Gokak Limited	50,000
	Total (100% of the paid-up capital of the Company)	50,000

Notes:

- 1) As on the date of this Information Memorandum, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments into equity shares of the Company.
- 2) The Company, its directors, its promoters have not entered into any buy-back, standby or similar arrangements to purchase equity shares of the company from any person.
- 3) There will be no further issue of capital by the Company whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from the date of filing this Information Memorandum with the Stock Exchange till listing of the Equity Shares.
- 4) There shall be only one denomination for the Equity Shares of the Company, subject to applicable regulations and Company shall comply with such disclosure and accounting norms specified by SEBI, from time to time.
- 5) The Company has 12,539 members as on the date of filing this Information Memorandum.
- 6) None of the Equity shares of the Company were under lock-in at any time.

**SCHEME OF ARRANGEMENT
UNDER SECTIONS 391 TO 394 OF THE COMPANIES ACT, 1956**

BETWEEN

**FORBES GOKAK LIMITED DEMERGED COMPANY (TRANSFEROR COMPANY) AND
GOKAK TEXTILES LIMITED, RESULTING COMPANY (TRANSFeree COMPANY) AND
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**

(EXTRACT OF SOME OF THE CLAUSES)

Rationale for Demerger as set forth in the Scheme of Arrangement with respect to the Textile Undertaking (Background).

Forbes Gokak Limited ("FGL"), particulars in respect of which are provided in Sub-Clause 1.4, is a multidivisional company engaged in diverse businesses, inclusive of :

Textiles and Upmarket Brands retailing;
Engineering including business automation systems;
Logistics solutions; and
Others.

The Board of Directors of FGL came to a conclusion that the transfer and vesting of the textiles business including the yarn division and the knitwear division ("Textiles Division") of FGL into a new company by way of demerger, is in the interest of all concerned including the shareholders, creditors and employees and the general public as it would provide focused management orientation due to individual specialization, leadership vision, facilitate fund raising capability for future growth and expansion and create a structure geared to take an advantage of growth opportunities.

A Scheme of Arrangement was drawn up to comply with the conditions relating to "Demerger" as specified under Section 2(19AA) of the Income-tax Act, 1961. It was stipulated that if any terms or provisions of the Scheme of Arrangement are found or interpreted to be inconsistent with the said provisions at a later date including resulting from an amendment of law or for any other reason whatsoever the provisions of the said section of the Income-tax Act, 1961 shall prevail and the Scheme of Arrangement shall stand modified to the extent determined necessary to comply with Section 2 (19AA) of the Income-tax Act, 1961. Such modification will however not affect other parts of the Scheme of Arrangement.

It was in this background that this Scheme of Arrangement was presented for the demerger of the Textiles Division of FGL into GOKAK TEXTILES LIMITED ("GTL") pursuant to the relevant provisions of the Companies Act, 1956.

1. DEFINITIONS

In the context of the Demerger the following expressions are used.

- 1.1 "Act" or "the Act" means the Companies Act, 1956 including any statutory modifications, re-enactments or amendments thereof for the time being in force.
- 1.2 "Appointed Date" means the 1st day of April 2007.
- 1.3 "Bombay High Court" means the High Court of Judicature at Bombay to which this Scheme of Arrangement in its present form is submitted for sanctioning under Sections 391 to 394 of the Act.

- 1.4 **“Demerged Company”** or **“Transferor Company”** means FGL, a company under the Companies Act, 1956 and having its registered office at Forbes Building, Charanjit Rai Marg, Fort, Mumbai 400 001.
- 1.5 **“Demerged Undertaking”** means the Textiles Division of FGL comprising of the business activity of textiles being carried on by FGL on a going concern basis and including the manufacturing and/or allied activities of the following subdivisions, as on the Appointed Date:
- Yarn division engaged in manufacturing and marketing of cotton yarn including but not limited to dyed yarn, grey yarn, canvas, terry towels, etc.;
 - Knitwear division engaged in all the operations from knitting to making of garments like polo shirts, T-shirts etc, manufactured and sold under the ‘Campbell’ brand; and otherwise
 - shall include (without limitation):
- 1.5.1 All assets wherever situated, whether moveable or immovable, real or personal, in possession or reversion, corporeal or incorporeal, tangible or intangible, present or contingent and including land, buildings, residential properties (more particularly described in the Schedule of this Scheme), offices, all the power generation plants whether hydro power or multi fuel electricity plant located at factory site or otherwise, mills, power looms, dornier looms, plant and machinery including spindles, capital work-in-progress, warehouses, godowns, depots, power lines, vehicles, other fixed assets but without being limited to factory licenses, brands, trademarks, patents, copyrights and other intellectual property rights, investments (including the investment in P.T. Gokak Indonesia), leases, tenancy rights, premises, hire purchase and lease arrangements, computers, office equipment, furniture, telephones, telexes, facsimile connections, communication facilities, electrical and other installations, inventories, current assets, sundry debtors, deposits, receivables, funds, cash, bank balances, accounts and all other rights, benefits of all agreements, subsidies, grants, taxes, tax credits (including but not limited to credits in respect of income tax, sales tax, value added tax, turnover tax, excise duty, service tax, etc), bills of exchange, letters of intent and loans and advances appearing in the books of accounts of FGL pertaining to or relatable to the Textiles Division.
- 1.5.2 All liabilities present, future and the specified contingent liabilities including the liabilities of FGL allocable or pertaining to the business of Textiles Division including guarantees in respect of borrowings of P.T. Gokak Indonesia. For the purpose of this Scheme, it is clarified that liabilities allocable or pertaining to the Textiles Division shall include:
- (i) The liabilities which arise out of the activities or operations of the Textiles Division;
 - (ii)The specific loans or borrowings raised, incurred and utilized solely for the activities or operations of the Textiles Division; and
 - (iii)In cases, other than those referred to in Sub-Clauses 0 and 0, so much of the amounts of general or multipurpose borrowings of FGL, allocable to the Textiles Division as stand in the same proportion which the value of the assets transferred to GTL under this Scheme bears to the total value of the assets of FGL immediately before the Demerger, as prescribed under the Income-tax Act, 1961.
- 1.5.3 Without prejudice to the generality of the provisions of Sub-Clause 0 and Sub-Clause 0, the Textiles Division shall include all rights and licenses, all assignments and grants thereof, benefits of agreements, contracts and arrangements, powers, authorities, industrial and other licenses, municipal permissions, registrations, quotas, permits, allotments, approvals, export licenses, sanctions, remissions, special reservations, holidays, incentives,

concessions and other authorizations, benefits, entitlements and incentives of any nature whatsoever including sales tax remissions and custom duty exemption certificates, consents, privileges, liberties, advantages, easements and all the right, title, interests, goodwill, benefits, entitlement and advantages and all other rights and claims of whatsoever nature and wheresoever situated belonging to or in the possession of or granted in favour of or enjoyed by FGL and / or to which FGL is entitled to in connection with or pertaining to or relatable to the Textiles Division of whatsoever kind, nature or description held, applied for or as may be obtained thereafter and all respective books of accounts, papers, documents and records relating to the Textiles Division, and all earnest money and/or deposits including security deposits paid by FGL in connection with or relating to the Textiles Division.

- 1.5.4 All permanent employees of FGL employed in the Textiles Division as on the Effective Date and those permanent employees that are determined by the Board of Directors of FGL, to be substantially engaged in or in relation to the Textiles Division.

It is intended that the definition of Demerged Undertaking under this Sub-Clause would enable the transfer of all property, assets, liabilities, rights, obligations, entitlements and benefits (including under excise, sales-tax, etc. to which the Demerged Undertaking is entitled to in terms of the various statutes / schemes, etc. and accumulated loss and allowance for unabsorbed depreciation under income-tax) of the Demerged Undertaking to GTL pursuant to this Scheme, without any further act or deed.

- 1.6 **“Effective Date”** means the last of the dates on which the certified copy of the orders passed by the High Courts / National Company Law Tribunal sanctioning the Scheme are filed with the Registrar of Companies of Mumbai and with the Registrar of Companies of Karnataka by FGL and GTL, as the case may be, being not earlier than the Appointed Date. Any references in the Scheme to “upon the Scheme becoming effective” or “effectiveness of the Scheme” shall mean the “Effective Date”.
- 1.7 **“High Courts”** shall mean the High Court of Judicature at Bombay and the High Court of Judicature at Karnataka collectively, to whom this Scheme of Arrangement in its present form is submitted for sanctioning under Sections 391 to 394 of the Act.
- 1.8 **“IT Act”** means the Income-tax Act, 1961 including any statutory modifications, re-enactments or amendments thereof for the time being in force.
- 1.9 **“Karnataka High Court”** means the High Court of Judicature at Karnataka to which this Scheme of Arrangement in its present form is submitted for sanctioning under Sections 391 to 394 of the Act.
- 1.10 **“Record Date”** means the date to be fixed jointly by the Boards of Directors of FGL and GTL, or Committees thereof, for the purpose of determining the names of the shareholders of FGL who shall be entitled to receive shares of GTL and to whom shares of GTL will be issued pursuant to this Scheme.
- 1.11 **“Remaining Business”** means all the business units, divisions and their respective assets and liabilities (including portion of general or multipurpose borrowings and accumulated and unabsorbed tax losses including accumulated and unabsorbed depreciation not allocated to the Demerged Undertaking) of FGL, other than those being transferred to the Demerged Undertaking.

- 1.12 **“Resulting Company”** or **“Transferee Company”** means GOKAK TEXTILES LIMITED (“GTL”), a company incorporated under the Companies Act, 1956 having its registered office at 2 / 6, Royal Park No. 34, Park Road, Bangalore-560051.
- 1.13 **“Scheme”** or **“the Scheme”** or **“this Scheme”** means this Scheme of Arrangement in accordance with Section 2(19AA) of the IT Act in its present form, together with all the schedules and annexures, which shall form part of this Scheme of Arrangement and shall be submitted to the High Courts / National Company Law Tribunal or with any modification(s) made under Clause **Error! Reference source not found.** of this Scheme or with such other modifications/amendments as the High Courts / National Company Law Tribunal may direct.
- 1.14 All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the IT Act, the Act, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and other applicable laws, rules, regulations, bye laws, as the case may be, including any statutory modification or re-enactment thereof from time to time.

2. OPERATIVE DATE

The provisions of this Scheme shall be operational and functional with effect from the Appointed Date.

3. ISSUE OF SHARES

- 3.1 Upon coming into effect of the Scheme, and in consideration for the transfer of and vesting of the Demerged Undertaking in the Resulting Company, the Resulting Company shall, without any further act or deed, issue and allot equity shares to the extent indicated below, to the shareholders of the Demerged Company holding fully paid-up equity shares in the Demerged Company and whose names appear in the Register of Members of the Demerged Company, on the Record Date or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognized by the Board of Directors of the Demerged Company in the following proportion viz.:

“1 (one) fully paid up equity share of Rs 10 each of the Resulting Company shall be issued and allotted for (and not in exchange of) every 2 (two) equity shares of Rs 10 each held in the Demerged Company” (hereinafter referred to as **“New Equity Shares”**).

- 3.2 No coupons shall be issued in respect of fractional entitlements, if any, by the Resulting Company, to the members of the Demerged Company at the time of issue and allotment of New Equity Shares. The Board of Directors of the Resulting Company shall consolidate all fractional entitlements, if any, arising due to the transfer of the Demerged Undertaking under this Scheme and allot New Equity Shares in lieu thereof to a director or such other authorized representative(s) as the Board of Directors of the Resulting Company shall appoint in this behalf, who shall hold the New Equity Shares issued in the Resulting Company, in trust on behalf of the members entitled to fractional entitlements with the express understanding that such director(s) or other authorized representative(s) shall sell the same in the market at such time or times and at such price or prices and to such person or persons, as it/he/they may deem fit, and pay to the Resulting Company, the net sale proceeds thereof, whereupon the Resulting Company shall distribute such net sale proceeds subject to taxes, if any, to the members in proportion to their respective fractional entitlements. The Board of Directors of the Resulting Company, if it deems necessary, in the interests of allottees, approve such other method in this behalf as it may, in its absolute discretion, deem fit.

- 3.3 The New Equity Shares shall be issued in dematerialized form to those equity shareholders who hold the shares of the Demerged Company in dematerialized form provided that they shall be required to provide details of their respective accounts with the depository participant and such other confirmations as may be required. All those equity shareholders who hold shares of the Demerged Company in physical form shall be issued New Equity Shares in dematerialized form, provided that they provide details of their respective accounts with the depository participant. The shareholders who fail to provide such details shall be issued New Equity Shares in physical form unless otherwise communicated in writing by such shareholders on or before such date as may be determined by the Boards of Directors of the Demerged Company and the Resulting Company or by a Committee created thereof by mutual agreement of the Boards of Directors.
- 3.4 The Resulting Company shall, if and to the extent required, apply for and obtain any approvals from concerned regulatory authorities and undertake necessary compliances for the issue and allotment by the Resulting Company of New Equity Shares to the members of the Demerged Company under the Scheme.
- 3.5 The New Equity Shares to be issued to the members of the Demerged Company shall be subject to the Memorandum and Articles of Association of the Resulting Company and shall rank pari passu with the existing equity shares of the Resulting Company in all respects including dividend and interim dividend.
- 3.6 The New Equity Shares alongwith the existing share capital of the Resulting Company, subject to the execution of listing agreement and payment of the appropriate fees, will be listed and / or admitted to trading on the Bombay Stock Exchange. The Resulting Company shall enter into such arrangements and give such confirmations and/or undertakings as may be necessary in accordance with the applicable laws or regulations for complying with the formalities of the said Stock Exchange. On such formalities being fulfilled the said Stock Exchange shall list and admit such equity shares for the purpose of trading.
- 3.7 The issue and allotment of New Equity Shares to the members of the Demerged Company, as provided in this Scheme, shall be made in compliance with the procedure laid down under Section 81(1A) and any other provisions of the Act.

Approvals with respect to the Scheme of Arrangement

The Honorable High Court, Bombay, vide Order dated May 4, 2007 and the High Court of Karnataka at Bangalore, vide order dated July 13, 2007 have approved the Scheme of Arrangement between Forbes Gokak Limited and GOKAK TEXTILES LIMITED and their respective shareholders and creditors (the "Scheme"). In accordance with the said Scheme, the Equity shares of the Company issued pursuant to the Scheme, subject to applicable regulations shall be listed and admitted to trading on the Bombay Stock Exchange Limited ("BSE"). Such listing and admission for trading is not automatic and will be subject to such other terms and conditions as may be prescribed by the Stock Exchanges at the time of application by the Company seeking listing.

The aforesaid Order of the Honorable High Court, Bombay was filed by Forbes Gokak Ltd. with the Registrar of Companies, Maharashtra, on June 21, 2007 and the order of the Honorable High Court of Karnataka at Bangalore was filed by GOKAK TEXTILES LIMITED with the Registrar of Companies, Karnataka on July 27, 2007. In accordance with the Scheme, 1st April 2007 is the effective date of the Scheme.

Subsequently, SEBI, vide its letter No. CFD / DIL / NB / DM /116441 / 2008 dated February 6, 2008 has granted relaxation from the strict enforcement of the requirement of Rule 19(2)(b) of the Securities Contract Regulation (Rules), 1957 (SCRR) for the purpose of listing of shares of GTL subject to the transferee company, viz., GTL, complying with all the provisions of Clause 8.3.5 of the SEBI (DIP) Guidelines, 2000.

GTL has submitted its Information Memorandum, containing information about itself, making disclosures in line with the disclosure requirement for public issues, as applicable, to BSE for making the said Information Memorandum available to public through their websites.

This Information Memorandum is made available on the website of GOKAK TEXTILES LIMITED (www.gokakmills.com) and website of BSE (www.bseindia.com/ipo/schema.asp).

GTL will publish an advertisement in the newspapers containing its details in line with the details required as per clause 8.3.5.4 of SEBI (DIP) Guidelines. The advertisement will draw a specific reference to the availability of this Information Memorandum on the website of GTL as well as the Stock Exchange.

GTL also undertakes that all material information about itself shall be disclosed to stock exchange on a continuous basis so as to make the same available to public, in addition to the requirements, if any, specified in Listing Agreement for disclosures about the subsidiaries.

STATEMENT OF TAX BENEFITS

The statement of tax benefits has been certified by our auditors M/s. Chhajer Kedia & Associates, Chartered Accountants vide their letter dated October,18, 2007.

As per the present provisions of Income-tax Act, 1961 (hereinafter referred to as “the Act”) and other laws as applicable for the time being in force in India, the following tax benefits are available to the Company and to the shareholders of the Company, subject to fulfillment of prescribed conditions:

A. To the Company under the Income Tax Act, 1961 (‘the Act’)

1. Under Section 32 of the Act, the Company is entitled to claim depreciation allowance at the prescribed rates on all its tangible and intangible assets acquired and put to use for its business. Further, subject to fulfillment of certain conditions, the Company will be entitled to claim accelerated depreciation @ 20% of actual cost of certain new Plant & Machinery acquired and installed after 31.3.2005
2. Under Section 10(34) of the Act, dividend income (whether interim or final) received by the Company from any other domestic company (in which the company has invested) is exempt from tax in the hands of the Company.
3. The income received by the Company from distribution made by any mutual fund specified under Section 10(23D) of the Act or from the Administrator of the specified undertaking or from the specified companies referred to in Section 10(35) of the Act is exempt from tax in the hands of the Company under Section 10(35) of the Act.
4. Under Section 10(38) of the Act, the Long-term Capital Gains arising on transfer of equity shares in any other company or units of equity oriented mutual funds, which are chargeable to Securities Transaction Tax, are exempt from tax in the hands of the company. However, such exemption will not be available in computing Book Profits and Tax payable under section 115JB.
5. As per the provisions of Section 112(1)(b) of the Act, other Long-term Capital Gains arising to the Company are subject to tax at the rate of 20% (plus applicable surcharge and education cess). However, as per the Proviso to that section, the long-term capital gains resulting from transfer of listed securities or units or zero coupon bonds [not covered by Section 10(36) and 10(38) of the Act], are subject to tax at the rate of 20% on long-term capital gains worked out after considering indexation benefit (plus applicable surcharge and education cess), which would be restricted to 10% of Long-term capital gains worked out without considering indexation benefit (plus applicable surcharge and education cess).
6. As per the provisions of Section 111A of the Act, Short-term Capital Gains arising to the Company from transfer of Equity Shares in any other company or from sale of units of any equity oriented mutual fund defined in Section 10(38) of the Act, are subject to tax @ 10% (plus applicable surcharge and education cess) ,if such a transaction is subjected to Securities Transaction Tax.
7. In accordance with and subject to the conditions specified in Section 54EC and Section 54ED of the Act, the Company would be entitled to exemption from tax on Long-term Capital Gain [not covered by Section 10(36) and Section 10 (38) of the Act] if such capital gain is invested in any of the long-term specified assets (hereinafter referred to as the “new asset”) to the extent and in the manner prescribed in the said sections. If the new asset is transferred or converted into money at any time within a period of three years in case of new assets specified in Section 54EC and within a period of one year in case of new assets specified in Section 54ED, from the date of its acquisition, the amount of capital gains for which exemption is availed earlier would become chargeable to tax as long term capital gains in the year in which such new asset is transferred or converted into money.
8. As per the provisions of Section 88E of the Act, where the business income of the Company includes profits and gains from sale of securities liable to Securities Transaction Tax, a rebate is allowable from the amount of income tax on such business income, to the extent of Securities Transaction Tax paid on such transaction. The amount of rebate shall, however, be limited to the amount of income tax arrived at by applying the average rate of income tax on such business income.

B. To the Shareholders of the Company

I Resident Shareholders

1. Under Section 10(34) of the Act, dividend (whether interim or final) received from a domestic company is exempt from tax in the hands of the resident shareholders of the Company.
2. Under Section 10(38) of the Act, the Long-term Capital Gain arising on transfer of equity shares in any other company or units of equity oriented mutual fund, which are chargeable to Securities Transaction Tax, are exempt from tax in the hands of the resident shareholders. However, Shareholders being Companies, will not be able to claim this exemption while computing Book Profits and Tax payable under section 115JB
3. As per the provisions of Section 112(1)(a) of the Act, other Long-term Capital Gains arising to the resident shareholders are subject to tax at the rate of 20% (plus applicable surcharge and education cess). However, as per Proviso to that section, the long-term capital gains resulting from transfer of listed securities or units or zero coupon bonds [not covered by Section 10(36) and 10(38) of the Act], are subject to tax at the rate of 20% on long term capital gains after considering the indexation benefit (plus applicable surcharge and education cess), which would be restricted to 10% of long term capital gains without considering the indexation benefit (plus applicable surcharge and education cess).
4. As per the provisions of Section 111A of the Act, Short-term Capital Gains arising to the resident shareholders from the transfer of Equity Shares in a company or units of equity oriented mutual fund defined in Section 10 (38) of the act, are subject to tax @ 10% (plus applicable surcharge and education cess) if such a transaction is subjected to Securities Transaction Tax.
5. As per the provisions of Section 88E of the Act, where the business income of an assessee includes profits and gains from sale of securities liable to Securities Transaction Tax, a rebate is allowable from the amount of income tax on such business income, to the extent of Securities Transaction Tax paid on such transactions. The amount of rebate shall, however, be limited to the amount of income tax arrived at by applying the average rate of income tax on such business income.
6. In accordance with and subject to the conditions specified in Section 54EC and Section 54ED of the Act, the resident shareholders would be entitled to exemption from tax on Long-term Capital Gains [not covered by Section 10(36) and Section 10 (38) of the Act], if such capital gains are invested in any of the long-term specified assets (hereinafter referred to as the "new asset") to the extent and in the manner prescribed in the said sections. If the new asset is transferred or converted into money at any time within a period of three years in case of new assets specified in Section 54EC and within a period of one year in case of new assets specified in Section 54ED, from the date of its acquisition, the amount of capital gains for which exemption is availed earlier would become chargeable to tax as long term capital gains in the year in which such new asset is transferred or converted into money.
7. In case of a shareholder being an individual or a Hindu Undivided Family, in accordance with and subject to the conditions and to the extent provided in Section 54F of the Act, the shareholder is entitled to exemption from Long-term Capital Gains arising from the transfer of any long term capital asset, not being on residential house [not covered by Sections 10 (36) and 10 (38) of the Act], if the net consideration is invested for purchase or construction of a residential house. If part of the net consideration is invested within the prescribed period in a residential house, such gains would not be chargeable to tax on a proportionate basis. If, however, such new residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains for which the exemption was availed earlier would be taxed as long-term capital gains of the year in which such residential house is transferred.

II Mutual Funds

In case of a shareholder being a Mutual fund, as per the provisions of Section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made thereunder, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorised by the Reserve Bank of India are exempt from income-tax, subject to the conditions notified by Central Government in this regard.

III Venture Capital Companies /Funds

In case of a shareholder being a Venture Capital Company / Fund, any income of Venture Capital Companies / Funds registered with the Securities and Exchange Board of India, are exempt from income-tax, subject to the conditions specified in Section 10(23FB) of the Act.

IV Non-Resident / Non-Resident Indian Member

1. Dividend (both interim and final) income, if any, received by the non-resident/non-resident Indian shareholders from the domestic company shall be exempt under Section 10(34) read with Section 115-O of the Act.
2. Benefits outlined in Paragraph B(2) above are also available to a non-resident/non-resident Indian shareholder except that under first proviso to Section 48 of the Act, the capital gains arising on transfer of capital assets being shares of an Indian Company need to be computed by converting the cost of acquisition, expenditure in connection with such transfer and full value of the consideration received or accruing as a result of the transfer into the same foreign currency in which the shares were originally purchased. The resultant gains thereafter need to be reconverted into Indian currency. The conversion needs to be at the prescribed rates prevailing on dates stipulated. Further, the benefit of indexation is not available to non-resident shareholders.
3. Benefits outlined in Paragraph A6, A7 and A(8) above are also applicable to the non-resident/non-resident Indian shareholder.
4. As per Section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the non-resident/non-resident Indian shareholder. Thus, a non-resident/non-resident Indian shareholder can opt to be governed by the beneficial provisions of an applicable tax treaty.
5. Capital gains tax - Options available to a non-resident Indian under the Act: Non-resident Indian: As per Section 115-C(e) of the Act, a 'non-resident Indian' means an individual, being a citizen of India or a person of Indian origin who is not a 'resident'. As per the Explanation to the said clause, a person shall be deemed to be of Indian origin if he, or either of his parents or any of his grand-parents, was born in undivided India.
6. Where shares have been subscribed in convertible foreign exchange, the non-resident Indians [as defined in Section 115C(e) of the Act], being shareholders of an Indian company, have the option of being governed by the provisions of Chapter XII-A of the Act, which, *inter alia*, entitles them to the following benefits in respect of income from shares of an Indian company acquired, purchased or subscribed to in convertible foreign exchange:
 - As per the provisions of Section 115D read with Section 115E of the Act and subject to the conditions specified therein, long term capital gains (in cases not covered under Section 10(38) of the Act) arising on transfer of an Indian company's shares, will be subject to tax at the rate of 10 percent (plus applicable surcharge on tax and education cess on tax and surcharge), without indexation benefit.
 - As per the provisions of Section 115F of the Act and subject to the conditions specified therein, gains arising on transfer of a long term capital asset (in cases not covered under Section 10(38) of the Act) being shares in an Indian company shall not be chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period of six months in any specified asset or savings certificates referred to in Section 10(4B) of the Act. If part of such net consideration is invested within the prescribed period of six months in any specified asset or savings certificates referred to in Section 10(4B) of the Act then such gains would not be chargeable to tax on a proportionate basis. For this purpose, net consideration means full value of the consideration received or accrued as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

- Further, if the specified asset or savings certificates in which the investment has been made is transferred within a period of three years from the date of investment, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such specified asset or savings certificates are transferred.
- As per the provisions of Section 115G of the Act, non-resident Indians are not obliged to file a return of income under Section 139(1) of the Act, if their only source of income is income from investments or long term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.
- Under Section 115H of the Act, where the non-resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income for that year under Section 139 of the Act to the effect that the provisions of the Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.
- As per the provisions of Section 115I of the Act, a non-resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing his return of income for that assessment year under Section 139 of the Act, declaring therein that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the Act.

Foreign Institutional Investors (FIIs)

1. Dividend (both interim and final) income, if any, received by the shareholder from the domestic company shall be exempt under Section 10(34) read with Section 115O of the Act.
2. Capital gains

Under Section 115AD, income (other than income by way of dividends referred in Section 115-O) received in respect of securities (other than units referred to in Section 115AB) shall be taxable at the rate of 20% (plus applicable surcharge on tax and education cess on tax and surcharge).

Under Section 115AD, capital gains arising from transfer of securities (other than units referred to in Section 115AB) which are not exempt under Section 10(38), shall be taxable as follows:

Securities which are held for the period of upto or less than twelve months and where such transaction is chargeable to STT levied under Chapter VII of the Finance (No. 2) Act of 2004, shall be taxable at the rate of 10% (plus applicable surcharge on tax and education cess on tax and surcharge). Securities other than those held for the period of upto or less than twelve months and where such transaction is not chargeable to STT levied under Chapter VII of the Finance (No. 2) Act of 2004, shall be taxable at the rate of 30% (plus applicable surcharge on tax and education cess on tax and surcharge);

Securities which are held for the period of twelve months or more shall be taxable at the rate of 10% (plus applicable surcharge on tax and education cess on tax and surcharge). Such capital gains would be computed without giving effect of indexation as provided in the first and second proviso to Section 48. In other words, the benefit of indexation, as mentioned under the two provisos would not be allowed while computing the capital gains.

3. Long-term capital gains arising on transfer of equity shares in the Company, which is held for the period of twelve months or more and where such transaction is chargeable to STT, shall be exempt from tax under Section 10(38) of the Act.
4. Benefit of exemption under Section 54EC and 54ED shall be available as outlined in Paragraph B(I)(6) above.
5. Benefit as outlined in Paragraph A(8) above are also available to FIIs.

6. As per Section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the non-resident. Thus, a non-resident can opt to be governed by the beneficial provisions of an applicable tax treaty.

Note: There is a legal uncertainty over whether a FII can elect to be governed by the normal provisions of the Act, instead of the provisions of Section 115AD. Investors are advised to consult their tax advisors in this regard.

C. Benefits available under the Wealth Tax Act, 1957

'Asset' as defined under Section 2(ea) of the Wealth Tax Act, 1957, does not include share in companies. Hence, the shares in companies are not liable to Wealth Tax.

D. Benefits available under the Gift Tax Act, 1958

Gift tax is not leviable in respect of any gifts made on or after October 1, 1998. Therefore, any gift of shares will not attract gift tax.

Notes:

1. All the above benefits are as per the current tax law and will be available only to the first named holder in case the shares are held by joint holders. Shareholder is advised to consider in his/her/its own case, the tax implications of any new enactments which may change / modify the law.
2. In view of the nature of tax consequences, being based on all the facts, in totality, of the investors, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences.

History, Promoters and Major Shareholders

1. The business of the Company i.e. manufacturing of yarn and knitwear formed earlier a part of the business of Forbes Gokak Limited, a Company listed on the Bombay Stock Exchange Limited and having its registered office at the Forbes Building, Charanjit Rai Marg, Fort, Mumbai. By a process of Demerger and a Scheme of Demerger under the provisions of Sections 391 to 394 of the Company, the said business of Forbes Gokak Limited is placed into this Company i.e. GOKAK TEXTILES LIMITED, effective from 1st April 2007.
2. The Company, GOKAK TEXTILES LIMITED was originally incorporated on March 2006 as ANS Textiles (Bangalore) Limited. The Company became a subsidiary of Forbes Gokak Ltd. on October 29, 2007. The name of the Company was changed to the present name GOKAK TEXTILES LIMITED with effect from January 23, 2007.
3. Forbes Gokak Ltd. traces its origins to The Gokak Water Power & Manufacturing Company Ltd. which was incorporated in U.K. in 1885. This Company commenced operations in 1887. Another Company, The Gokak Mills Limited was incorporated on November 18, 1919, to take over as a going concern, the undertaking of The Gokak Water Power and Manufacturing Company Ltd. Over the years the Company's activities were mainly in the field of manufacture of yarn and canvas. In 1972, another company Patel Volkart Limited, engaged mainly in the shipping agencies, cotton trading and investments, amalgamated with The Gokak Mills Limited and the name of the Company was changed to Gokak Patel Volkart Limited.

In 1992, another Company listed on the Stock Exchange Mumbai namely, Forbes Forbes Campbell and Company Limited, amalgamated with Gokak Patel Volkart Ltd. and the name of the Company was changed to Forbes Gokak Ltd.

Bradma of India Limited and Campbell Knitwear Limited, the subsidiaries companies of Forbes Gokak Limited, amalgamated with Forbes Gokak Limited with effect from April 1, 2004

FAL Industries Ltd. a listed company, amalgamated with Forbes Gokak Ltd. with effect from 15th April, 2005.

4. Forbes Forbes Campbell & Co. Ltd. (FFC) had evolved in India over a period of more than 200 years and FFC was perhaps, the oldest surviving firm in India. It owed its origin to the arrival in Bombay of its founder John Forbes in the year 1764. It was known then as Forbes & Co. Trading was its main activity but it soon developed other activities particularly in shipping. In 1903, its merger with Ritchie Steuart & Co. (then owned by the Campbell family and regarded as the second oldest firm in Bombay after Forbes & Co.) enabled a diversification in the activities and brought with it the managing agency of The Gokak Mills Ltd. The Managing Agency Business and promotion of new ventures became the predominant activities in the following years. FFC was incorporated as a Private Limited Rupee Company on December 21, 1934. Most of the foreign holding in FFC was disinvested in 1957 and a major part of this was acquired by some investment companies of the Tata Group. FFC made a Public Issue during 1986 and became a listed company on the Bombay Stock Exchange.
5. Pursuant to a Scheme of Demerger the Textiles Undertaking of Forbes Gokak Ltd. which included manufacture of yarn and knitwear have effective from 1st April 2007, become the business of the Company.
6. Under the Scheme of Demerger, the shareholders of Forbes Gokak Ltd. on a date determined by the Board of Directors of Forbes Gokak Ltd. were to be allotted one share of GOKAK TEXTILES LIMITED for two shares held by them in Forbes Gokak Ltd (and not in exchange of). The record date for this purpose was September 28, 2007 and thus the shareholders of Forbes Gokak Ltd. have become shareholders of GOKAK TEXTILES LIMITED in the proportion in which they held shares in Forbes Gokak Ltd, apart from the fact that Forbes Gokak Ltd. also continue to hold 50000 shares of GOKAK TEXTILES LIMITED. Upon the issue and allotment of shares under the Scheme of Demerger, the Company has ceased to be a subsidiary of Forbes Gokak Ltd.

7. Shapoorji Pallonji Group held about 73% of the paid up share capital of Forbes Gokak Ltd. and thus they hold almost the same percentage of the shares in GOKAK TEXTILES LIMITED. Other shareholders of the company include Life Insurance Corporation of India, Nationalised Bank and Insurance Companies, Mutual Funds and general public.

MANAGEMENT

Board of Directors

As per the Articles of Association of the Company, the Company shall not have less than 3 directors and not more than such number of directors as may be stipulated by the Companies Act for the time being in force. At the present there are 9 Directors on the Board of Directors of the Company.

The Company is managed, controlled and directed under the overall control, superintendence and direction of the Board of Directors, by Mr. H. S. Bhaskar, who is appointed the Executive Director and CEO with effect from 31st July, 2007.

Composition of the Board of Directors is as under:

Mr. Pallonji S. Mistry	
Mr. Shapoor P. Mistry	- Chairman
Mr. Cyrus P. Mistry	
Mr. Ashok Barat	
Mr. D. G. Prasad	
Mr. H. S. Bhaskar	- Executive Director and CEO
Mr. C.G. Shah	
Mr. Hoshang S. Billimoria	
Mr. Ramaotar Goyal	

Details of the Directors are set out below:

Mr. Pallonji S. Mistry (age 78 years)

Mr. Pallonji S. Mistry, an Irish national, is Non-Executive Director of the Company. Mr. Pallonji S. Mistry joined the business of Shapoorji Pallonji and Co. Limited at the age of 18 years and has garnered over 60 years of experience in various facets of the Company's business. Mr. Pallonji S. Mistry was instrumental in expanding the business of Shapoorji Pallonji & Co. Limited. Shapoorji Pallonji & Co. Limited completed a number of notable contracts, under the chairmanship of Mr. Pallonji S. Mistry, such as the construction of the Sultan's palace and a number of ministerial buildings in Oman, a hospital as well as the palace guest house in Abu Dhabi and the setting up of a private power project in India. Mr. Pallonji S. Mistry's experience spreads over diverse streams of business such as real estate, trading, power generation and information technology.

Mr. Shapoor P. Mistry (age 43 years)

Mr. Shapoor P. Mistry, an Irish national, is a Non Executive Director and the Chairman of the Company. Shapoor P. Mistry is an alumnus of Richmond College, London, from where he graduated with a degree in Business and Economics. Mr. Shapoor P. Mistry has been actively involved in the business of Shapoorji Pallonji & Co. Limited. His expertise includes development of high-end properties and infrastructure projects and he is credited with bringing world class technologies in execution of the projects. Mr. Shapoor P. Mistry is currently the Chairman of Forbes Gokak Limited as well as Eureka Forbes Limited.

Mr. Cyrus P. Mistry (age 39 years)

Mr. Cyrus P. Mistry, an Irish national, is a Non-Executive Director of the Company. Mr. Cyrus Mistry is an alumnus of the Imperial College, London, from where he graduated with a degree in Civil Engineering. He is also an alumnus of the London Business School from where he obtained his post-graduate as Master of Science in Management. Mr. Cyrus Mistry is also a Fellow of the Institute of Civil Engineers. Mr. Cyrus Mistry's expertise includes formation of business plans, risk evaluation, business investment strategy and property and infrastructure development. Mr. Cyrus Mistry has been actively involved in the business of Shapoorji Pallonji & Co. Limited as the Managing Director since April 1994 and has significantly contributed towards expansion of the Company.

Mr. Ashok Barat (age 50 years)

Mr. Barat is a Commerce Graduate (Gold Medalist) from Allahabad University and a Member of the Institute of Chartered Accountants of India and the Institute of Company Secretaries of India. He is a visiting faculty member of the Indian Institute of Management and a Member of several Committees of Trade Associations. He has worked in India and abroad with leading FMCG companies and has a rich experience in the corporate world including MNC, in different fields. At the present, he is the COO of Forbes Gokak Ltd., besides being a Director of other companies.

Mr. D. G. Prasad (59 years)

Mr. D. G. Prasad is a Commerce Graduate and a Fellow Member of the Institute of Chartered Accountants of India. He has been a career banker for over 31 years and has been working for Export Import Bank of India (EXIM Bank) since 1983. He represents the Exim Bank on the Board of seven companies, including LML Limited, New Delhi, and Strides Arcolab Ltd. Bangalore. He holds considerable expertise in commercial banking, project finance, international finance, corporate strategies and merger and acquisitions. He is currently the Head of Corporate Banking group of Exim Bank, responsible for over 75% of the loan assets of the Bank.

Mr. H. S. Bhaskar (age 52 years)

Mr. H. S. Bhaskar acquired Diploma in the Textile Technology in the year 1976 and has now about 30 years experience in the Textile industry. He is appointed the Executive Director and CEO, GOKAK TEXTILES LIMITED, with effect from 31st July 2007. Prior to that he has been with Forbes Gokak Limited since April 1996 and the immediate past position held by him has been that of the Director (Textiles). He has interfaced with all facets of the operations and management of a Spinning Mill, rising from level to level. He is a member, Research Committee, Bombay Textiles Research Association and is associated with a premier university as an examiner for Master of Business Management Courses. He is also a Director of Confederation of Indian Textile Industry.

Mr. C. G. Shah (age 64 years)

Mr. C.G. Shah is a Commerce graduate from the Bombay University and a rank holder and a Fellow Member of the Institute of Chartered Accountants of India. He is also a Fellow Member of the Institute of Company Secretaries of India. He has experience of more than 40 years in the corporate world which include finance, accounting, corporate restructuring, merger and amalgamation. He has closely interacted with a wide spectrum of industries including textiles, engineering, logistic solutions, business automation systems, properties, etc. At the present he is the Executive Director of Forbes Gokak Ltd., besides being a Director of other Companies.

Mr. Hoshang S. Billimoria (age 56 years)

Mr. Hoshang S. Billimoria is the CEO of Next Gen Publishing Ltd., a Forbes Group, HDFC and EMAP Netherland venture. A Chartered Accountant from England & Wales, he started his career in India with S. B. Billimoria & Company, Chartered Accountants, and was a partner in the firm for 10 years. He moved to Tata Sons Ltd., as the Deputy Chief Executive Officer and subsequently to Tata Press Ltd., as the Managing Director and then Vice Chairman & Managing Director. During his stint of 14 years at Tata Press, the Company saw 14 successive years of increased profits and dividends. He was responsible for the launch of the Tata Press Yellow Pages and several special interest magazines. He is also an Independent Director on the boards of the companies like Thomas Cook (I) Ltd., HDFC Asset Management Company Ltd., Travel Corporation (India) Ltd., Fenner Conveyor Belting Pvt. Ltd etc.

Mr. Ramaotar Goyal (age 65 years)

Mr. Ramaotar Goyal, is an independent consultant and advisor. He is a commerce graduate from the Rajasthan University and a Fellow Member of the Institute of Chartered Accountants of India.. He has to his credit experience of more than 40 years in various industries in India and abroad, including in steel industry magnesites, textiles and fibres. Areas of his expertise include corporate planning, restructuring of projects, implementation of new projects, developing management information system and margin enhancement programmes. He has received several awards including “International Best Executive Award” Year 1996-1997 by Asean Programme Consultants Indonesian Consortium, Indonesia. He is frequently invited to participate seminars/discussions and has presented papers on various subjects. He is holding position as an independent director in several companies.

Details of other Directorships of Directors are set out below:

Name of Director		Particulars of Directorships held in other Companies/Bodies Corporate	Nature of Interest
Mr. Pallonji S. Mistry	1.	Afcons Infrastructure Ltd.	Director
	2.	Shapoorji Pallonji Mideast LLC	Director
	3.	Cyrus Investments Ltd.	Director
	4.	Forbes Gokak Ltd.	Director, Chairman RC & ST & SGC
	5.	Forvol International Services Ltd.	Director
	6.	Euro Forbes International Pte.Ltd..Singapore	Director
	7.	Gokak Textiles Limited	Director
	8.	Oman Shapoorji Constructuon Co. Ltd., Muscat	Director
	9	Pallonji Shapoorji & Co. Pvt.Ltd.	Director
	10	Shapoorji Pallonji & Co.Ltd.	Director
	11	Shapoorji Pallonji Infrastructure Capital Co.Ltd.	Director
	12	Shapoorji Pallonji Finance Ltd.	Director, Member RC
	13	Shapoorji Pallonji Power Co.Ltd.	Director
	14	Sterling Trading Co. (Llc), Dubai	Director
	15	United Motors (India) Ltd.	Director
	16	Shapoor Pallonji Mistry Family Trust No.1	Trustee
	17	Cyrus Pallonji Mistry Family Trust No.1	Trustee
	18	Pallonji Shapoorji Charity Trust	Trustee
	19	Seth S.P.Mistry and Bai A.S.Mistry Charity Trust	Trustee
	20	Bai Bhicaiji Pallonji Mistry Charity Trust	Trustee
	21	Shapoorji Pallonji Foundation	Trustee
Mr. Shapoor P. Mistry (Chairman)	1	Afcons Infrastructure Ltd.	Director
	2	Cyrus Investments Ltd.	Director
	3.	Dhan Gaming Solutions (India) Pvt.Ltd.	Director
	4	Eureka Forbes Ltd.	Chairman
	5	Forbes Bumi Armada Ltd.	Director
	6	Forbes Gokak Ltd.	Chairman, Member RC
	7	Forvol International Services Ltd.	Director
	8	Gokak Textiles Ltd.	Chairman
	9	Pallonji Shapoorji & Co.Pvt.Ltd.	Director
	10	Shapoorji Pallonji & Co.Ltd.	Director
	11	Shapoorji Pallonji Infrastructure Capital Co.Ltd.	Director
	12	Shapoorji Pallonji Finance Ltd.	Director
	13	Shapoorji Pallonji Power Co.Ltd.	Director
	14	Sterling Investment Corp.Pvt.Ltd.	Director
	15	Shapoorji Pallonji & Co.(Rajkot) Pvt.Ltd.	Director
	16	Samalpatti Power Co.Pvt.Ltd.	Director
	17	S.P.Oil Exploration Pvt.Ltd.	Director
	18	The Manjri Stud Farm Pvt. Ltd.	Director
	19	United Motors (India) Ltd.	Director, Member ST&SGC & AC
	20	The Indian Hotels Co.Ltd.	Director
	21	Forbes Infotainment Ltd.	Director
	22	Sovereign Pharma Pvt.Ltd.	Director
	23	Masina Hospital	Trustee
	24.	Award Programme Foundation	Trustee
	25.	Dadysett Charity Trust	Trustee

<u>Name of Director</u>		<u>Particulars of Directorships held in other Companies/Bodies Corporate</u>	<u>Nature of Interest</u>
Mr. Cyrus P. Mistry	1	Afcons Infrastructure Ltd.	Chairman
	2	Shapoorji Pallonji & Co.Ltd.	Managing Director
	3	Shapoorji Pallonji Infrastructure Capital Co.Ltd.	Director
	4	Afcon Construction Mideast Llc-Dubai	Director
	5	Buildbazaar.Technologies (India) Pvt.Ltd.	Director
	6	Gokak Textiles Ltd.	Director
	7	Samalpatti Power Co.Pvt.Ltd.	Director
	8	Forbes Gokak Ltd.	Director
	9	Forvol International Services Ltd.	Director
	10	Cyrus Investments Ltd.	Director
	11	Oman Shapoorji Construction Co.Ltd.,Muscat	Director
	12	Pallonji Shapoorji & Co.Pvt.Ltd.	Director
	13	Shapoorji Pallonji Finance Ltd.	Director, Member AC
	14	Shapoorji Pallonji Power Co.Ltd.	Director
	15	Shapoorji Pallonji & Co.(Rajkot) Pvt.Ltd.	Director
	16	Sterling Investment Corp.Pvt.Ltd.	Director
	17	Tata Elxsi (India) Ltd.	Director, Member AC & ST&SGC
	18	Tata Sons Limited	Director
	19	United Motors (India) Ltd.	Director, Member ST&SGC
	20.	Tata Power Co.Ltd.	Director, Member AC
Mr. Ashok Barat	1	Forbes Technosys Ltd.	Chairman
	2	Gokak Textiles Ltd.	Director
	3	Nypro Forbes Products Pvt.Ltd.	Director
	4	Nypro Forbes Moulds Pvt.Ltd.	Director
	5	SCI Forbes Ltd.	Director
	6	Telstra India Pvt.Ltd.	Director
Mr. Govinda Dasu Prasad	1	Gokak Textiles Ltd.	Nominee Director
	2	LML Ltd.	Director
	3	Strides Arcolab Ltd.	Director
	4	Trans Gel Industries Ltd.	Director
Mr. H. S. Bhaskar	1	Gokak Textiles limited	Executive Director & CEO
	2.	Confederation of Indian Textile Industry	Member
	3.	The Bombay Textiles Research Association	Member on the Governing Council
Mr. C. G. Shah	1	Carmel Properties (P) Ltd.	Director
	2	Eureka Forbes Ltd.	Director, Member AC
	3	Forbes Campbell Holdings Ltd.	Chairman
	4	Forbes Finance Ltd.	Chairman
	5	Forbes Gokak Ltd.	Director, Member AC & ST&SGC
	6.	Gokak Textiles Ltd.	Director
	7,	Volkart Fleming Shipping & Services Ltd.	Director
	8.	Warrior (Investment) Ltd.	Chairman
	9.	P.T.Gokak Indonesia	President Comm. on Board of Comm.
	10.	The Gokak Mills Charitable Trust	Trustee
	11.	Gokak Falls Education & Medical Trust	Trustee
	12.	Forbes Charitable Trust	Trustee
	13.	Eureka Forbes Charitable Trust	Trustee
	14.	Eureka Forbes Institute of Environment	Trustee

<u>Name of Director</u>		<u>Particulars of Directorships held in other Companies/Bodies Corporate</u>	<u>Nature of Interest</u>
Mr. Hoshang Billimoria	1.	Thomas Cook (I) Limited	Director
	2.	HDFC Asset Management Co. Ltd.	Director
	3.	Travel Corporation (I) Limited	Director & Chairman
	4.	Fenner Conveyor Belting P.Ltd.	Director & Dy. Chairman
	5.	Gokak Textiles Limited	Director
Mr. Ramaotar Goyal	1.	Rimura Finlease & Technology Ltd.	Director
	2.	Rigo International Pvt. Ltd.	Director
	3.	Glogol Impex Pvt. Ltd.	Director
	4.	Gokak Textiles Limited	Director

Note: AC : Audit Committee
RC : Remuneration Committee
ST&SGC : Share Transfer & Shareholders' Grievance Committee

Key managerial personnel

The Company is managed, controlled and directed under the overall control, surveillance and guidance of the Board of Directors, by Mr. H. S. Bhaskar, the Executive Director and CEO, effective from 31st July 2007. Mr. Bhaskar (age 52 years) holds diploma in Textile Technology and has experience of more than 30 years in the Textile industry. He has been with Forbes Gokak Limited since April 1996 and the last position held by him is the Director (Textiles) of the Textiles Undertaking of Forbes Gokak Limited.

Number of employees on the payroll of the Company as on 31st July, 2007 was 6349. The actual daily employment would be lower, depending upon, leave, work load, etc and was 4339.

Key Managerial Personnel includes –

<u>Name</u>	<u>Designation</u>	<u>Date of Birth</u>	<u>Date of Joining</u> *	<u>Qualification</u>
Mr.H.S.Bhaskar	Executive Director & CEO	20.09.1955	07.04.1996	Dip.in Textiles Technology
Mr.S.Raghunathan	Chief Financial Officer	19.10.1946	21.08.1978	B.Com, FCA
Mr.R.Chelapathy	Mills General Manager	06.04.1953	22.01.2007	B.Sc (Tex.)
Mr.R.A.Kulkarni	Dy. General Manager (Production)	22.01.1953	14.05.1975	B.Sc. Tech (Weaving)
Mr. M. Karruppasamy	General Manager (Processing)	10.06.1959	21.04.1997	B.Sc. A.T.A.
Mr. P.D.Mepani	General Manager Purchase (RM)	09.04.1952	04.09.1985	Int. Com
Mr.M.Raveesh	Dy. General Manager (HR)	25.05.1955	01.02.2006	B.A. M.S.W.
Mr. Vinod K.Vora	Company Secretary	28.02.1958	12.09.2007	B.Com. L.L.B. ACS
Mr. K.M.Bhayya	General Manager Engineering	12.03.1947	30.04.1985	D.M.E., DEE
Mr.A.B.N. Patel	CEO-Forbes Campbell Knitwear Division	01.08.1959	08.12.2006	B.Tech. (Tex).

Changes in Key Managerial Person are as under :

<u>Name</u>	<u>Designation</u>	<u>Date of Birth</u>	<u>Date of Joining</u> •	<u>Qualification</u>	<u>Change</u>
Mr.Supriya Guha Roy	Head-Marketing	10.01.1963	02.01.2007	B.E.(Chem) PGDM & IB	Resigned with effect from 30.9.2007.

The date shown in the date of their joining Forbes Gokak Ltd.

Compensation of managing directors / whole-time directors

Mr. H. S. Bhaskar has been appointed the Whole-time Director designated as the Executive Director and CEO, effective from 31st July 2007. As per the approval of the Central Government, his remuneration is Rs. 2,92,500 p.m or Rs. 35,10,000 p.a

Corporate Governance

The provisions of the listing agreement to be entered into with the Bombay Stock Exchange Limited with respect to corporate governance will be applicable to the Company immediately upon the listing of its Equity Shares on the Stock Exchange. The Company is fully compliant with the provisions of Clause 49 of the Listing Agreement.

Mr. Shapoor P. Mistry is the non-executive Chairman on the Board. The Board of the Company comprising nine Directors has 3 Independent Directors. The Board has also constituted the Audit Committee, Shareholders/Investors' Grievance Committee as contemplated under Clause 49 of the Listing Agreement as under:

Director	Category	Member of Audit Committee	Member of Shareholders/Investors' Grievance Committee
Mr. Shapoor P. Mistry	Non-executive & Non-independent	No	Yes
Mr. D.G.Prasad	Non-executive & Independent	Yes	Yes
Mr. Hoshang Billimoria	Non-executive & Independent	Yes	Yes
Mr. Ramaotar Goyal	Non-executive & Independent	Yes	Yes

The role, powers, scope of functions and duties of the Audit Committee, Shareholders/Investors' Grievance Committee of the Board are as per the applicable provisions of the Companies Act, 1956, and Clause 49 of the Listing Agreement.

The Status of the Company's compliance with the provisions of Clause 49 of the Listing Agreement is given below:

Particulars	Clause of Listing Agreement	Compliance status (Yes/No/N.A.)
I. Board of Directors	49 (I)	YES
(A) Composition of Board	49 (IA)	YES
(B) Non-executive Directors' compensation & disclosures	49 (IB)	N.A
(C) Other provisions as to Board and Committees	49 (IC)	YES
(D) Code of Conduct	49 (ID)	YES
II. Audit Committee	49 (II)	YES
(A) Qualified & Independent Audit Committee	49 (IIA)	YES
(B) Meeting of Audit Committee	49 (IIB)	YES
(C) Powers of Audit Committee	49 (IIC)	YES
(D) Role of Audit Committee	49 II(D)	YES
(E) Review of Information by Audit Committee	49 (IIE)	YES
III. Subsidiary Companies	49 (III)	N.A
IV. Disclosures	49 (IV)	YES
(A) Basis of related party transactions	49 (IV A)	YES
(B) Disclosure of Accounting Treatment	49 (IV B)	YES
(C) Board Disclosures	49 (IV C)	YES
(D) Proceeds from public issues, rights issues, preferential issues etc.	49 (IV D)	N.A
(E) Remuneration of Directors	49 (IV E)	YES
(F) Management	49 (IV F)	YES
(G) Shareholders	49 (IV G)	YES
V. CEO/CFO Certification	49 (V)	YES *
VI. Report on Corporate Governance	49 (VI)	YES *
VII. Compliance	49 (VII)	YES *

* NOTE: First Accounting year of the Company ended on 31st March 2007, when the Company was not listed and hence the above requirements did not apply. For the future, these will be complied as and when applicable. The Directors have no interest in the transactions of the Company, otherwise than as directors of the Company and in the case of Mr. H. S. Bhaskar, as the Executive Director and CEO.

Change in Board of Directors since the Company's inception

Name of the Director	Date of Appointment	Date of Resignation	Reasons	Date of expiration of current terms
Anoj Arvind Menon	March 27, 2006	Feb. 21, 2007	Resignation	NA
Naheed Taher Currimji	March 27, 2006	Nov. 29, 2006	Resignation	NA
Sanjay Ramakant Buch	March 27, 2006	Feb.21, 2007	Resignation	NA
Pallonji S. Mistry	January 17, 2007	-	Appointed	Retirement by rotation
Shapoor P. Mistry	November 29, 2006	-	Appointed	Retirement by rotation
Cyrus P. Mistry	November 29, 2006	-	Appointed	Retirement by rotation
K. C. Mehra	November 29, 2006	August 9, 2007	Resignation	N.A.
Ashok Barat	November 29, 2006	-	Appointed	Retirement by rotation
D.G. Prasad	February 6, 2007	-	Appointed	Retirement by rotation
H.S.Bhaskar	July 31, 2007	-	Appointed	30.07.2010
C.G. Shah	August 9, 2007	-	Appointed	Retirement by rotation
Hoshang S. Billimoria	September 26, 2007	-	Appointed	Retirement by rotation
Ramaotar Goyal	September 26, 2007		Appointed	Retirement by rotation

CURRENCY OF PRESENTATION

In this Information Memorandum all references to 'Rupees' and 'Rs' are to Indian Rupees, the legal currency of India.

DIVIDEND POLICY

There is no set dividend payment policy. Dividend is intended to be declared based on the quantum and availability of future profits and will be disbursed based on shareholder approval based on the recommendation of the Board of Directors, and subject to the covenants of Loan/Credit agreements with Lenders. These covenants provide that except without written consent of the Lenders, the Company shall not, declare dividend or distribute profits, except where the installments of principal and interest payable to the lenders in respect of the loan is being paid regularly and there are, no irregularities, whatsoever, in respect of the loans/credits.

We have not paid any dividend in the past. Year ended 31st March 2007, was the first accounting year of the Company, during which there were no operations and hence no profit/loss and a question of a declaration of a dividend.

FINANCIAL INFORMATION

Auditors' Report

The Board of Directors

GOKAK TEXTILES LIMITED
Saki Powai Road,
Chandivali,
Mumbai 400 072.

Re: Listing of GOKAK TEXTILES LIMITED (Formerly Known as ANS Textiles (Bangalore) Limited).

Dear Sirs,

1. We have examined the financial information of GOKAK TEXTILES LIMITED (formerly known as ANS Textiles (Bangalore) Limited) ('the Company'), as attached to this report stamped and initialed by us for identification and as approved by the Board of Directors of the Company, which has been prepared in accordance with Part II of Schedule II of the Companies Act, 1956 ('the Act') and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 as amended from time to time ('the SEBI Guidelines') issued by the Securities and Exchange Board of India ('SEBI') on January 19, 2000 in pursuance to Section 11 of the Securities and Exchange Board of India Act, 1992 and related clarifications, and in accordance with your instructions dated October 22, 2007 requesting us to carry out work in connection with listing of its fully paid up Equity shares.

The Company was incorporated on March 27, 2006 and the first financial year ended on March 31, 2007. The Company has taken over the Textiles Undertaking from Forbes Gokak Limited as per "Scheme of Demerger" approved by the High Court, Bombay vide Order dated May 4, 2007 and the High Court of Karnataka at Bangalore on July 13, 2007.

2. We have examined the accounts of the Company for the financial year ended March 31, 2007 made up for presentation to the Members of the Company and half year ended September 30, 2007 being the last date to which the accounts of the Company have been made up.
3. In accordance with the requirements of Paragraph B (1) of Part II of Schedule II to the Act, the SEBI Guidelines and our terms of reference with the Company dated October 22, 2007, requesting us to make this report for the purpose of the Information Memorandum as aforesaid, we report that:
 - a. The restated assets and liabilities of the Company as at March 31, 2007 and September 30, 2007 are as set out in Annexure 1 to this report to be read together with notes appearing in Annexure 4 to this report.
 - b. The restated profit and loss account of the Company for the period March 31, 2007 and half year ended September 30, 2007 are as set out in Annexure 2 to this report to be read together with notes appearing in Annexure 4 to this report.
 - c. The restated cash flows of the Company for the period ended March 31, 2007 and the half year ended September 30, 2007 are as set out in Annexure 3 to this report to be read together with notes appearing in Annexure 4 to this report.
 - d. We have examined the following financial information relating to the Company and as approved by the Board of Directors for the purpose of inclusion in the Information Memorandum:
 - i. The Company has not declared dividends during any financial year covered in this report hence the information regarding rates of dividend in respect of each class of shares in accordance with the paragraph 6.10.2.1(b) of the SEBI Guidelines have not been disclosed.
 - ii. Accounting ratios as appearing in Annexure 5 to this report.

Capitalization statement as at April 1, 2007 as appearing in Annexure 6 to this report.

- iv. Statement of tax shelters as appearing in Annexure 7 to this report.
 - v. The Company has outstanding secured and unsecured loan as at Spetember 30, 2007; hence the information regarding analysis of outstanding secured and unsecured loans in accordance with the paragraph 6.10.2.6 and 6.10.2.7(h) respectively of the SEBI Guideline have been disclosed in Annexure 8.
 - vi. Statement of details of investments not given as Investment is of Book value Rs. 1000 only in 1375 shares of P.T.Gokak Indonesia of US \$ 1000 each.
 - vii. Statement of details of loans and advances as appearing in Annexure 9 to this report.
 - viii. Statement of details of other income as appearing in Annexure 10 to this report.
4. In our opinion the above financial information of the Company and notes attached to this report, after making adjustments and re-grouping as considered appropriate has been prepared in accordance with Part II of Schedule II of the Act and the SEBI Guidelines.
5. This report is intended solely for your information and for inclusion in the Information Memorandum in connection with the listing of the equity shares of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For CHHAJED KEDIA & ASSOCIATES
Chartered Accountants
(Lalit Chhajed)
Partner
Membership No. 71980:

Place :Mumbai

Dated : October 24, 2007

GOKAK TEXTILES LIMITED

SEBI (DISCLOSURE & INVESTOR PROTECTION) GUIDELINES, 2000

SCHEDULE XI

[CLAUSE 6.10.2.7(b)(vi)]

STATEMENT OF ASSETS AND LIABILITIES

Period ended March 31, 2007 and Half Year Ended September 30, 2007

	PARTICULARS	For the Half Year ended September 30, 2007 (Rs. in Lakhs)	For the period ended March 31, 2007 (Rs. in Lakhs)
A	Fixed Assets		
	Gross Block	37442	-
	Less: Depreciation	<u>-20947</u>	<u>-</u>
	Net Block	16495	-
	Add: Capital Work-in-Progress	<u>525</u>	<u>-</u>
	Total Fixed Assets A	17020	-
B	Current Assets, Loans and Advances:		
	Inventories	8297	-
	Sundry Debtors	2809	-
	Cash and Bank Balances	173	4.98
	Loans and Advances	3933	0.02
	Deferred Revenue Expenditure	<u>-</u>	<u>0.22</u>
	Total Current Assets B	<u>15212</u>	<u>5.22</u>
C	Total Assets (A+B) C	<u>32232</u>	<u>5.22</u>
D	Liabilities and Provisions:		
	Secured loans	15441	
	Unsecured Loans	571	0.36
	Current Liabilities and Provision	<u>5636</u>	
	Total Liabilities D	21648	
E	Net Worth (C-D)	<u>10584</u>	<u>4.86</u>
F	Represented by -		
	1. Share Capital	650	5.00
	2. Reserves	<u>9934</u>	<u>(0.14)</u>
	Net Worth	<u>10584</u>	<u>4.86</u>

Examined & Found Correct

for **CHHAJED KEDIA & ASSOCIATES**
CHARTERED ACCOUNTANTS
Lalit Chhajed
Partner
M.No.71980

For **GOKAK TEXTILES LTD**
Director **Director**

Place – Mumbai
Date - October 24, 2007

ANNEXURE – 2

GOKAK TEXTILES LIMITED

SEBI (DISCLOSURE & INVESTOR PROTECTION) GUIDELINES, 2000

SCHEDULE X

[CLAUSE 6.10.2.7(b)(v)]

STATEMENT OF PROFITS AND LOSSES

Period ended March 31, 2007 and Half Year Ended September 30, 2007

	PARTICULARS	For the Half Year ended September 30, 2007	For the period ended March 31, 2007
		(Rs. in Lakhs)	(Rs. in Lakhs)
A	Income		
	Sales: Less Excise Duty	16448	-
	Income from Services rendered	40	-
	Miscellaneous Income	440	0.07
	Decrease (Increase) in stock	1404	-
	Profit on Sale of Fixed Asset	10	-
	Total Income A	<u>18342</u>	<u>0.07</u>
B	Expenditure		
	Raw Material Consumed	10524	-
	Purchases of Trading Stock	172	-
	Manufacturing Expenses	3309	-
	Selling & Distribution Exp	665	-
	Administrative & Other Exp.	253	0.21
	Payment to Employees & Provisions	1864	-
	Interest	674	-
	Total Expenses B	<u>17461</u>	<u>0.21</u>
	Profit Before Dep & Tax (A-B)	881	(0.14)
	Depreciation	1026	-
	Net Profit (Loss) before Taxation	(145)	(0.14)
	Provision for Taxation	9	-
	Net Profit (Loss) after Taxation (Transfer to B/S)	<u>(154)</u>	<u>(0.14)</u>

Examined & Found Correct
for CHHAJED KEDIA & ASSOCIATES
CHARTERED ACCOUNTANTS
Lalit Chhajed
Partner
M.No.71980

For GOKAK TEXTILES LTD
Director Director

Place – Mumbai

Date – October 24, 2007

GOKAK TEXTILES LIMITED

ANNEXURE – 3(a)

CASH FLOW STATEMENT, AS RESTATED-March 31,2007

Amount in Rupees

		For the period ended March 31, 2007	
A	Cash Flow from Operating Activities		
	Net Profit before tax as per Profit and Loss Account		
	Adjusted For:	14250	
	Pre-operative expenditure written off / (carried forward)	21540	
	Depreciation		
	Interest		
	Rent		
			42,462
	Operating Profit / (Loss) before working capital changes		42,462
	Adjusted for :		
	Trade and other receivables		
	Trade payables		
			(1498)
			42462
	Net Cash used in operating activities		7970
B	Cash flow from Investing Activities		
	Purchase of Investment		
	Net Cash used in investing activities		
C	Cash flow from financing Activities		
	Proceeds from Share Capital		5,00,000
	Interest		6,672
	Rent		-
	Purchase of Fixed Assets		
	Cash generated from financing activities		5,06,672
	Net Increase/(Decrease) in Cash and Cash equivalents		4,98,702
	Opening Balance of Cash and Cash Equivalents		-
	Closing Balance of Cash and Cash equivalents	173,93,707	4,98,702

Notes:

1. The Company was incorporated March 27, 2006; hence only financial information pertaining to period ending March 31, 2007 and the period thereafter is disclosed.
2. Transaction arising out of scheme of demerger of the Textile Undertaking of Forbes Gokak Limited into GOKAK TEXTILES LIMITED as stated in Note 3 to Annexure 4 is a non cash transaction and not considered in above cash flow workings.

GOKAK TEXTILES LIMITED**ANNEXURE - 3 (b)****CASH FLOW STATEMENT FOR THE HALF YEAR ENDED 30TH
SEP, 2007****Rupees**

NET PROFIT BEFORE TAX AND EXTRA-ORDINARY ITEMS		(1,45,12,030)
Adjusted for -		
Depreciation	10,25,68,482	
Profit on Sale of Fixed Assets	(10,46,205)	
Interest and Other Finance Charges	6,74,45,941	
		<u>16,89,68,218</u>
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		15,44,56,188
Changes in -		
Trade and Other Receivables	(2,31,42,986)	
Inventories	(5,91,11,866)	
Trade Payables and Others	4,87,53,498	
		<u>(3,35,01,354)</u>
CASH GENERATED FROM OPERATIONS		12,09,54,834
Amalgamation Expenses Paid		
Direct Taxes Paid		<u>(8,66,079)</u>
(a) NET CASH FROM OPERATING ACTIVITIES		12,00,88,755
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets(including adjustments on account of capital work-in-progress and capital advances)	(5,19,34,498)	
Sale of Fixed Assets	,11,67,664	
(b) NET CASH USED IN INVESTING ACTIVITIES		(5,07,66,834)
CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Borrowings		
	(15,23,97,333	
Repayment of Borrowings)	
Increase/(Decrease) in Cash credit and Demand Loan	15,28,21,504	
Interest Paid	<u>(6,24,66,747)</u>	
(c) NET CASH (USED IN)/FROM FINANCING ACTIVITIES		(6,20,42,576)
(d) NET INCREASE IN CASH AND CASH EQUIVALENTS (a) + (b) + (c)		<u>72,79,345</u>
CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE YEAR, COMPRISING: (see Note no.26(c) in Schedule 11)		
Cash, Cheques on hand and remittances in transit	-	
Balances with scheduled banks on current accounts	<u>4,98,702</u>	
		,4,98,702
CASH AND CASH EQUIVALENTS taken over on Amalgamation		
Cash, Cheques on hand and remittances in transit		
Balances with scheduled banks on current accounts		
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR, COMPRISING: (see Note no.26(c) in Schedule 11)		
Cash, Cheques on hand and remittances in transit	12,55,553	
Balances with scheduled banks on current accounts	<u>160,83,236</u>	
	173,38,789	
Less :Balances Transferred on 01.04.07 as per Demerger Scheme	<u>95,60,742</u>	
	77,78,047	77,78,047
INCREASE/ DECREASE IN CASH AND CASH EQUIVALENTS		<u>72,79,345</u>

NOTES TO RESTATED STATEMENT OF PROFIT AND LOSS ACCOUNT, RESTATED ASSETS AND LIABILITIES AND RESTATED CASH FLOW STATEMENT FOR THE PERIOD ENDED MARCH 31, 2007 AND HALF YEAR ENDED SEPTEMBER 30, 2007.

1. Pursuant to a Scheme of Demerger of the Textile Undertaking of Forbes Gokak Limited into this Company, under the provisions of Sections 391 to 394 of the Companies Act, 1956, effective from April 1, 2007, approved by the shareholders of the respective companies and sanctioned by the Bombay High Court and the High Court of Karnataka at Bangalore, assets and liabilities of the said undertaking on March 31, 2007, have been transferred to this Company. Pursuant to this Scheme, the difference between the assets and liabilities of the Textile Undertaking has been treated as the net worth and out of this, 64,49,308 shares of face value of Rs.10 each fully paid have been allotted to the shareholders of Forbes Gokak Limited on September 28, 2007, in the ratio of one share of GOKAK TEXTILES LIMITED for two shares held by them in Forbes Gokak Limited. Under the Scheme, out of the Net Worth, Rs.12,99,86,160 has been credited to Profit and Loss Account as on 1.4.2007 and balance Rs.87,67,718 is credited to General Reserves as on 1.4.2007.

2. SIGNIFICANT ACCOUNTING POLICIES:-

a) Basis of Accounting

The financial statements are prepared as per historical cost convention and in accordance with the generally accepted accounting principles in India, the provisions of the Companies Act, 1956, and the applicable Accounting Standards issued by The Institute of Chartered Accountants of India.

b) Use of Estimates

The presentation of the financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities, revenues and expenses and disclosure of contingent liabilities. Such estimates and assumptions are based on management's evaluation of relevant facts and circumstances as on the date of financial statements. The actual outcome may diverge from these estimates.

c) Fixed Assets and Depreciation / Amortisation

Tangible fixed assets and depreciation

Tangible fixed assets acquired by the Company are reported at acquisition value or at revalued amounts, with deductions for accumulated depreciation and impairment losses, if any.

The acquisition value includes the purchase price (excluding refundable taxes) and expenses directly attributable to the asset to bring it to the site and in the working condition for its intended use. Examples of directly attributable expenses included in the acquisition value are delivery and handling costs, installation, legal services and consultancy services.

Where the construction or development of any such asset requiring a substantial period of time to set up for its intended use, is funded by borrowings, the corresponding borrowing costs are capitalised up to the date when the asset is ready for its intended use.

Where assets have been acquired from outside India, exchange differences on the corresponding liabilities are capitalised.

Depreciation is calculated on pro-rata basis. Items costing less than and up to Rs. 5,000 are fully depreciated.

The methods and the rates of depreciation applied are as under:

<u>Sr.</u>	<u>Class of assets</u>	<u>Year of acquisition</u>	<u>Method of providing depreciation</u>	<u>Rate of depreciation</u>
i)	All fixed assets	Up to 30 th June, 1986	Straight Line Method	At rates computed under Section 205(2)(b) of the Companies Act, 1956 pursuant to rates of depreciation prescribed in Income-tax Rules from time to time.
ii)	All fixed assets other than those specified in items (iii) to (vii) below	From 1 st July, 1986	Straight Line Method	Schedule XIV to the Companies Act, 1956
iii)	Vehicles	From 1 st July, 1986 to 31 st March, 1999	Written Down Value Method	Schedule XIV to the Companies Act, 1956
		From 1 st April, 1999	Written Down Value Method	At the rate of 40%
iv)	Leasehold land and building thereon	From 1 st July, 1986	Straight Line Method	Amortised over the period of the lease.
v)	Leasehold improvements	From 1 st July, 1986	Straight Line Method	Amortised over the period of the lease.

Intangible assets and amortisation

Intangible assets are valued at cost less amortisation. These generally comprise of costs incurred to acquire computer software licences and implement the software for internal use (including software coding, installation, testing and certain data conversion).

Research costs are charged to earnings as they arise.

Costs incurred for applying research results or other knowledge to develop new products, are capitalised to the extent that these products are expected to generate future financial benefits. Other development costs are expensed as and when they arise.

Expenditure on tangible fixed assets for research and development is capitalised in accordance with the policy stated under tangible fixed assets and depreciation above.

Intangible assets are reported at acquisition value with deductions for accumulated amortisation and any impairment losses.

Amortisation takes place on a straight line basis over the asset's anticipated useful life. The useful life is determined based on the period of the underlying contract and the period of time over which the intangible asset is expected to be used and generally does not exceed 10 years.

An impairment test of intangible assets is conducted annually or more often if there is an indication of a decrease in value. The impairment loss, if any, is reported in the Profit and Loss Account.

d) Impairment of assets

The carrying values of assets of the Company's cash-generating units are reviewed for impairment annually or more often if there is an indication of decline in value. If any indication of such impairment exists, the recoverable amounts of those assets are estimated and impairment loss is recognised, if the carrying amount of those assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the estimated future cash flows to their present value based on appropriate discount factor.

e) Investments

Long term investments are valued at cost, less provision for diminution other than temporary, in value, if any. Current investments are valued at the lower of cost and fair value.

f) Inventory

Inventories are valued at the lower of the acquisition / production cost and the corresponding net realisable value. The principles of determining costs of various types of inventories are tabulated below:

<i>Sl. No.</i>	<i>Type</i>	<i>Division</i>	<i>Basis of determining costs</i>
(i)	Stores, spare parts, components and loose tools	Others	Continuous weighted average
(ii)	Raw and packing materials		
	Cotton	Textiles	Specific identification
	Others	Knitwear	First-In-First-Out
	Others	Others	Continuous weighted average
(iii)	Stock in process	All	Aggregate of cost of materials, other direct costs and absorbed production overheads (including depreciation) upto stage of completion
(iv)	Finished goods		
	Produced	All	Aggregate of cost of materials, other direct costs and absorbed production overheads (including depreciation) and excise duty
	Traded	Textiles	Yarn – First-In-First-Out Fabric – Weighted Average

Footnotes:

The Textiles Division comprises of the manufacturing facilities at Gokak Mills which together with the Knitwear Division (i.e. erstwhile Campbell Knitwear Ltd.) and the Personal Wear Division constitutes the “Textile” Segment.

The net realisable value is calculated as the estimated sales price less estimated completion and selling costs. An assessment of obsolescence in inventories is conducted regularly during the year. The value of inventories is adjusted for the estimated decrease in value attributable to items that are no longer sold or slow moving or physically damaged and handling and sales overheads. If the net realisable value is lower than the acquisition cost, the carrying values are reduced to the net realisable value determined as aforesaid.

g) Revenue Recognition

Sales include products and services, net of trade discounts and sales Returns and excludes sales tax, state value added tax and service tax.

With regard to sale of products, income is reported when practically all risks and rights connected with ownership have been transferred to the buyer. This usually occurs upon dispatch, after the price has been determined and collection of the receivable is reasonably certain.

Income recognition for services takes place as and when the services are performed.

h) Financial Income and Borrowing Cost

Financial income and borrowing cost include interest income on bank deposits and interest expense on loans.

Interest income is accrued evenly over the period of the instruments.

Borrowing cost are recognised in the period to which they relate, regardless of how the funds have been utilised, except where it relates to financing of construction or development of assets requiring a substantial period of time to prepare for their intended future use. Interest is capitalised up to the date when the asset is ready for its intended use. The amount of interest capitalised (gross of tax) for the period is determined by applying the interest rate applicable to appropriate borrowings outstanding during the period to the average amount of accumulated expenditure for the assets during the period.

Dividend income is accounted when the right to receive payments is established and known.

Government grants, which relate to specific fixed assets, are treated as deferred income and recognised in the Profit and Loss Account over the useful life of the relevant fixed asset. The amount of government grant allocated to income is netted off against the depreciation charge for the year and the amount allocable in subsequent years is shown as Deferred Government Grant. Government grant/subsidies related to revenue are recognised in the Profit and Loss Account over periods matching them with the related costs which they intend to compensate.

i) Foreign Currency Transactions

Transactions in foreign currencies are translated to the reporting currency based on the exchange rate on the date of the transaction. Exchange differences arising on settlement thereof during the year (except those arising on acquisition of certain fixed assets) are recognised as income or expenses in the Profit and Loss Account.

Cash and bank balances, receivables and liabilities (monetary items) in foreign currencies as at the year end are valued at closing-date rates, and unrealised translation differences are included in the Profit and Loss Account.

Exchange differences relating to foreign currency liabilities, relating to fixed assets acquired from outside India are capitalised and depreciated over the balance useful lives of such assets.

Investments in foreign currency (non monetary items) are reported using the exchange rate at the date of the transaction.

The Company's forward exchange contracts are not held for trading or speculation. The premium arising on entering into such contract is amortised over the life of such contracts and exchange differences arising on such contracts are recognised in the Profit and Loss Account. Profit or Loss arising on cancellation or renewal of such contract are also recognised as income or expense for the period.

j) Employee Benefits

Long term benefits

The Company has both defined-contribution and defined-benefit plans, of which some have assets in special funds or similar securities. The funded plans are financed by the Company and in the case of some defined contribution plans by the Company along with its employees.

Defined-contribution plans

These are plans in which the Company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. These comprise of contributions to the employees' provident fund, family pension fund and superannuation fund. The Company's payments to the defined-contribution plans are reported as expenses during the period in which the employees perform the services that the payment covers.

Defined-benefit plans

Expenses for defined-benefit gratuity, leave encashment, post retirement medical benefit and non compete fees are calculated as at the balance sheet date by independent actuaries in a manner that distributes expenses over the employee's working life. These commitments are valued at the present value of expected future payments, with consideration for calculated future salary increases, utilising a discount rate corresponding to the interest rate estimated by the actuary having regard to the interest rate on government bonds with a remaining term that is almost equivalent to the average balance working period of employees.

Short term benefits

Short term employee benefits are recognised at the undiscounted amount expected to be paid as an expense over the period of services rendered to the Company.

k) Deferred Revenue Expenditure

Expenditure incurred on voluntary retirement schemes is being amortised on a straight line basis over the estimated period of payback which does not exceed 5 years. The period of deferral does not extend beyond 31st March, 2010.

l) Taxes on Income

The Company's income taxes include taxes on the Company's taxable profits, fringe benefits tax, adjustment attributable to earlier periods and changes in deferred taxes. Valuation of all tax liabilities/receivables is conducted at nominal amounts and in accordance with enacted tax regulations and tax rates or in the case of deferred taxes, those that have been substantially enacted.

Deferred tax is calculated to correspond to the tax effect arising when final tax is determined. Deferred tax corresponds to the net effect of tax on all timing differences which occur as a result of items being allowed for income tax purposes during a period different from when they were recognised in the financial statements.

Deferred tax assets are recognised with regard to all deductible timing differences to the extent that it is probable that taxable profit will be available against which deductible timing differences can be utilised. When the Company carries forward unused tax losses and unabsorbed depreciation, deferred tax assets are recognised only to the extent there is virtual certainty backed by convincing evidence that sufficient future taxable income will be available against which deferred tax assets can be realised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced by the extent that it is no longer probable that sufficient taxable profit will be available to allow all or a part of the aggregate deferred tax asset to be utilised.

m) Lease Accounting

i) Operating Leases

Leasing of assets whereby the lessor essentially remains the owner of the asset is classified as operating leases. The payments made by the Company as lessee in accordance with operational leasing contracts or rental agreements are expensed proportionally during the lease or rental period respectively. Any compensation, according to agreement, that the lessee is obliged to pay to the lessor if the leasing contract is terminated prematurely is expensed during the period in which the contract is terminated.

ii) Finance Leases

Lease arrangements whereby the Company essentially assumes the same rights as for direct ownership of the asset are classified as finance leases.

Assets taken on finance lease after 1st April, 2001, are capitalised at fair value or net present value of the minimum lease payments, whichever is lower.

Depreciation on the assets taken on lease is charged at the rate applicable to similar type of fixed assets as per the Company's accounting policy on depreciation as stated above. If the leased assets are returnable to the lessor on the expiry of the lease period, depreciation is charged in accordance with the Company's depreciation policy as stated above or in a straight line basis over the lease period, whichever is shorter.

Lease payments made are apportioned between the finance charges and reduction of the outstanding liability in respect of assets taken on lease.

n) Segment Reporting

The accounting policies adopted for segment reporting are in line with the accounting policy of the Company. Segment Revenue, Segment Expenses, Segment Assets and Segment Liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis, have been included under 'Unallocated Revenue/Expenses/Assets /Liabilities'.

o) Provisions and Contingencies

A provision is recognised when the Company has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Reimbursement against a provision is recognised as a separate asset based on virtual certainty of recovery. Contingent liabilities are not recognised but are disclosed in the notes to the financial statement. A contingent asset is neither recognised nor disclosed.

p) Cash Flow Statements

Cash-flow statements are prepared in accordance with "Indirect Method" as explained in the Accounting Standard on Cash Flow Statements (AS-3) issued by the Institute of Chartered Accountants of India.

q) Cash and Cash Equivalents

Cash and bank balances and current investments that have insignificant risk of change in value, which have durations up to three months, are included in the Company's cash and cash equivalents in the Cash Flow Statement.

r) Earnings per Share

Basic Earnings per Share is calculated by dividing the net profit after tax for the year attributable to equity shareholders of the Company by the weighted average number of equity shares in issue during the year.

s) Derivatives

The fair value of derivative contracts is not ascertained as these instruments are not held for trade. The gain or loss arising from translation of foreign currency exposure irrespective of underlying principal, as at the end of the period, is recognised as part of income or loss for the period.

GOKAK TEXTILES LIMITED

ANNEXURE – 5

STATEMENT OF ACCOUNTING RATIOS

	PARTICULARS	For the Half Year ended September 30, 2007	For the period ended March 31, 2007
1.	Earnings per share		
	Net Profit after tax (Rupees) (Loss)	(1,54,15,328)	
	Weighted average number of equity shares outstanding at the end of the period (Nos.) - Basic	50,000	50,000
	Add: Weighted average number of equity shares to be issued pursuant to the scheme of demerger	64,49,308	
	Weighted average number of equity shares outstanding at the end of the period (Nos.) - Dilutive	64,99,308	
	Earning per share (Rupees) – Basic - Diluted	Rs. (2.37) Rs. (2.37)	
2.	Return on Net Worth		Not Applicable (Refer Note No.1 below)
	Net Profit after tax (Rupees)	(1,54,15,328)	
	Net Worth (Rupees)	105,84,31,630	
	Return on Net Worth (%)	(1.46 %)	
3	Net Asset Value		
	Net Worth (Rupees)	105,84,31,630	
	Total number of equity shares outstanding at the end of the period (Nos.) (Refer Note 2 below)	6,49,93,080	
	Net Asset Value per share (Rupees)	Rs.162.85	

Notes:

1. Since the business of the Company was in pre-operative stage for the period ended March 31, 2007, no earnings per share and return on net worth data is calculated and the only cost is administrative cost of Rs.14250 (net).

2. Shares under the Demerger Scheme are allotted on September 28, 2007, pursuant to the transfer of undertaking effective from April 1, 2007.

GOKAK TEXTILES LIMITED

ANNEXURE – 6

SEBI (DISCLOSURE & INVESTOR PROTECTION) GUIDELINES, 2000

SCHEDULE XIII
[CLAUSE 6.10.2.7(g)(iii)]**CAPITALISATION STATEMENT AS AT APRIL 1, 2007**

Amount in Rupees

	PARTICULARS	Pre Issue	Post Issue (Refer note below)
A	Debts:		
	1. Short Term Debt	-	57,00,44,627
	2. Long Term Debt	-	103,07,64,743
	3. Total Debt	-	160,08,09,370
B	Shareholders Funds:		
	1. Equity Share Capital Rs.	5,00,000	5,00,000
	2. Share Capital Rs.	-	6,44,93,080
	3. Reserves and surplus	(35,790)	101,33,98,902
	4. Total	4,64,210	107,83,91,982
C	Long Term Debt – Equity Ratio (A.2 ÷ B.4)	N.A.	96:100

Notes:

As per the scheme of arrangement, in consideration of the demerger of the Textile Undertaking of Forbes Gokak Limited, the Company has issued and allotted its shares to the shareholders of Forbes Gokak Limited, in the ratio of one equity share of face value of Rs.10 each fully paid up in the Company for every two equity shares of Rs. 10 each fully paid up held by the shareholders of Forbes Gokak Limited. Such share capital which was pending allotment as at April 1, 2007 is considered as share capital and included in the post issue shareholders funds.

GOKAK TEXTILES LIMITED

ANNEXURE – 7

SEBI (DISCLOSURE & INVESTOR PROTECTION) GUIDELINES, 2000

SCHEDULE XII

CLAUSE 6.10.2.7 (i)(iv)

TAX SHELTER STATEMENT

PARTICULARS	For the Half Year ended September 30, 2007	For the period ended March 31, 2007
	(Rs. In Lakhs)	(Rs. In Lakhs)
1. Tax at Notional Rate	33.99 %	33.66 %
2. Adjustments : Export Profits	Not Applicable	Not Applicable
3. Difference between Tax Depreciation and Book Depreciation	Not Applicable	Not Applicable
4. Other Adjustments	Not Applicable	Not Applicable
5. Net Adjustments	Not Applicable	Not Applicable
6. Tax Saving thereon	Not Applicable	Not Applicable
7. Total Taxation	Not Applicable	Not Applicable
8. Taxation on extraordinary items	Not Applicable	Not Applicable
9. Tax on profit before extraordinary items	Not Applicable	Not Applicable

GOKAK TEXTILES LIMITED.

ANNEXURE - 8

For the period
1st April,2007
to

30th September,2007

SECURED AND UNSECURED LOANS : AS RESTATED

<u>SECURED LOANS :</u>		
a	Rupee Term Loan from New India Co-operative Bank Limited (Repayable within a year Rs.2,71,11,694)	3,20,87,789
2	Rupee Term Loan from New India Co-operative Bank Limited (Repayable within a year Rs.NIL)	3,93,44,336
3	Foreign Currency Term Loan of US \$ 1.87 Million from Export-Import Bank of India (Repayable within a year Rs.1,87,23,375)	2,80,85,062
4	Cash Credit and Packing Credit from Banks (i) Cash Credit and Packing Credit (ii) Demand Loan	24,72,20,215 30,50,00,000
5	Term Loan from Export Import Bank of India (Repayable within a year Rs.1,95,60,000)	5,86,80,000
6	Long Term Working Capital Foreign Currency Loan from Export-Import Bank of India (Repayable within a year Rs.3,55,99,964)	10,68,00,053
7	Rupee Term Loan from IDBI Bank Limited (Repayable within a year Rs.3,26,64,182)	3,78,37,659
8	Term Loan from Export Import Bank of India (Repayable within a year Rs.NIL)	21,66,94,357
9	Term Loan from Export Import Bank of India (Repayable within a year Rs.1,92,00,000 ; <i>Previous year Rs.Nil</i>)	4,84,55,377
10	Rupee Term Loan from State Bank of India (Repayable within a year Rs. 3,36,00,000)	20,99,17,112
11	Term Loan from State Bank of India (Repayable within a year Rs.2,43,00,000)	21,39,72,362
	TOTAL	<u>154,40,94,322</u>
<u>UNSECURED LOANS</u>		
a	Sales Tax Deferment Loans	4,09,33,219
b	Loan from Other Bodies Corporate	1,62,06,000
	TOTAL	<u>5,71,39,219</u>

GOKAK TEXTILES LIMITED

ANNEXURE – 9

LOANS AND ADVANCES, AS RESTATED

PARTICULARS	Amount in Rupees	
	For the Half Year ended September 30, 2007	For the period ended March 31, 2007
Advances recoverable in cash or in kind or for value to be received.	29,41,57,771	NIL
Balance with Central Excise, Customs and Port Trust	9,91,12,306	NIL
Total	39,32,70,077	NIL

OTHER INCOME, AS RESTATED

PARTICULARS	Amount in Rupees	
	For the Half Year ended September 30, 2007	For the period ended March 31, 2007
Recurring		
Sales, Services and Others	169,28,66,782	
Total (A)	169,28,66,782	
Non Recurring		
Interest received on advances/deposits	-	6,672
Profit on sale of Fixed Assets	10,46,205	
Total (B)	10,46,205	
Total (A+B)	169,39,12,987	6672

GROUP COMPANIES FINANCIAL AND OTHER INFORMATION

There is only one Listed Company in the Group, namely Forbes & Company Limited, known prior to October 25, 2007 as the Forbes Gokak Limited, details of which are as under:

Forbes & Company Limited.

1. Forbes & Company Limited traces its origins to The Gokak Water Power & Manufacturing Company Ltd. which was incorporated in U.K. in 1885. This Company commenced operations in 1887. Another Company, The Gokak Mills Limited was incorporated on Nov.18, 1919, to take over as a going concern, the undertaking of The Gokak Water Power and Manufacturing Company Ltd. Over the years the Company's activities were mainly in the field of manufacture of yarn and canvas. In 1972, another company Patel Volkart Limited, engaged mainly in the shipping agencies, cotton trading and investments, amalgamated with The Gokak Mills Limited and the name of the Company was changed to Gokak Patel Volkart Limited.

In 1992, another Company listed on the Stock Exchange Mumbai namely, Forbes Forbes Campbell and Company Limited, amalgamated with Gokak P:atel Volkart Ltd. and the name of the Company was changed to Forbes Gokak Ltd. With effect from October 25, 2007 the name of Forbes Gokak Limited is changed to Forbes & Company Limited. Two of its subsidiaries, Bradma of India Limited and Campbell Knitwear Limited, amalgamated with the Company, with effect from April 1, 2004. Another listed Company, FAL Industries Limited, Chennai, amalgamated with the Company from April 1, 2005.

2. Forbes Forbes Campbell & Co. Ltd. (FFC) had evolved in India over a period of more than 200 years and FFC was perhaps, the oldest surviving firm in India. It owed its origin to the arrival in Bombay of its founder John Forbes in the year 1764. It was known then as Forbes & Co. Trading was its main activity but it soon developed other activities particularly in shipping. In 1903, its merger with Ritchie Steuart & Co. (then owned by the Campbell family and regarded as the second oldest firm in Bombay after Forbes & Co.) enable a diversification in the activities and brought with it the managing agency of The Gokak Mills Ltd. The Managing Agency Business and promotion of new ventures became the predominant activities in the following years. FFC was incorporated as a Private Limited Rupee Company on December 21, 1934. Most of the foreign holding in FFC was disinvested in 1957 and a major part of this was acquired by some investment companies of the Tata Group. FFC made a Public Issue during 1986 and became a listed company on the Bombay Stock Exchange.
3. Pursuant to a Scheme of Demerger the Textile Undertaking of Forbes Gokak Ltd. which included manufacture of yarn and knitwear have effective from 1st April 2007, become the business of GOKAK TEXTILES LIMITED.
4. Under the Scheme of Demerger, the shareholders of Forbes Gokak Ltd. on a date determined by the Board of Directors of Forbes Gokak Ltd. were to be allotted one share of GOKAK TEXTILES LIMITED for two shares held by them in Forbes Gokak Ltd (and not in exchange of). The record date for this purpose was September 28, 2007 and thus the shareholders of Forbes Gokak Ltd. have become shareholders of GOKAK TEXTILES LIMITED in the proportion in which they held shares in Forbes Gokak Ltd, apart from the fact that Forbes Gokak Ltd. also continue to hold 50000 shares of GOKAK TEXTILES LIMITED. Upon the issue and allotment of shares under the Scheme of Demerger, the GOKAK TEXTILES LIMITED has ceased to be a subsidiary of Forbes Gokak Ltd.
5. Shapoorji Pallonji Group held about 73% of the paid up share capital of Forbes Gokak Ltd. and thus they hold almost the same percentage of the shares in GOKAK TEXTILES LIMITED. Other shareholders of the company include Life Insurance Corporation of India, Nationalised Bank and Insurance Companies, Mutual Funds and general public.

Shareholding Pattern of Forbes & Company Limited

(As on September 30, 2007)

Category of Shareholder	No.of shares	% Holding
(A) Shareholding of Promoter and Promoter Group		
(1) Indian		
Bodies Corporate	94,61,691	73.35
Sub Total	94,61,691	73.35
(2) Foreign	--	--
Total shareholding of Promoter and Promoter Group (A)	94,61,691	73.35
(B) Public Shareholding		
(1) Institutions		
Mutual Funds / UTI	43,123	0.33
Financial Institutions / Banks	21,497	0.17
Central Government / State Government(s)	1,10,343	0.86
Insurance Companies	8,17,551	6.34
Foreign Institutional Investors	24,589	0.19
Sub Total	10,17,103	7.89
(2) Non-Institutions		
Bodies Corporate	5,62,424	4.36
Indian Public	17,81,932	13.81
NRI/OCB's/NDC's	74,726	0.58
Trusts	740	0.01
Sub Total	24,19,822	18.76
Total Public shareholding (B)	34,36,925	26.65
Total (A) + (B)	1,28,98,616	100.00

Board of Directors

Sr.No.	Name
1.	Mr. Pallonji S. Mistry
2.	Mr. Shapoor P. Mistry
3.	Mr. K.C. Mehra
4.	Mr. D.B. Engineer
5.	Mr. D. S. Soman
6.	Mr. C. G. Shah
7.	Mr. R. N. Jha
8.	Mr. Cyrus P. Mistry
9.	Mr. N. D. Khurody
10.	Mr. S. L. Goklaney

Financial Performance

(Rs.in crores except per share data)

Particulars for the year ending March 31	2007	2006	2005
Equity Capital	12.90	12.90	12.90
Reserves & Surplus (Excluding Revaluation Reserves)	279.15	290.69	190.53
Total Income	654.18	614.46	490.93
Profit/(Loss) after Tax (PAT)	9.12	21.60	24.95
EPS (Rs.)	7.07	16.75	20.03
Book value per Share (Face Value Rs.10/-)	216.00	225.37	153.00

Note: Textile Undertaking of Forbes Gokak Limited is demerged into a separate company namely, GOKAK TEXTILES LIMITED with effect from 1st April 2007. Data shown above is of Forbes Gokak Limited, prior to demerger.

Other Details

PAN	AAACF1765A
Bank Account Details	Punjab National Bank, PNB House, Fort, Mumbai. A/c No.: 0062008700017939 Standard Chartered Bank, M. G. Road, Fort, Mumbai A/c No.: 222-0-501984-2
Registration Number	11-00628
CIN	L17110MH1919PLC000628
RoC	Registrar of Companies, Maharashtra at Mumbai.

The above information of the Promoter has been submitted to the Stock Exchanges on which the equity shares of the Company are proposed to be listed.

Promise v/s Performance of Past Issues of Forbes & Company Limited

Forbes conducted a rights issue in May 1993. The objects of that issue have been fulfilled within the stated timeframe.

Share Price Information of Forbes & Company Limited

The shares of Forbes are listed on the BSE. The monthly high and low of the market price of the shares on the BSE for the last six months are as follows:

Month	High (Rs.)	Low (Rs.)
September, 2007	603.00	425.25
October, 2007	700.00	511.40
November, 2007	605.00	512.00
December, 2007	650.00	515.00
January, 2007	1039.70	567.20
February, 2007	612.00	470.00

Source: www.bseindia.com

Details of public issues / rights issues in the last three years

Forbes has not conducted any public issues or rights issue in the past three years.

Mechanism of redressal of investor grievances

Forbes has constituted a Share Transfer and Shareholders' Grievance Committee of the Board of Directors of the Company. The Company Secretary is appointed as the Compliance Officer, who inter alia resolves shareholders' complaints. Share transfers, dividend payments other investor related activities and grievances / complaints are attended to and processed at the office of our Registrars and Transfer Agents.

Investors can also directly approach the Compliance Officer and report their complaints personally or through letters, emails, and various other modes. Efforts are made to resolve all the grievances immediately.

Status of Investor Complaints for the year ended 31.3.2007 and for the past two years / Track record in redressal of investor grievance.

Majority of the complaints from the shareholders are in the nature of non receipt of dividend, non receipt of shares with reference to change in address, bank mandate, ECS, and other grievances of similar nature which are satisfactorily addressed to.

Status of Complaints

Status of complaints on	Opening Balan	No.of complaints received during th years	No. of complaints resolved	No.of complaints pending
As on 31.03.2004	5 *	47	47	5 *
As on 31.03.2005	5 *	35	35	5 *
As on 31.03.2006	5 *	6	6	5 *
As on 31.03.2007	10 *	36	36	10 *

* Court Cases

Note: On amalgamation of FAL Industries Limited with the Company, 5 pending court cases were added to the above.

GOKAK TEXTILES LIMITED

List of Promoters and Group Companies, As envisaged under Clause 6.8.3.2(m) of SEBI (Disclosure & Investor Protection) Guidelines,2000

A. Promoters :

- 1 Cyrus Investments Limited (CIL)
- 2 Forbes Finance Limited
- 3 Forbes Gokak Limited
- 4 Shapoorji Pallonji & Co. Limited (SPCL)
- 5 Sterling Investment Corporation Private Limited (SICL)
- 6 Warrior (Investment) Limited

B. Group Companies

- 1 Abhipreet Trading Co. Pvt. Limited
- 2 Afcons (Overseas) Constructions and Investment Private Limited
- 3 Afcons Arethusa Offshore Services Limited
- 4 Afcons BOT Construction Pvt. Limited
- 5 Afcons Dredging & Marine Services Limited
- 6 Afcons Infrastructure Limited
- 7 Anand Agencies Private Limited
- 8 Aquamall Water Solutions Limited
- 9 Archaic Properties Pvt. Limited
- 10 Bengal Shapoorji Housing Development Private Limited
- 11 Bracewall Builders Pvt.Limited
- 12 Cama Properties Pvt. Limited
- 13 Chinsha Properties Pvt. Limited
- 14 Cyrus Chemicals Private Limited
- 15 Cyrus Engineers Private Limited
- 16 Delna Finance & Investments Private Limited
- 17 East View Estate Private Limited
- 18 Edumetary Inc.
- 19 Eureka Forbes Limited
- 20 Euro Forbes International Pte Limited
- 21 Euro P2P Director (Thailand) Co. Ltd.
- 22 Firstrock Infrastructure Private Limited
- 23 First Future Properties Private Limited (*Now First Future Air Services Private Limited*)
- 24 Flooraise Developers Private Limited
- 25 Floral Finance Private Limited
- 26 Floreat Investments Limited
- 27 Flotilla Finance Private Limited
- 28 Forbes Aquamall Limited
- 29 Forbes Campbell Holdings Limited
- 30 Forbes Concept Hospitality Services Private Limited
- 31 Forbes Container Line Pte. Limited
- 32 Forbes Doris & Naess Maritime Limited
- 33 Forbes Edumetry Limited

- 34 Forbes Facility Services Private Limited
- 35 Forbes Infotainment Limited
- 36 Forbes Lux Group AG, BAAR
- 37 Forbes Services Limited
- 38 Forbes Smart Data Limited
- 39 Forbes Sterling Star Limited
- 40 Forbes Technosys Limited
- 41 Forbes Tinsley Company Limited
- 42 Forvol International Services Limited
- 43 Gossip Properties Private Limited
- 44 Grand View Estates Private Limited
- 45 Hazarat & Company Private Limited
- 46 High Street Developers Private Limited
- 47 Khajrana Ganesh Properties Private Limited
- 48 Latham India Limited
- 49 Magpie Finance Private Limited
- 50 Manjri Developers Private Limited
- 51 Manjri Stud Farm Private Limited
- 52 Mazsons Builders & Developers Private Limited
- 53 Meriland Estates Private Limited
- 54 Mileage Properties Private Limited
- 55 Neil Properties Private Limited
- 56 Next Gen Publishing Limited
- 57 Nypro Forbes Moulds Private Limited
- 58 Nypro Forbes Products Private Limited
- 59 P.T.Gokak Indonesia
- 60 Palchin Real Estates Private Limited
- 61 Precaution Properties Private Limited
- 62 Prohandyman (I) Limited
- 63 Ramili Investments Private Limited
- 64 S.C. Impex Private Limited
- 65 SCI Forbes Limited
- 66 Shachin Real Estates Private Limited
- 67 Shapoorji & Co. (Rajkot) Private Limited
- 68 Shapoorji & Co.Private Limited
- 69 Shapoorji Data Processing Pvt.Ltd.
- 70 Shapoorji Drilling Enterprises Private Limited
- 71 Shapoorji Hotels Private Limited
- 72 Shapoorji Pallonji Infrastructure Capital Co. Limited
- 73 Shapoorji Pallonji & Co. (Rajkot) Private Limited
- 74 Shapoorji Pallonji (Gwalior) Private Limited
- 75 Shapoorji Pallonji Biotech Park Private Limited
- 76 Shapoorji Pallonji Finance Limited
- 77 Shapoorji Pallonji Ports Private Limited
- 78 Shapoorji Pallonji Power Co.Limited
- 79 Sharus Building Services Private Limited.
- 80 SP Aluminium Systems Private Limited
- 81 SP Architectural Coatings Limited
- 82 SP Biosciences Private Limited

- 83 SP Fabricators Private Limited
- 84 SP Infocity Developers Private Limited
- 85 SSS Electricals (India) Limited
- 86 Sterling Generators Pvt. Limited
- 87 Sunny View Estates Pvt. Limited
- 88 United Motors (India) Ltd.
- 89 Volkart Fleming Shipping & Services Limited
- 90 The Svadeshi Mills Co.Limited (Winding up)
- 91 SIV Industries Limited (Winding up)

GOKAK TEXTILES LIMITED

Details of Transactions with Group Companies for the / as at 30th September, 2007.

Information in compliance with requirements of 6.10.3.5 of SEBI (DIP) Guidelines

A. Holding Company / Ultimate Holding Company / Promoters

Nature of Transactions	Related Party		
	Forbes Gokak Limited	Shapoorji Pallonji & Company Limited (Ultimate Holding Company)	Total
	Rs.	Rs.	Rs.
Expenses			
Rent and other Service charges.	616,337	-	616,337
Other Reimbursements	6,848,224	-	6,848,224
Interest Paid/(Received)	(11,906,004)		
Outstandings			
Payable	1,180,266	162,643	1,342,909
Receivable	-	-	-
Loans and Advances	59,942,611	-	59,942,611

B. Fellow Subsidiaries

Nature of Transactions	Related Party							Total
	Aquamall Water Solutions Ltd. (Subsidiary of Eureka Forbes Ltd.)	Forbes Services Ltd.	Eureka Forbes Ltd.	Volkart Fleming Shipping & Services Ltd.	Forbes Doris Naess Maritime Ltd.	Forvol International Services Ltd.	Forbes Finance Ltd.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Sales								
Goods Materials	14,097,566	-	-	-	-	-	-	14,097,566
Expenses								
Rent and other Service Charge	-	251,572	64,896	3,121,106	-	309,419	-	3,746,993
Outstandings								
Payable	-	-	1,917	640,129	-	-	-	642,046
Receivables	1,013,346	-	-	-	-	-	-	1,013,346
Loans Advances	-	-	-	-	23,684	-	-	23,684

A-1. CYRUS INVESTMENTS LIMITED (CIL)

CIL was incorporated on March 8, 1923 as F.E. Dinshaw Limited in Mumbai. The name of this company was subsequently changed to F.E. Dinshaw Private Limited on February 1, 1978. On November 11, 1978 the name of the company was changed to Cyrus Investments Private Limited and renamed as Cyrus Investment Limited on November 28, 1978. CIL is a subsidiary of Shapoorji Pallonji & Co., Limited and is engaged in the business of investments in stocks and securities.

Registered Office

The registered office of CIL is at:

Esplanade House,
Hazarimal Somani Marg, Fort,
Mumbai 400 001,
India

Board of Directors

The board of directors of CIL consists of :

1. Pallonji Shapoorji Mistry
2. Shapoor Pallonji Mistry
3. Cyrus Pallonji Mistry
4. Khushroo B. Captain
5. Jimmy J. Parakh
6. Firoze K. Bhathena

Shareholding Pattern

Shareholding Pattern of Cyrus Investment Limited is as under

Names of the shareholders	No. of shares held	% holding
Shapoorji Pallonji & Company Ltd. .	14,500,000	96.257%
Sterling Investment Corporation Private Limited	562,050	3.732%
Sterling Investment Corporation Private Limited and Pallonji Shapoorji Mistry	500	0.003%
Sterling Investment Corporation Private Limited and Khushroo B. Captain	500	0.003%
Sterling Investment Corporation Private Limited	500	0.003%
Sterling Investment Corporation Private Limited and P.C. Sheth	100	0.001%
Sterling Investment Corporation Private Limited and Firoze K. Bhathena	200	0.002%

Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. in crores except per share data)

Particulars	Fiscal 2007	Fiscal 2006	Fiscal 2005*
Equity capital	15.06	15.06	15.06
Reserves	107.40	85.56	62.59
Income	26.54	27.52	21.45
PAT	21.84	22.97	16.56
EPS (Rs.) *	14.50	15.25	10.99
Book value per share (Rs.) *	81.30	66.80	51274.37

* In Fiscal 2005 the face value per share was Rs. 1000 for `A` shares and Rs.750 for `B` shares while the face value per share in Fiscal 2006 and 2007 was Rs. 10

A-2. FORBES FINANCE LIMITED

Forbes Finance Limited was incorporated in 1981 and was originally known as Forbes Estate Limited. The Company is engaged in the business of investment and Finance. The name of the Company was changed from Forbes Estates Limited to Forbes Finance Limited on 05/07/2004. The Company is 100% subsidiary of Forbes Gokak Limited. At the present, a scheme of amalgamation of two other subsidiaries of Forbes Gokak Limited namely, Forbes Campbell Holdings Limited and Warrior (Investment) Limited, effective from 1st June, 2007 has been proposed and petitions are pending with appropriate High Courts.

Shareholding pattern (As on 31/03/2007)

Name of the Shareholder	No. of Equity Shares held		Total	% of Shareholding
	Fully Paid	Partly Paid		
Forbes Gokak Ltd.	2,500	490,000	2230000	100.00
Total	2,500	490,000	2230000	100.00

Board of Directors (As on 31/03/2007)

Sr. No.	Name
1	Mr. Chandrakant Girdharlal Shah
2	Mr. Rajendra kumar Tejkararaji Doshi
3	Mr. Ashok Thakorlal Shah
4	Mr. M. L. Khetan
5	Mr. S. P. Kadakia

Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. in crores except per share data)

Particulars	31/03/2007	31/03/2006	31/03/2005
Equity Capital	0.22	0.22	0.22
Reserves & Surplus (Excluding Revaluation Reserves)	5.01	5.46	4.54
Sales and Other Income	0.34	2.66	4.12
Profit/(Loss) after Tax (PAT)	0.31	1.43	3.79
Book value per Share (Face Value Rs. 10/-)	234.45	254.89	213.53
Earning per Share (Rs.) (fully diluted)	13.76	64.17	169.89

A-3. PROMOTER, WHICH IS ALSO A LISTED COMPANY

There is only one Listed Company in the Group, namely Forbes Gokak Limited, details of which are as under:

FORBES & COMPANY LIMITED (earlier known as Forbes Gokak Ltd.)

1. Forbes & Company Limited traces its origins to The Gokak Water Power & Manufacturing Company Ltd. which was incorporated in U.K. in 1885. This Company commenced operations in 1887. Another Company, The Gokak Mills Limited was incorporated on Nov.18, 1919, to take over as a going concern, the undertaking of The Gokak Water Power and Manufacturing Company Ltd. Over the years the Company's activities were mainly in the field of manufacture of yarn and canvas. In 1972, another company Patel Volkart Limited, engaged mainly in the shipping agencies, cotton trading and investments, amalgamated with The Gokak Mills Limited and the name of the Company was changed to Gokak Patel Volkart Limited.

In 1992, another Company listed on the Stock Exchange Mumbai namely, Forbes Forbes Campbell and Company Limited, amalgamated with Gokak Patel Volkart Ltd. and the name of the Company was changed to Forbes Gokak Ltd. With effect from October 25, 2007 the name of Forbes Gokak Limited is changed to Forbes & Company Limited. Two of its subsidiaries, Bradma of India Limited and Campbell Knitwear Limited, amalgamated with the Company, with effect from April 1, 2004. Another listed Company, FAL Industries Limited, Chennai, amalgamated with the Company from April 1, 2005.

2. Forbes Forbes Campbell & Co. Ltd. (FFC) had evolved in India over a period of more than 200 years and FFC was perhaps, the oldest surviving firm in India. It owed its origin to the arrival in Bombay of its founder John Forbes in the year 1764. It was known then as Forbes & Co. Trading was its main activity but it soon developed other activities particularly in shipping. In 1903, its merger with Ritchie Steuart & Co. (then owned by the Campbell family and regarded as the second oldest firm in Bombay after Forbes & Co.) enable a diversification in the activities and brought with it the managing agency of The Gokak Mills Ltd. The Managing Agency Business and promotion of new ventures became the predominant activities in the following years. FFC was incorporated as a Private Limited Rupee Company on December 21, 1934. Most of the foreign holding in FFC was disinvested in 1957 and a major part of this was acquired by some investment companies of the Tata Group. FFC made a Public Issue during 1986 and became a listed company on the Bombay Stock Exchange.
3. Pursuant to a Scheme of Demerger the Textile Undertaking of Forbes Gokak Ltd. which included manufacture of yarn and knitwear have effective from 1st April 2007, become the business of GOKAK TEXTILES LIMITED.
4. Under the Scheme of Demerger, the shareholders of Forbes Gokak Ltd. on a date determined by the Board of Directors of Forbes Gokak Ltd. were to be allotted one share of GOKAK TEXTILES LIMITED for two shares held by them in Forbes Gokak Ltd (and not in exchange of). The record date for this purpose was 28th September, 2007 and thus the shareholders of Forbes Gokak Ltd. have become shareholders of GOKAK TEXTILES LIMITED in the proportion in which they held shares in Forbes Gokak Ltd, apart from the fact that Forbes Gokak Ltd. also continue to hold 50000 shares of GOKAK TEXTILES LIMITED. Upon the issue and allotment of shares under the Scheme of Demerger, the GOKAK TEXTILES LIMITED has ceased to be a subsidiary of Forbes Gokak Ltd.
5. Shapoorji Pallonji Group held about 73% of the paid up share capital of Forbes Gokak Ltd. and thus they hold almost the same percentage of the shares in GOKAK TEXTILES LIMITED. Other shareholders of the company include Life Insurance Corporation of India, Nationalised Bank and Insurance Companies, Mutual Funds and general public.

Shareholding Pattern of Forbes & Company Limited

(As on September 30, 2007)

Category of Shareholder	No. of shares	% Holding
(A) Shareholding of Promoter and Promoter Group		
(1) Indian		
Bodies Corporate	94,61,691	73.35
Sub Total	94,61,691	73.35
(2) Foreign	--	--
Total shareholding of Promoter and Promoter Group (A)	94,61,691	73.35
(B) Public Shareholding		
(1) Institutions		
Mutual Funds / UTI	43,123	0.33
Financial Institutions / Banks	21,497	0.17
Central Government / State Government(s)	1,10,343	0.86
Insurance Companies	8,17,551	6.34
Foreign Institutional Investors	24,589	0.19
Sub Total	10,17,103	7.89
(2) Non-Institutions		
Bodies Corporate	5,62,424	4.36
Indian Public	17,81,932	13.81
NRI/OCB's/NDC's	74,726	0.58
Trusts	740	0.01
Sub Total	24,19,822	18.76
Total Public shareholding (B)	34,36,925	26.65
Total (A) + (B)	1,28,98,616	100.00

Board of Directors

Sr.No.	Name
1.	Mr. Pallomji S. Mistry
2.	Mr. Shapoor P. Mistry
3.	Mr. K.C. Mehra
4.	Mr. D.B. Engineer
5.	Mr. D. S. Soman
6.	Mr. C. G. Shah
7.	Mr. R. N. Jha
8.	Mr. Cyrus P. Mistry
9.	Mr. N. D. Khurody
10.	Mr. S. L. Goklaney

Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. in crores except per share data)

Particulars for the year ending March 31	2007	2006	2005
Equity Capital	12.90	12.90	12.45
Reserves & Surplus (Excluding Revaluation Reserves)	279.15	290.69	190.53
Total Income	654.18	614.46	490.93
Profit/(Loss) after Tax (PAT)	9.12	21.60	24.95
EPS (Rs.)	7.07	16.75	20.03
Book value per Share (Face Value Rs.10/-)	216.00	225.37	153.00

Note: Textile Undertaking of Forbes Gokak Limited is demerged into a separate company namely, GOKAK TEXTILES LIMITED with effect from 1st April 2007. Data shown above is of Forbes Gokak Limited, prior to demerger.

Other Details

PAN	AAACF1765A
Bank Account Details	Punjab National Bank, PNB House, Fort, Mumbai. A/c No.: 0062008700017939 Standard Chartered Bank, M.G.Road, Fort, Mumbai A/c No.: 222-0-501984-2
Registration Number	11-00628
CIN	L17110MH1919PLC000628
RoC	Registrar of Companies Manarashtra at Mumbai.

The above information of the Promoter has been submitted to the Stock Exchanges on which the equity shares of the Company are proposed to be listed.

Promise v/s Performance of Past Issues of Forbes & Company Limited

Forbes conducted a rights issue in May 1993. The objects of that issue have been fulfilled within the stated timeframe.

Share Price Information of Forbes & Company Limited

The shares of Forbes are listed on the BSE. The monthly high and low of the market price of the shares on the BSE for the last six months are as follows:

Month	High (Rs.)	Low (Rs.)
May, 2007	459.00	386.15
June, 2007	510.00	401.00
July, 2007	550.00	467.00
August, 2007	524.40	444.00
Sept., 2007	603.00	425.25
Oct., 2007	700.00	511.40

Source: www.bseindia.com

Details of public issues / rights issues in the last three years

Forbes has not conducted any public issues or rights issue in the past three years.

Mechanism of redressal of investor grievances

Forbes has constituted a Share Transfer and Shareholders' Grievance Committee of the Board of Directors of the Company. The Company Secretary is appointed as the Compliance Officer, who inter alia resolves shareholders' complaints. Share transfers, dividend payments other investor related activities and grievances / complaints are attended to and processed at the office of our Registrars and Transfer Agents.

Investors can also directly approach the Compliance Officer and report their complaints personally or through letters, emails, and various other modes. Efforts are made to resolve all the grievances immediately.

Status of Investor Complaints for the year ended 31.3.2007 and for the past two years / Track record in redressal of investor grievance.

Majority of the complaints from the shareholders are in the nature of non receipt of dividend, non receipt of shares with reference to change in address, bank mandate, ECS, and other grievances of similar nature which are satisfactorily addressed to.

Status of Complaints

Status of complaints as on	Opening Balance	No.of complaints received during the years	No. of complaints resolved	No.of complaints pending
As on 31.03.2004	5 *	47	47	5 *
As on 31.03.2005	5 *	35	35	5 *
As on 31.03.2006	5 *	6	6	5 *
As on 31.03.2007	10 *	36	36	10 *

* **Court Cases**

Note: On amalgamation of FAL Industries Limited with the Company, 5 pending court cases were added to the above.

A-4. SHAPOORJI PALLONJI & COMPANY LIMITED (SPCL)

SPCL was incorporated on January 23, 1943. The company is engaged in the business of construction.

Registered Office

The registered office of SPCL is at:

70, Nagindas Master Road,
Fort, Mumbai 400 023,
India

Board of Directors

The board of directors of SPCL consists of:

1. Pallonji Shapoorji Mistry
2. Shapoor Pallonji Mistry
3. Cyrus Pallonji Mistry
4. Patsy P. Mistry
5. Khushroo B. Captain
6. Firoze K. Bhathena
7. Jimmy J. Parakh

Shareholding Pattern

The shareholding pattern of SPCL is as under:

Names of the shareholders	No. of shares held	% holding
Shapoorji Pallonji & Co., (Rajkot) Limited	246,000	30%
Shapoorji & Co., (Rajkot) Private Limited	246,000	30%
Shapoor Pallonji Mistry	81,100	9.89%
Cyrus Pallonji Mistry	81,100	9.89%
SC Finance and Investments Private Limited	80,900	9.86%
SP Finance Private Limited	80,900	9.86%
Silver Streak Investments Private Limited	4000	0.50%

Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. in crores except per share data)

Particulars	Fiscal 2007	Fiscal 2006	Fiscal 2005*
Equity capital	0.82	0.82	0.82
Reserves	171.45	128.71	106.48
Sales	1634.92	1059.36	854.39
PAT	42.74	22.24	5.42
EPS (Rs.) *	521.17	271.19	661.40
Book value per share (Rs.) *	2,100.86	1,579.69	13,084.93

* In Fiscal 2005 the face value per share was Rs. 100 while the face value per share in Fiscal 2006 and 2007 was Rs. 10

A-5. STERLING INVESTMENT CORPORATION PRIVATE LIMITED (SICL)

SICL was incorporated on June 3, 1943 in Mumbai. SICL became a deemed public company on June 15, 1998. On May 10, 2001 it was converted into a private company as per the Companies Amendment Act, 2000. SICL is a subsidiary of SPCL and is engaged in the business of investments in stocks and securities.

Registered Office

The registered office of SICL is at:

70, Nagindas Master Road,
Fort, Mumbai 400 023,
India

Board of Directors

The board of directors of Sterling Investment Corporation Private Limited consists of:

1. Shapoor Pallonji Mistry
2. Cyrus Pallonji Mistry
3. Patsy P. Mistry
4. Roshen M. Nentin
5. Jimmy J. Parakh
6. Firoze K. Bhathena
7. Khushroo B. Captain

Shareholding Pattern

Shareholding Pattern of Sterling Investment Corporation Private Limited is as under:

Names of the shareholders	No. of shares held	% holding
Shapoorji Pallonji & Company Limited	2439600	99.984%
Shapoorji Pallonji & Company Limited. and Pallonji Shapoorji Mistry	100	0.004%
Shapoorji Pallonji & Company Limited and Khushroo B. Captain	100	0.004%
Shapoorji Pallonji & Company Limited and Shapoor Pallonji Mistry	100	0.004%
Shapoorji Pallonji & Company Limited and Cyrus Pallonji Mistry	100	0.004%

Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. in crores except per share data)

Particulars	Fiscal 2007	Fiscal 2006	Fiscal 2005
Equity capital	2.44	2.44	2.44
Reserves	115.48	89.05	65.97
Income	42.74	42.42	48.16
PAT	26.43	22.08	19.80
EPS (Rs.) *	108.33	94.57*	8116.37*
Book value per share (Rs.) *	483.30	374.97	28,039.00

* In Fiscal 2005 the face value per share was Rs. 1000 while the face value per share in Fiscal 2006 and 2007 was Rs. 10

A-6. WARRIOR (INVESTMENT) LIMITED

Warrior (Investment) Limited was incorporated on 04/07/1975 and is engaged in the business of investment and finance. At the present, a scheme of amalgamation of this company with Forbes Finance Limited, effective from 1st June, 2007 has been proposed and a petition is pending with the High Court, Bombay.

Shareholding pattern (As on 31/03/2007)

Name of Shareholder	No. of Shares	% of Shareholding
Forbes Finance Limited	1,280,000	64.00
Forbes Campbell Holding Ltd.	720,000	36.00
Total	2,000,000	100.00

Board of Directors

Sr. No.	Name
1	Mr. C. G. Shah
2	Mr. R. T. Doshi
3	Mr. C. A. Karnik
4	Mr. M. L. Khetan
5	Mr. S. P. Kadakia

Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. in crores except per share data)

Particulars	31/03/2007	31/03/2006	31/03/2005
Equity Capital	2.00	2.00	2.00
Reserves & Surplus (Excluding Revaluation Reserves)	5.92	6.01	6.43
Sales and Other Income	1.23	0.41	0.45
Profit/(Loss) after Tax (PAT)	1.04	(0.18)	0.21
EPS (Rs.)	5.21	Negative	1.06
Book value per Share (Face Value Rs. 10/-)	39.59	40.09	42.14

B-1. ABHIPREET TRADING PRIVATE LIMITED

Abhipreet Trading Private Limited (previously known as Abhipreet Investments Private Limited) was incorporated on November 15, 1988. This company is engaged in the business of trading.

Registered Office

The registered office of Abhipreet Trading Private Limited is at:

70, Nagindas Master Road,
Fort, Mumbai 400 023,
India

Board of Directors

The board of directors of Abhipreet Trading Private Limited consists of :

1. Khushroo B. Captain
2. Roshen M. Nentin

Shareholding Pattern

The shareholding pattern of Abhipreet Trading Private Limited is as under:

Names of the shareholders	No. of shares held	% holding
Shapoorji Pallonji & Company Limited	29,998	99.99%
Shapoorji Pallonji & Company Limited and R M Nentin	1	0.003%
Shapoorji Pallonji & Company Limited and Firoze K Bhathena	1	0.003%

Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. in crores except per share data)

Particulars	Fiscal 2007	Fiscal 2006	Fiscal 2005
Equity capital	0.30	0.30	0.30
Reserves	(0.02)	(0.01)	0.004
Sales	0.02	0.02	0.01
PAT	(0.01)	(0.01)	0.002
EPS (Rs.)	(3.15)	(2.61)	(2.91)
Book value per share (Rs.)	94.52	97.66	100.27

B-2. AFCONS (OVERSEAS) CONSTRUCTION & INVESTMENTS PRIVATE LIMITED

AFCONS (Overseas) Construction & Investments Limited was incorporated on August 28, 1981. This company was formed to carry on in India and other parts of the world, the business of securing and executing contracts of works relating to specialized foundations such as pile foundations and construction of marine works. This company is also authorised to carry on business as building contractors and undertakes and carries out building construction works. This company is not presently engaged in any activities.

Registered Office

70, Nagindas Master Road,
Fort, Mumbai 400 023

Board of Directors

The board of directors consists of:

1. H. J. Tavaria
2. Manikant Shah

Shareholding Pattern

Names of the shareholder	No. of shares held	% holding
Shapoorji Pallonji & Company Limited	1,000	100%

Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. in crores except per share data)

Particulars	Fiscal 2007	Fiscal 2006	Fiscal 2005
Equity Share Capital	0.01	0.01	0.01
Reserves and Surplus	(0.002)	0.001	0.002
Income	0.001	0.001	0.001
Profit/ After Tax (PAT)	(0.004)	(0.001)	(0.001)
EPS (Rs.)	(37.20)	(12.41)	(6.49)
Book Value (Face value of Rs.100 per share) (Rs.)	79.59	113.80	126.21

B-3. AFCONS ARETHUSA OFFSHORE SERVICES PRIVATE LIMITED

This company was incorporated on May 2, 1984. Presently, its registered office is located at Afcons House, 16, Shah Industrial Estate, Veera Desai Road, Azadnagar P.O., Mumbai 400 050.

The company had been engaged in oil drilling jobs for the Oil and Natural Gas Corporation Limited as a contractor. However, for the last three years this company has not engaged in any business.

Board of Directors

The board of directors consists of:

1. A. H. Divanji
2. M.F.Baudion (Alternate Director – J.K.Davis)
3. W.C.Long (Alternate Director – S.G.Elwood)
4. P.R.Rajendran

Shareholding Pattern :

Names of the shareholder	No. of shares held	% holding
Afcons Infrastructure Limited and its nominees.	60,00	60%
Z North Sea Ltd.	40,000	60%

Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. in crores except per share data)

Particulars	Fiscal 2007	Fiscal 2006	Fiscal 2005
Equity Share Capital	0.10	0.10	0.10
Reserves and Surplus	0.64	0.67	0.72
Income	-	-	-
Profit/ After Tax (PAT)	(0.03)	(0.05)	(0.08)
EPS (Rs.)	(2.82)	(5.25)	(7.84)
Book Value (Face value of Rs.100 per share) (Rs.)	74.28	77.11.	86.36

B-4. AFCONS BOT CONSTRUCTIONS PRIVATE LIMITED

Afcons BOT Constructions Private Limited was incorporated on June 17, 1987. This company was formed to carry on the business of conducting hydrographic, oceanographic, geophysical, topographic & geodetic surveys, underwater diving and render & supply all forms of connected services. This company is not presently engaged in any activities.

Registered Office

70, Nagindas Master Road,
Fort, Mumbai 400 023

Board of Directors

The board of directors as on consists of:

1. H. J. Tavaría
2. Manikant Shah

Shareholding pattern

Sr No.	Name of the Shareholder	No. of Equity Shares	Percentage
1	Shapoorji Pallonji Infrastructure Capital Co., Limited and its nominees	40,000	100

Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. in crores except per share data)

Particulars	Fiscal 2007	Fiscal 2006	Fiscal 2005
Equity Share Capital	0.04	0.04	0.04
Reserves and Surplus	(0.04)	(0.04)	(0.04)
Income	-	-	-
Profit/ After Tax (PAT)	(0.0001)	(0.001)	(0.001)
EPS (Rs.)	(0.26)	(0.15)	(0.15)
Book Value (Face value of Rs.10per share) (Rs.)	0.53	0.79	0.939

B-5. AFCONS DREDGING & MARINE SERVICES LIMITED

Corporate Information:

Afcons Dredging & Marine Services Limited was incorporated on January 24, 1986. Its registered office is located at 70, Nagindas Master Road, Fort, Mumbai 400 023. Afcons Dredging & Marine Services Limited was formed to carry on in India and other parts of the world, the business of securing and executing contracts of works relating to dredging and other ancillary works. This company is not presently engaged in any activities.

Shareholding pattern

Sr No.	Name of the Shareholder	No. of Equity Shares	Percentage
1.	Shapoorji Pallonji Infrastructure Capital Co., Limited	5,40,000	100

Board of Directors

The board of directors as on consists of:

1. P.R.Rajendran
2. Adil Khambata
3. A. Daruwalla

Financial Performance:

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. in crores except per share data)

Particulars	Fiscal 2007	Fiscal 2006	Fiscal 2005
Equity Share Capital	5.40	0.10	0.10
Reserves and Surplus	.(0.01)	0.001	0.005
Income	0.01	0.005	0.003
Profit/ After Tax (PAT)	(0.01)	(0.003)	(0.005)
EPS (Rs.)	(0.28)	(3.86)	(5.997)
Book Value (Face value of Rs.100/- per share) (Rs.)	99.74	100.99	104.89

B-6. AFCONS INFRASTRUCTURE LIMITED

This Company came into existence as Rodio Hazarat Company, a partnership in 1959. In 1976 the partnership was renamed as Asia Foundations and Construction Private Limited wherein from a partnership it became a closely held private limited company. The Company was renamed 'Afcons Infrastructure Limited' in 1997 and the Company was acquired by the Shapoorji Pallonji Group in 2000. The Company is engaged in construction.

Registered Office

The registered office of the Company is at –

AFCONS HOUSE
16, Shah Industrial Estate,
Veera Desai Road, Azad Nagar P.O., Andheri (East)
Mumbai 400 053.

Board of Directors:

Cyrus P. Mistry
Pallonji S. Mistry
Shapoor P. Mistry
N. J. Jhaveri
J. J. Parakh
B. D. Narang
R. M. Premkumar
H. Divanji
P. N. Kapadia
N. D. Khurody
K. Subrahmanian
S. Paramasivan
N. Jangle.

Shareholding pattern as on 31.3.2007

Sr. No.	Category	Equity Shares		Preference Shares	
		No.of Shares	% of total	No.of Shares	% of total
1.	Promoters holding				
a.	Indian Promoters – Bodies Corporate	69199207	96.92	10,01,25,000	100.00
b.	Foreign Promoters	0	0		
c.	Person Acting in Concert	0	0		
	Sub-Total (1)	69199207	96.92		
2.	Non Promoters Holding				
A	Institutional Investor				
	Mutual Funds and UTI	0	0		
	Financial Institutions / Banks	0	0		
	Foreign Institutional Investors	0	0		
	Sub-Total (2)	0	0		
B	Non Institutional Investors				
	NRIs / OCBs	0	0		
	Companies / Bodies Corporate	50000	0.06		
	General Public	726139	1.02		
	Clearing Member	0	0		
	Director Non-Promoters category	233284	0.33		
	Employee Trust/Trustee	1191370	1.67		
	Sub- Total (2B)	2200793	3.08		
	Total (1 + 2A + 2B)	71400000	100.00	10,01,25,000	100.00

Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

Rs. in crores except per share data

	Fiscal 2007	Fiscal 2006	Fiscal 2005
Equity and Preference Capital (including capital suspense)	171.52	171.52	121.40
Reserves	60.65	46.10	69.87
Sales	1074.11	686.29	553.90
PAT	14.55	5.81	2.02
EPS (Rs)	2.15	1.85	1.66
Book value per share Rs.	19.26	20.24	32.54

B-7. ANAND AGENCIES PRIVATE LIMITED :

Anand Agencies Private Limited was incorporated on 29th Sep[tember,1962 The Company is engaged in the business of Civil Engineers and Contractors.

Registered Office :

70, Nagindas Master Road
Fort, Mumbai-400023

Board of Directors :

1. Mrs. Patsy P. Mistry
2. Mrs. Rohiqa C. Mistry
3. Mr. K.B.Captain
4. Mr. H.J.Tavaria

Shareholding Pattern :

Names of the Shareholders	No. of shares	% holding
Shapoorji Pallonji & Co. Ltd.	998	99.80
Shapoorji Pallonji & Co. Ltd. & Mr. J J Parakh	1	0.10
Shapoorji Pallonji & Co. Ltd. & Ms. R M Nentin	1	0.10
Total	1000	100

Financial Performance :

The brief audited financials of the Company for the past three Financial Years are as follows:

(Rs. in crores except per share data)

Particulars	31.3.2007 Rs.	31.3.2006 Rs.	31.3.2005 Rs.
Equity Share Capital	0.01	0.01	0.01
Reserves and Surplus	2.56	2.71	2.97
Income	4.61	2.94	3.21
Profit(Loss) before tax	0.03	(0.25)	(0.17)
Profit (Loss) after tax	(0.14)	(0.25)	(0.08)
EPS (Rs)	(1440.98)	(2550.58)	(800.84)
Book Value per share Rs.	25774.37	27215.35	29765.93

B-8. AQUAMALL WATER SOLUTIONS LIMITED

Aquamall Water Solutions Ltd. was incorporated in the state of Andhra Pradesh in the year 1980 as A P Industrial Components Private Limited. The company commenced production of Water Filter-cum-Purifier (Aquaguard) at its first factory located at Sanathnagar, Hyderabad in the year 1981-82. In the year 1983, the company became a wholly owned subsidiary of Eureka Forbes Limited, which is a subsidiary of Forbes Gokak Limited. The company became a deemed public Limited Company from December, 1985. The name of the company was changed to AQUAMALL WATER SOLUTIONS LIMITED with effect from 20/03/2002. The Company is the largest producer of UV based Water Filter-cum-Purifiers in the World.

Shareholding pattern

Name of Shareholder	No. of Shares	% of Shareholding
Eureka Forbes Limited	20,00,000	100.00
TOTAL	20,00,000	100.00

Board of Directors

Sr. No.	Name
1	Mr. S L Goklaney
2	Mr. P J Reddy
3	Mr. A V Suresh
4	Mr. J N Ichhaporia

Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. in crores except per share data)

Particulars	31/03/2007	31/03/2006	31/03/2005
Equity Capital	2.00	2.00	2.00
Reserves & Surplus (Excluding Revaluation Reserves)	46.56	38.91	30.84
Sales and Other Income	205.25	181.01	143.63
Profit/(Loss) after Tax (PAT)	9.93	10.35	8.99
EPS (Rs.)	49.64	51.75	44.95
Book value per Share (Face Value Rs. 10/-)	242.80	204.55	164.21

B-9. ARCHAIC PROPERTIES PVT. LTD.

This Company was incorporated on 13th April, 2006 and is engaged in real estate development. This company became a subsidiary of Sterling Investment Corporation Private Limited on 19th July, 2007. Registered Office of this company is at 70, Nagindas Master Road, Fort, Mumbai 400001.

Shareholding pattern

Name of Shareholder	No. of Shares	% of Shareholding
Sterling Investment Corporation Pvt. Limited and its nominees	10,000	100.00%
TOTAL	10,000	100.00%

Board of Directors

Sr. No.	Name
1	Mr. Adil P. Khambata
2	Mr. Manikant R. Shah

Financial Performance

The company was incorporated on 13.4.2006 and has not commenced operations.

B-10. BENGAL SHAPOORJI HOUSING DEVELOPMENT PVT. LTD.

Bengal Shapoorji Housing Development Pvt. Ltd. was incorporated as Milvin Investments Private Limited on November 15, 1988. This company is engaged in the business of investment in stocks and securities.

Registered Office

The registered office of Bengal Shapoorji Housing Development Pvt. Ltd. is at:

70, Nagindas Master Road,
Fort, Mumbai 400 023,
India

Board of Directors

The board of directors of Bengal Shapoorji Housing Development Pvt. Ltd. consists of:

1. Jimmy J. Parakh
2. P.C. Sheth
3. H.J. Tavarua

Shareholding Pattern

The shareholding pattern of Bengal Shapoorji Housing Development Pvt. Ltd. is as under:

Names of the shareholders	No. of shares held	% holding
Shapoorji Pallonji & Co. Limited	34,998	99.99%
Shapoorji Pallonji & Co. Limited	1	0.002%
Shapoorji Pallonji & Co. Limited And Jimmy J. Parakh	1	0.002%

Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. in crores except per share data)

Particulars	Fiscal 2007	Fiscal 2006	Fiscal 2005
Equity capital	0.35	0.35	0.35
Reserves	(0.31)	(0.31)	0.02
Sales	0.002	0.002	0.002
PAT	(0.001)	(0.27)	(0.05)
EPS (Rs.)	(0.35)	(78.12)	(1.57)
Book value per share (Rs.)	12.62	12.97	91.09

B-11. BRACEWALL BUILDERS PRIVATE LIMITED

Bracewall Builders Private Limited was incorporated on November 11, 2005. This company is engaged in the business of real estate development.

Registered Office

The registered office of Bracewall Builders Private Limited is at:

Plot A/417, TTC-MIDC Industrial Area,
Thane Belapur Road,
Mahape,
Navi Mumbai 400 701

Board of Directors

The board of directors of Bracewall Builders Private Limited consists of:

1. Adil Khambatta
2. Manikant Shah

Shareholding Pattern

The shareholding pattern of Bracewall Builders Private Limited is as under:

Names of the shareholders	No. of shares held	% holding
Adil Khambatta	8,500	%
Shapoorji Pallonji & Co.Ltd.	1,500	%

Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. in crores except per share data)

Particulars	Fiscal 2007	Fiscal 2006	Fiscal 2005*
Equity capital	0.01	0.10	-
Reserves	(0.002)	(0.001)	-
Sales	-	-	-
PAT	(0.001)	(0.001)	-
EPS (Rs.)	(0.99)	(1.28)	-
Book value per share(Rs.)	7.10	8.09	-

*Bracewall Builders Private Limited was incorporated in Fiscal 2006.

B-12. CAMA PROPERTIES PRIVATE LIMITED

Cama Properties Private Limited (previously known as Shapoorji Pallonji (Cama Estates) Private Limited) was incorporated on February 17, 1998. This company is engaged in the business of real estate development.

Registered Office

The registered office of Cama Properties Private Limited is at:

70, Nagindas Master Road,
Fort, Mumbai 400 023,
India

Board of Directors

The board of directors of Cama Properties Private Limited consists of:

1. Khushroo B. Captain
2. Jimmy J. Parakh

Shareholding Pattern

The shareholding of Cama Properties Limited is as under

Names of the shareholders	No. of shares held	% holding
Shapoorji Pallonji Infrastructure Capital Co., Limited	998	99.8%
Shapoorji Pallonji Infrastructure Capital Co., Limited and Jimmy J. Parakh	1	0.1%
Shapoorji Pallonji Infrastructure Capital Co., Limited and R M Nentin	1	0.1%

Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

Particulars	(Rs. in crores except per share data)		
	Fiscal 2007	Fiscal 2006	Fiscal 2005
Equity capital	0.01	0.01	0.01
Reserves	(1.20)	-	-
Income	12.53	-	-
PAT	(1.19)	(0.004)	(0.001)
EPS (Rs.)	(11,923.18)	(44.71)	(9.51)
Book value per share (Rs.)	(11,902.96)	17.21	61.92

B-13. CHINSHA PROPERTY PRIVATE LIMITED

Chinsha Property Private Limited was incorporated on February 28, 1995. The company is engaged in the business of property development.

Registered Office

The registered office of Chinsha Property Private Limited is at:

70, Nagindas Master Road,
Fort, Mumbai 400 023,
India

Board of Directors

The board of directors of Chinsha Property Private Limited consists of:

1. Firoze K. Bhathena
2. Pankita Shah

Shareholding Pattern

The shareholding pattern of Chinsha Properties Private Limited is as under

Names of the shareholders	No. of shares held	% holding
Sterling Investment Corporation Private Limited	399,998	99.99%
Sterling Investment Corporation Private Limited and Jimmy J. Parakh	1	0.00025%
Sterling Investment Corporation Private Limited and F.K. Bhathena	1	0.00025%

Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. in crores except per share data)

Particulars	Fiscal 2007	Fiscal 2006	Fiscal 2005
Equity capital	0.40	0.40	0.40
Reserves	(0.02)	(0.01)	-
Sales	-	-	-
PAT	(0.002)	(0.002)	(0.001)
EPS (Rs.)	(0.05)	(0.04)	(0.04)
Book value per share (Rs.)	9.57	9.62	9.66

B-14. CYRUS CHEMICALS PRIVATE LIMITED

Cyrus Chemicals Private Limited was incorporated on October 24, 1978. This company is engaged in the business of investment in property.

Registered Office

The registered office of Cyrus Chemicals Private Limited is at:

70, Nagindas Master Road,
Fort, Mumbai 400 023,
India

Board of Directors

The board of directors of Cyrus Chemicals Private Limited consists of:

1. Firoze K. Bhathena
2. R.M. Nentin

Shareholding Pattern

The shareholding pattern of Cyrus Chemicals Private Limited is as under:

Names of the shareholders	No. of shares held	% holding
Shapoorji Pallonji & Company Limited	2397	99.87
Shapoorji Pallonji & Company Limited and R.S.Khushrokhhan	1	0.04%
Shapoorji Pallonji & Company Limited and R.M. Nentin	1	0.04%
Shapoorji Pallonji & Company Limited and Firoze K. Bhathena	1	0.04%

Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. in crores except per share data)

Particulars	Fiscal 2007	Fiscal 2006	Fiscal 2005
Equity capital	0.24	0.24	0.24
Reserves	(0.20)	-	-
Sales	-	0.11	-
PAT	(0.03)	0.05	(0.04)
EPS (Rs.)	(139.79)	221.54	(150.09)
Book value per share (Rs.)	152.94	292.73	71.18

B-15. CYRUS ENGINEERS PRIVATE LIMITED

Cyrus Engineers Private Limited was incorporated on June 28, 1979. This company is engaged civil engineering and investments.

Registered Office

The registered office of Cyrus Engineers Private Limited is at:

70, Nagindas Master Road,
Fort, Mumbai 400 023,
India

The board of directors of Cyrus Chemicals Private Limited consists of:

1. H.J.Tavana
2. P.C.Sheth
3. Vijay Karve

Shareholding Pattern

The shareholding pattern of Cyrus Engineers Private Limited is as under:

Names of the shareholders	No. of shares held	% holding
Shapoorji Pallonji & Company Limited	497	99.4%
Shapoorji Pallonji & Company Limited and K.B. Captain	1	0.2%
Shapoorji Pallonji & Company Limited and P.C. Sheth	1	0.2%
Shapoorji Pallonji & Company Limited and Jimmy J. Parakh	1	0.2%

Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

Particulars	(Rs. in crores except per share data)		
	Fiscal 2007	Fiscal 2006	Fiscal 2005
Equity capital	0.05	0.05	0.05
Reserves	0.86	0.85	0.74
Sales	0.02	0.12	0.01
PAT	0.01	0.11	0.11
EPS (Rs.) Face value Rs.1000	162.65	2253.66	2260.00
Book value per share (Rs.)	18,210.21	18047.56	15793.90

B-16. DELNA FINANCE AND INVESTMENTS PRIVATE LIMITED

Delna Finance and Investments Private Limited was incorporated on October 22, 1991. This company is engaged in the business of investment in stocks.

Registered Office

The registered office of Delna Finance and Investments Private Limited is at:

70, Nagindas Master Road,
Fort, Mumbai 400 023,
India

Board of Directors

The board of directors of Delna Finance and Investments Private Limited consists of:

1. Khushroo B. Captain
2. R.M. Nentin

The shareholding pattern of Delna Finance and Investments Private Limited is as under:

Names of the shareholders	No. of shares held	% holding
Sterling Investment Corporation Private Limited	4998	99.96%
Sterling Investment Corporation Private Limited and R.M. Nentin	1	0.02%
Sterling Investment Corporation Private Limited and Jimmy J. Parakh	1	0.02%

Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

Particulars	(Rs. in crores except per share data)		
	Fiscal 2007	Fiscal 2006	Fiscal 2005
Equity capital	0.05	0.05	0.05
Reserves	(0.58)	(0.35)	-
Sales	0.27	0.13	0.08
PAT	(0.22)	(0.17)	(0.16)
EPS (Rs.)	(444.30.)	(371.36)	(325.82)
Book value per share (Rs.)	(1,056.69)	(612.37)	(241.02)

B-17. EASTVIEW ESTATES PRIVATE LIMITED

Eastview Estates Private Limited was incorporated on November 25, 2005. This company is engaged in the business of real estate development.

Registered Office

The registered office of Eastview Estates Private Limited is at:

Shapoorji Pallonji Centre,
41-44, Minoo Desai Marg,
Colaba, Mumbai 400005

Board of Directors

The board of directors of Eastview Estates Private Limited consists of:

1. Firoze K. Bhathena
2. R.M. Nentin

Shareholding Pattern

The shareholding pattern of Eastview Estates Private Limited is as under:

Names of the shareholders	No. of shares held	% holding
Sterling Investment Corporation Private Limited	9998	99.98%
Sterling Investment Corporation Private Limited and R.M. Nentin	1	0.01%
Sterling Investment Corporation Private Limited and Firoze K. Bhathena	1	0.01%

Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. in crores except per share data)

Particulars	Fiscal 2007	Fiscal 2006	Fiscal 2005
Equity capital	0.01	0.01	-
Reserves	(0.004)	(0.003)	-
Sales	-	-	-
PAT	(0.001)	(0.003)	-
EPS (Rs.)	(1.10)	(2.71)	-
Book value per share (Rs.)	5.55	6.66	-

B-18. EDUMETRY INC.

Edumetry Inc. was incorporated in the Delaware, New Castle, United States of America on 24/08/2005. The company is promoted by Forbes Gokak Ltd. along with three venture executives and two venture capitalists. It is engaged in the business activity encompassing onshore contracts in USA with various universities and internet based online universities and thereafter back-to-back contracts with Forbes Edumetry Ltd., in the filed of outcome of educational process, measurement thereof and matter connected therewith.

Shareholding pattern

Name of Shareholder	No. of Shares	% of Shareholding
Forbes Gokak Ltd.	2,500	50.00
Indovina International Establishment	1,250	25.00
Mr. Chandrasekaran Rajam	250	5.00
Ms. Rachel Davis	187.5	3.75
Mr. M. Shivkumar	187.5	3.75
Tikassel Holdings Ltd., Mauritius	625	12.50
Total	5,000	100.00

Board of Directors

Sr. No.	Name
1	Mr. S. Shankar
2	Mr. C. Rajam
3	Mr. R. S. Srinivasan

Financial Performance

The brief audited financials of the company for the since inception is as follows:

(In crores except per share data)

Particulars	31/03/2007		31/03/2006	
	US \$	Rs.	US \$	Rs.
Equity Capital	0.02	0.70	0.02	0.71
Reserves & Surplus (Excluding Revaluation Reserves)	NIL	NIL	NIL	NIL
Sales and Other Income	0.007	0.30	NIL	NIL
Profit/(Loss) after Tax (PAT)	(0.04)	(1.61)	(0.01)	(0.63)
Book value per Share (Face Value SG\$1/-)	(2.20)	32.19	0.11	28.13
Earning per Share (Rs.)	(2.31)	4.03	(0.89)	0.42

[US\$ 1.00 = Rs. 43.4417 (31.3.2007)]

[US\$ 1.00 = Rs. 44.6176 (31.3.2006)]

B-19. EUREKA FORBES LTD.

The Company was incorporated in the year 1931 under the Indian Companies Act, 1913 as Samuel Osborne India Private Ltd which later on became Samuel Osborne India Ltd. The Company was in the main business of manufacturing and selling “Tea Manufacturing Machineries” and other allied items.

On 26/01/1982, a joint venture agreement was entered into between Forbes Forbes Campbell & Co. Ltd., and Osborne Tools Manufacturing Pte Ltd (the name of which stood changed to Lux Singapore Pte Ltd w.e.f 20/07/1992 (a subsidiary of AB Electrolux) whereby all the equity shares of Samuel Osborne India Ltd were acquired by them in the ratio of 60:40 respectively.

With this acquisition of shares and as per the Joint Venture Agreement, the name of the Company was changed to Eureka Forbes Ltd w.e.f 02/04/1982 (vide certificate of change of name dated 12/04/1982 issued by the Asst. Registrar of Companies, Calcutta) which carried out main business of marketing vacuum cleaners and water purifiers.

With the change in the management of AB Electolux, they decided to withdraw from direct selling activities worldwide (except India). Accordingly, the entire equity shares viz., 40% of total paid up equity shares of Eureka Forbes Ltd was acquired by AB Electolux from its subsidiary Lux Singapore Pte Ltd on 30/05/2000. Three Directors from AB Electrolux were then inducted in the Board of Eureka Forbes Ltd.

On 15/03/2002 as a result of sale of equity shares held in Forbes Gokak Ltd by Tata Sons Ltd to Shapoorji Pallonji Group, there was change in the management of the Company.

In February 2005, AB Electrolux sold all its equity shares (viz., 1980000 equity shares of Rs.10/- each fully paid up which formed 40% of total paid up equity capital of Eureka Forbes Ltd) to Forbes Gokak Ltd (and its subsidiary viz., Forbes Finance Ltd.,) under the right of first offer, as per the Joint Venture agreement of 1982.

The Company (Eureka Forbes Ltd) purchased 690000 equity shares of Rs.10/- each fully paid up on 15/04/2005 under buy back scheme from Forbes Gokak Ltd and Forbes Finance Ltd (pro-rata) thereby bringing down the total paid up capital of the Company from Rs.4,95,00,000/- (49,50,000 equity shares of Rs.10/- each fully paid up) to Rs.4,26,00,000/- (42,60,000 equity shares of Rs.10/- each fully paid up)

Shareholding pattern

Name of Shareholder	No. of Shares	% of Shareholding
Forbes Gokak Ltd.	42,60,000	100.00
TOTAL	42,60,000	100.00

Board of Directors

Sr. No.	Name
1	Mr. Shapoor Mistry
2	Mr. K. C. Mehra
3	Mr. S. L. Goklaney
4	Mr. D. E. Udawadia
5	Mr. J. C. Chopra
6	Mr. N. D. Khurody
7	Mr. C. G. Shah

Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. in crores except per share data)

Particulars	31/03/2007	31/03/2006	31/03/2005
Equity Capital	4.26	4.26	4.95
Reserves & Surplus (Excluding Revaluation Reserves)	83.97	68.84	70.72
Sales and Other Income	739.99	633.57	550.24
Profit/(Loss) after Tax (PAT)	24.91	21.97	22.78
EPS (Rs.)	58.48	51.24	45.61
Book value per Share (Face Value Rs. 10/-)	207.12	171.59	152.88

Other Details:The Company is an unlisted company and has not conducted any public or rights issues in the preceding three years. It has also not made a loss in the immediately preceding year.

B-20. EURO FORBES INTERNATIONAL PTE LTD

Euro Forbes International Pte. Ltd. was incorporated on 20/09/2004 in Singapore. It commenced commercial operation on 11/01/2005. Euro Forbes International Pte. Ltd. is promoted by Eureka Forbes Limited. It is engaged in the business of trading in water filters cum purifiers & vacuum cleaners in ASEAN countries.

Shareholding pattern (As on 31/03/2007)

Name of Shareholder	No. of Shares	% of Shareholding
Eureka Forbes Limited	10,00,000	100.00
TOTAL	10,00,000	100.00

Board of Directors (As on 31/03/2007)

Sr. No.	Name
1	Mr. S L Goklaney
2	Mr. Pallonji Mistry
3	Mr. A V Suresh
4	Mr. J N Ichhaporia
5	Mr. S K Palekar
6	Mr. Govind Bommi
7	Mr. Jagdish Shahani

Financial Performance

The brief audited financials of the company for the past two Financial Years are as follows:

(In crores except per share data)

Particulars	31/03/2007		31/03/2006		31/03/2005	
	SG \$	Rs.	SG \$	Rs.	SG \$	Rs.
Equity Capital	0.35	10.15	0.35	10.15	0.10	2.71
Reserves & Surplus (Excluding Revaluation Reserves)	0.04	1.10	NIL	NIL	NIL	NIL
Sales and Other Income	0.54	15.66	0.29	7.87	0.01	0.32
Profit/(Loss) after Tax (PAT)	0.05	1.41	0.01	0.15	(0.01)	(0.46)
Book value per Share (Face Value SG\$1/-)	1.11	32.19	0.97	28.13	0.82	22.51
Earning per Share (Rs.)	0.14	4.03	0.017	0.42	(0.18)	(4.60)

(SG\$ 1.00 = Rs. 29.00)

NOTE : The company commenced operations on 11.01.2005.

B-21. EURO P2P DIRECT (THAILAND) CO. LIMITED

The Company was incorporated on May 20, 2006 and is in the business of Importer and Trading of Consumer durable goods.

Registered Office

51/189, Moo 12, Klongkum,
Bungkum, Bangkok,
Thailand 10230

Board of Directors

1. Kittipong Wongjaturapat
2. Itthidech Jarootad
3. Suresh Lal Goklaney
4. Appakudal Venkata Subramanyam Suresh
5. Jamasp Nariman Ichhaporia
6. Sarvadaman Kishnarao Palekar
7. Rajagopalan Sambamoorthy

Shareholding Pattern

Names of the shareholders	No. of shares held	% holding
Ordinary Shares		
Euro Forbes International Pte. Ltd.	9,798	49%
Jamasp Nariman Ichhaporia	1	-
Rajagopalan Sambamoorthy	1	-
Preference Shares		
Kee County Ltd.	2,550	12.75%
Alibi County Ltd.	2,550	12.75%
Bay View County Ltd.	2,550	12.75%
Gaia County Ltd.	2,550	12.75%

Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

(In crores except per share data)

Particulars	31/03/2006	
	Baht	Rs.
Equity Capital	0.20	0.26
Reserves & Surplus	NIL	
Sales and Other Income	2.09	2.71
Profit/(Loss) after Tax (PAT)	(1.05)	(1.35)
Book value per Share (Face Value SG\$1/-)	(864.29)	
Earning per Share (Rs.)	(1068.38)	

(Baht 1.00 = Rs. 1.29250)

B-22. FIRSTROCK INFRASTRUCTURES PRIVATE LIMITED :

First Rock Infrastructure Private Limited was incorporated on **18.09.2007**.

The Company is engaged in the business of development of real estate in India and abroad

Registered Office :

70 Nagindas Master Road,
Fort,
Mumbai, 400 023.

Board of Directors :

1. Mr. Ardeshir Daruwalla
2. Mr. Jayesh Merchant

Shareholding Pattern :

Names of the Shareholders	No. of shares	% holding
Shapoorji Pallonji & Company Limited	9998	99.98
Shapoorji Pallonji & Company Limited jointly with J.J. Parakh	1	0.01
Shapoorji Pallonji & Company Limited jointly with R.M. Nentin	1	0.01

Financial Performance :

Not Available since company was incorporated in September,2007

B-23. FIRST FUTURE PROPERTIES PRIVATE LIMITED (NOW KNOWN AS FIRST FUTURE AIR SERVICES PVT LTD) :

First Future Air Services Private Limited was incorporated on 18.09.2007.

The Company is engaged in the business of operation of air services within and outside India.

Registered Office :

70 Nagindas Master Road,
Fort,
Mumbai, 400 023.

Board of Directors :

1. Mr. J.J. Parakh
2. Mr. F.K. Bhatena

Shareholding Pattern :

Names of the Shareholders	No. of shares	% holding
Shapoorji Pallonji & Company Limited	9998	99.98
Shapoorji Pallonji & Company Limited jointly with J.J. Parakh	1	0.01
Shapoorji Pallonji & Company Limited jointly with R.M. Nentin	1	0.01

Financial Performance :

Not Available since company was incorporated in September,2007

B-24. FLOORRAISE DEVELOPERS PRIVATE LIMITED

Floorraise Developers Private Limited was incorporated on December 27, 2005. This company is engaged in the business of real estate development.

Registered Office

The registered office of Floorraise Developers Private Limited is at:

70, Nagindas Master Road,
Fort, Mumbai 400 023,
India

Board of Directors

The board of directors of Floorraise Developers Private Limited consists of:

1. Jimmy J. Parakh
2. Manikant Shah

The shareholding pattern of Floorraise Developers Private Limited is as under:

Names of the shareholders	No. of shares held	% holding
Sterling Investment Corporation Private Limited	9998	99.98%
Sterling Investment Corporation Private Limited and Manikant Shah	1	0.01%
Sterling Investment Corporation Private Limited and Jimmy J. Parakh	1	0.01%

Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. in crores except per share data)

Particulars	Fiscal 2007	Fiscal 2006	Fiscal 2005*
Equity capital	0.01	0.01	-
Reserves	-	-	-
Sales	-	-	-
PAT	(0.002)	(0.001)	-
EPS (Rs.)	(1.13)	(1.20)	-
Book value per share (Rs.)	7.66	8.17	-

*Floorraise Developers Private Limited was incorporated in Fiscal 2006

B-25. FLORAL FINANCE PRIVATE LIMITED

Floral Investments Private Limited was incorporated on March 9, 1989. This company is engaged in the business of investment in stocks and securities.

Registered Office

The registered office of Floral Finance Private Limited is at:

70, Nagindas Master Road,
Fort, Mumbai 400 023,
India

Board of Directors

The board of directors of Floral Finance Private Limited consists of:

1. Firoze K. Bhathena
2. Khushroo B. Captain

Shareholding Pattern

The shareholding pattern of Floral Finance Private Limited is as under:

Names of the shareholders	No. of shares held	% holding
Shapoorji Pallonji & Company Limited	12016	99.98%
Shapoorji Pallonji & Company Limited and R.M. Nentin	1	0.008%
Shapoorji Pallonji & Company Limited and Firoze K. Bhathena	1	0.008%

Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

Particulars	(Rs. in crores except per share data)		
	Fiscal 2007	Fiscal 2006	Fiscal 2005
Equity capital	0.12	0.12	0.12
Reserves	(0.05)	(0.04)	-
Sales	-	-	-
PAT	(0.01)	(0.01)	(0.01)
EPS (Rs.)	(9.87)	(10.93)	(7.09)
Book value per share (Rs.)	60.17	70.04	80.97

B-26. FLOREAT INVESTMENTS LIMITED (FIL)

FIL was incorporated on March 13, 1989. This company is engaged in the business of investment in properties.

Registered Office

The registered office of FIL is at:

70, Nagindas Master Road,
Fort, Mumbai 400 023,
India

Board of Directors

The board of directors of FIL consists of:

1. A. Daruwalla
2. D. Guzdar
3. A. Khambata
4. F.J. Hiloo
5. U.B. Upasani

Shareholding Pattern

The shareholding pattern of FIL is as under:

Names of the shareholders	No. of shares held	% holding
Shapoorji Pallonji & Company Ltd.	94,998	99.998%
Shapoorji Pallonji & Company Ltd. and Khushroo .B. Captain	1	0.001%
Shapoorji Pallonji & Company Ltd. and Jimmy J. Parakh	1	0.001%

Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

Particulars	(Rs. in crores except per share data)		
	Fiscal 2007	Fiscal 2006	Fiscal 2005
Equity capital	0.95	0.95	0.95
Reserves	(15.49)	(0.40)	0.74
Sales	58.84	55.26	0.22
PAT	(15.09)	(1.14)	0.07
EPS (Rs.)	(1,588.40)	(120.32)	7.41
Book value per share (Rs.)	(1,530.72)	57.68	178

B-27. FLOTILLA FINANCE PRIVATE LIMITED

Flotilla Finance Private Limited was incorporated on March 9, 1989. This company is engaged in the business of investment in stocks and securities and trading in securities.

Registered Office

The registered office of Flotilla Investments Private Limited is at:

70, Nagindas Master Road,
Fort, Mumbai 400 023,
India

Board of Directors

The board of directors of Flotilla Finance Private Limited consists of:

1. Khushroo.B. Captain
2. H.J. Tavarria

Shareholding Pattern

The shareholding pattern of Flotilla Finance Private Limited is as under:

Names of the shareholders	No. of shares held	% holding
Shapoorji Pallonji & Company Limited	29,998	99.99%
Shapoorji Pallonji & Company Limited and R.M. Nentin	1	0.003%
Shapoorji Pallonji & Company Limited and F.K. Bhathena	1	0.003%

Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. in crores except per share data)

Particulars	Fiscal 2007	Fiscal 2006	Fiscal 2005
Equity capital	0.30	0.30	0.30
Reserves	0.02	0.03	0.04
Sales	0.002	0.002	0.002
PAT	(0.02)	(0.01)	(0.01)
EPS (Rs.)	(5.46)	(4.33)	(4.32)
Book value per share (Rs.)	103.88	109.35	113.68

B-28. FORBES AQUAMALL LIMITED

Forbes Aquamall Limited was incorporated on 28/08/2002. It commenced its commercial operations on 28/10/2002. It is promoted by Aquamall Water Solutions Limited. It is engaged in the business of Manufacture of Water filters cum purifiers.

Shareholding pattern (As on 31/03/2007)

Name of Shareholder	No. of Shares	% of Shareholding
Aquamall Water Solutions Limited	5,00,000	100.00
TOTAL	5,00,000	100.00

Board of Directors (As on 31/03/2007)

Sr. No.	Name
1	Mr. S L Goklaney
2	Mr. P J Reddy
3	Mr. A V Suresh
4	Mr. J N Ichhaporia
5	Mr. R Ganguly
6	Mr. Vicco Siyem

Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. in crores except per share data)

Particulars	31/03/2007	31/03/2006	31/03/2005
Equity Capital	0.50	0.50	0.50
Reserves & Surplus (Excluding Revaluation Reserves)	8.14	6.03	3.86
Sales and Other Income	22.10	19.04	15.54
Profit/(Loss) after Tax (PAT)	2.10	2.17	1.66
Earning per Share (Rs.)	42.06	43.52	33.28
Book value per Share (Face Value Rs. 10/-)	172.73	130.66	87.25

B-29. FORBES CAMPBELL HOLDINGS LTD

Forbes Campbell Holdings Ltd. was incorporated in April 27, 1974 in Mumbai and was originally known as Latham Finance Co. Ltd. In July 1992, the name of the Company was changed to Forbes Campbell Holdings Ltd. The Company is engaged in the business of investment and finance. At the present, a scheme of amalgamation of this company with Forbes Finance Ltd., effective from 1st June, 2007 has been proposed and petition is pending with the High Court, Bombay.

Shareholding pattern (As on 31/03/2007)

Name of Shareholder	No. of Shares	% of Shareholding
Forbes Gokak Limited	1,280,000	64.00
Warrior (Investment) Limited	720,000	36.00
Total	2,000,000	100.00

Board of Directors (As on 31/03/2007)

Sr. No.	Name
1	Mr. K. C. Mehra
2	Mr. C. G. Shah
3	Mr. R. T. Doshi
4	Mr. C. A. Karnik
5	Mr. M L. Khetan
6	Mr. J. G. Kanga

Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. in crores except per share data)

Particulars	31/03/2007	31/03/2006	31/03/2005
Equity Capital	2.00	2.00	2.00
Reserves & Surplus (Excluding Revaluation Reserves)	5.36	5.47	5.82
Sales and Other Income	1.17	0.36	0.37
Profit/(Loss) after Tax (PAT)	1.03	(0.13)	0.20
Earning per Share (Rs.)	5.14	(0.65)	1.00
Book value per Share (Face Value Rs. 10/-)	36.81	37.37	39.10

B-30. FORBES CONCEPT HOSPITALITY SERVICES PVT. LTD.

The Company was incorporated on 26.06.2006 and is in Food & Beverage services.

Registered Office

81/83, Shalini Palace,
Bhavani Shankar Road,
Dadar (W), Mumbai 400 028

Shareholding pattern

Name of Shareholder	No. of Shares	% of Shareholding
Eureka Forbes Limited	5,00,000	50.00
Concept Hospitality Services Pvt.Ltd.	5,00,000	50.00
Total	10,00,000	100.00

Board of Directors

Sr. No.	Name
1	Mr. S.L.Goklaney
2	Mr. Vithal Kamat
3	Mr. K.P.Kannampilly
4	Mr. J.N.Ichhaporia
5	Mr. Ramesh Shanbhag
6	Mr. S.K.Palekar

Financial Performance

The brief audited financials of the company since inception

(Rs. in crores except per share data)

Particulars	31/03/2007
Equity Capital	1.00
Reserves & Surplus (Excluding Revaluation Reserves)	Nil
Sales and Other Income	2.77
Profit/(Loss) after Tax (PAT)	(1.80)
Earning per Share (Rs.)	(9.34)
Book value per Share (Face Value Rs. 10/-)	(18.02)

B-31. FORBES CONTAINER LINE PTE. LTD.

Forbes Container Line Pte. Ltd. was incorporated on 07/08/2006 in the Republic of Singapore. The company has commenced operations during the year ended 31st March, 2007. The Company is engaged in shipping and container line businesses.

Shareholding pattern (As on 31/03/2007)

Name of Shareholder	No. of Shares	% of Shareholding
Forbes Gokak Ltd	80,000	100.00
TOTAL	80,000	100.00

Board of Directors (As on 31/03/2007)

Sr. No.	Name
1	Capt. S. P. Rao
2	Mr. P. Unnikrishnan

The brief audited financials of the company since inception are as follows:

(In crores except per share data)

Particulars	Period 7.8.2006 to 31.3.2007	
	SG \$	Rs.
Equity Capital	0.008	0.22
Reserves & Surplus (Excluding Revaluation Reserves)	NIL	NIL
Sales and Other Income	0.27	7.81
Profit/(Loss) after Tax (PAT)	(0.01)	(0.32)
Earning per Share (Rs.)	(1.37)	(39.52)
Book value per Share (Face Value SG\$1/-)	(0.37)	(10.88)

B-32. FORBES DORIS & NAESSS MARITIME LTD (FDNM)

FDNM earlier named as Forbes Wilhemsen Logistics Pvt. Ltd was incorporated on 25/02/2002 as a Private limited company. Its registered office is at Forbes Building, Charanjit Rai Marg, Fort, Mumbai – 400001. On 19/10/2004 the name of the company was changed to Forbes Doris & Naess Maritime Pvt. Ltd. (FDNM). On 04/03/2005, the status of FDNM (P) was changed to a public limited company. It became a subsidiary of Forbes Gokak Ltd. with effect from 24/01/2005. The company is authorized to establish, acquire, maintain and operate shipping Agencies, Shipping Services, Travel Services, Maritime and other transport and total logistics and integrated procurement and supply chain management services, etc.

Shareholding pattern

Name of Shareholder	No. of Shares	% of Shareholding
Forbes Gokak Limited and its nominees	1, 30, 470	60.00
Maltese Sun Maritime Company Ltd.	86, 980	40.00
Total	2,17,450	100.00

Board of Directors

Sr. No.	Name
1	Capt. S. P. Rao
2	Mr. N. Wirth
3	Mr. J. H. Rand IV
4	Mr. A. Menon

Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. in crores except per share data)

Particulars	31/03/2007	31/03/2006	31/03/2005
Equity Capital	0.22	0.22	0.22
Reserves & Surplus (Excluding Revaluation Reserves)	NIL	NIL	NIL
Services and Other Income	0.001	0.19	0.14
Profit/(Loss) after Tax (PAT)	(0.01)	(0.20)	(3.03)
Earning per Share (Rs.)	(0.68)	(9.49)	(1.52)
Book value per Share (Face Value Rs. 10/-)	(1.72)	(1.03)	8.50

B-33. FORBES EDUMETRY LIMITED

Forbes Edumetry Limited was incorporated on 17/11/2005. It is engaged in providing academic and administration related management, information, resources and technology in all forms and modes, specialized academic and analytical support and knowledge management services and IT enabled services.

Shareholding pattern

Name of Shareholder	No. of Shares	% of Shareholding
Forbes Gokak Limited	1,440,000	50.00
Indovina International Establishment Lichtenstein	720,000	25.00
Tikassel Holdings Limited	360,000	12.50
Dr. Chandrasekaran R. Rajam	144,000	5.00
Dr. Rachel Davis	108,000	3.75
Mr. Muthukrishnan Shivkumar	108,000	3.75
Total	2,880,000	100.00

Board of Directors

Sr. No.	Name
1	Mr. K. C. Mehra
2	Mr. Ravi Shankar
3	Dr. Chandru Rajam
4	Mr. Eddie Poonawala

Financial Performance

The brief audited financials of the company since inception are as follows:

(Rs. in crores except per share data)

Particulars	31/03/2007	31/03/2006
Equity Capital	2.88	2.88
Reserves & Surplus (Excluding Revaluation Reserves)	NIL	NIL
Sales and Other Income	0.16	0.003
Profit/(Loss) after Tax (PAT)	(1.49)	(0.84)
Book value per Share (Face Value Rs. 10/-)	1.88	7.06
Earning per Share (Rs.)	(5.18)	(2.92)

B-34. FORBES FACILITY SERVICES PVT LTD.

Forbes Facility Services Pvt. Ltd. was incorporated on 28/07/2004 as Forbes Abans Cleaning Solutions Pvt.Ltd.. It commenced operations on 01/10/2005. It is engaged in contract cleaning business and mechanised cleaning of industrial & commercial premises.

Shareholding pattern

Name of Shareholder	No. of Shares	% of Shareholding
Eureka Forbes Limited	7,00,000	70.00
Others	3,00,000	30.00
Total	10,00,000	100.00

Board of Directors

Sr. No.	Name
1	Mr. S. L. Goklaney
2	Mr. C. A. Karnik
3	Mr. J. N. Ichhaporia
4	Mr. Marzin Shroff
5	Mr. S. K. Palekar

Financial Performance

The brief audited financials of the company since inception are as follows:

(Rs. in crores except per share data)

Particulars	31/03/2007	31/03/2006	31/03/2005
Equity Capital	1.00	1.00	1.00
Reserves & Surplus (Excluding Revaluation Reserves)	NIL	NIL	NIL
Sales and Other Income	6.20	2.79	28.16
Profit/(Loss) after Tax (PAT)	0.08	(0.06)	(0.36)
EPS (Rs.)	0.83	(0.60)	(3.65)
Book value per Share (Face Value Rs. 10/-)	6.58	5.75	6.35

B-35. FORBES INFOTAINMENT LIMITED

Forbes Infotainment Ltd. was incorporated on 21/03/2003. It launched DhanDhanaDhan, an online lottery business in March 2003 to market and promote the Arunachal Pradesh and Nagaland State lotteries. The company has over 40 distributors and over 1500 realtime connected retailers spread across the country supported by leading business associates.

Shareholding pattern

Name of Shareholder	No. of Shares	% of Shareholding
Mr. Manoj Katira	5000	0.04
Mr. Mahesh Rajde	5000	0.04
Turbo Technologies Pvt. Limited	2,391,900	19.92
Mr. Paresh Rajde	100	0.00
Forbes Gokak Limited	5,884,900	49.00
Anand Agencies Pvt. Limited	3,723,100	31.00
Total	12,010,000	100.00

Board of Directors

Sr. No.	Name
1	Mr. Kamlesh Chander Mehra
2	Mr. Shapoor Mistry
3	Mr. Paresh Rajde
4	Mr. Mahesh Rajde
5	Mr. Jimmy Parakh
6	Mr. Suresh Goklaney
7	Mr. Nawshir Khurody

Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. in crores except per share data)

Particulars	31/03/2007	31/03/2006	1/09/2004 to 31/03/2005 (7 Months)
Equity Capital	12.01	12.01	12.01
Reserves & Surplus (Excluding Revaluation Reserves)	NIL	NIL	NIL
Sales and Other Income	224.84	286.51	98.73
Profit/(Loss) after Tax (PAT)	(6.58)	(6.35)	(9.88)
EPS (Rs.)	(5.48)	(5.29)	(8.22)
Book value per Share (Face Value Rs. 10/-)	(44.42)	(38.94)	(33.65)

B-36. FORBES LUX GROUP AG, BAAR

The Company was incorporated on 20.02.2006 and is in the business of import and trading in consumer durable goods.

Registered Office

Baarermatte,
CH-6340 Baar ZG,
Switzerland

Shareholding pattern

Name of Shareholder	No. of Shares	% of Shareholding
Eureka Forbes Ltd.	500	50.00
Lux International AG	500	50.00
Total	1000	100.00

Board of Directors

Sr. No.	Name
1	Reinhard von der Becke
2	Reto von der Becke
3	Urs Meier
4	Suresh Lal Goklaney
5	Appakudal Venkata Subramanyam Suresh
6	Jamasp Nariman Ichhaporia

Financial Performance**(In crores except per share data)**

Particulars	31/03/2006 CHF	31/03/2006 Rs.
Equity Capital	0.01	0.34
Reserves & Surplus (Excluding Revaluation Reserves)	NIL	NIL
Sales and Other Income	0.01	0.27
Profit/(Loss) after Tax (PAT)	(0.001)	(0.02)
Book value per Share	(5.55)	(5.55)
Earning per Share	(994.45)	(994.45)

(CHF 1.00 = Rs.34.20260)

B-37. FORBES SERVICES LTD.

Forbes Services Limited was incorporated in 1975 and was originally known as Forbes Services Private Limited. The Company was engaged in the business of providing security assistance to Forbes Gokak Limited and its group companies. The name of the company was changed from Forbes Services Private Limited to Forbes Services Limited.

Shareholding pattern

Name of Shareholder	No. of Shares	% of Shareholding
Forbes Gokak Limited	15,000	30.00
Forbes Campbell Holdings Limited	5,000	10.00
Warrior (Investment) Limited	10,000	20.00
Volkart Fleming Shipping & Services Limited	5,000	10.00
IVP Limited	1,000	2.00
Vibronics Private Limited	1,000	2.00
Trident Shipping Agencies Limited	998	2.00
Mr. R. T. Doshi	1	0.00
Mr. C. A. Karnik	1	0.00
Seaspeed Shipping Agencies Limited	12,000	24.00
Total	500,000	100.00

Board of Directors

Sr. No.	Name
1	Mr. C. A. Karnik
2	Mr. R. T. Doshi
3	Mr. A. T. Shah
4	Mr. M. L. Khetan

Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. in crores except per share data)

Particulars	31/03/2007	31/03/2006	31/03/2005
Equity Capital	0.05	0.05	0.05
Reserves & Surplus (Excluding Revaluation Reserves)	0.11	0.14	0.21
Sales and Other Income	0.001	0.09	0.002
Profit/(Loss) after Tax (PAT)	(0.004)	(0.07)	(0.007)
Book value per Share (Face Value Rs. 10/-)	12.17	12.96	14.29
Earning per Share (Rs.)	(0.79)	(1.07)	(0.16)

B-38. FORBES SMART DATA LIMITED

The Company was incorporated on 24.4.2006 to set up business related to the banking solutions and international technology. Registered office of the company is at Forbes Building, Charanjit Rai Marg, Fort, Mumbai 400001.

Shareholding pattern

Name of Shareholder	No. of Shares	% of Shareholding
Forbes Gokak Limited	50,000	100.00
Total	50,000	100.00

Board of Directors

Sr. No.	Name
1	Mr. G. Mukherji
2	Mr. M. L. Khetan
3	Mr. K. S. Ravishankar

Financial Performance

Financial performance since inception is as under :

(Rs. in crores except per share data)

Particulars	Fiscal 31/03/2007
Equity Capital	0.05
Reserves & Surplus (Excluding Revaluation Reserves)	Nil
Sales and Other Income	0.0006
Profit/(Loss) after Tax (PAT)	(0.0003)
Book value per Share (Face Value Rs. 10/-)	(0.06)
Earning per Share (Rs.)	9.96

B-39. FORBES STERLING STAR LIMITED (FSSL)

FSSL was incorporated on 13/04/2004 as an International Company Limited by shares in the Republic of Vanuatu. It is engaged in the business of deploying its ships on time/voyage charter basis. It purchased a ship in 2004, which has been sold in 2007.

Shareholding pattern

Name of Shareholder	No. of Shares	% of Shareholding
Forbes Gokak Ltd.	1,000	100.00
Total	1,000	100.00

Board of Directors

Sr. No.	Name
1	Capt. S. P. Rao
2	Mr. Timothy A. Hartnoll
3	Mr. V. K. Shetty

Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:
(In crores except per share data)

Particulars	31/03/2007		31/03/2006		31/03/2005	
	US \$	Rs.	US \$	Rs.	US \$	Rs.
Equity Capital	0.0001	0.004	0.0001	0.004	0.0001	0.004
Reserves & Surplus (Excluding Revaluation Reserves)	0.11	4.75	0.01	0.45	0.01	0.4972
Sales and Other Income	0.23	10.51	0.19	8.79	0.18	8.16
Profit/(Loss) after Tax (PAT)	0.11	4.48	(0.00)	(0.01)	0.03	1.21
Book value per Share (Face Value \$ 1/-)	103.484	47,544.86	103.48	4,623.66	103.57	4,952.74
Earning per Share	996.03	44,811.39	(0.09)	(93.28)	262.57	12,094.47

B-40. FORBES TECHNOSYS LIMITED

Forbes Technosys Limited was incorporated in 1991, and was originally known as Wandel & Goltermann & Forbes Limited. The Company is engaged in the business of information & technology systems.

Shareholding pattern

Name of Shareholder	No. of Shares	% of Shareholding	Amount paid per share Rs.
Forbes Gokak Limited	192,020	6.86	10.00
Warrior Investment Limited	392,000	14.00	10.00
Forbes Campbell Holdings Limited	215,980	7.71	10.00
Eureka Forbes Ltd.	20,00,000	71.43	2.50
Total	28,00,000	100.00	

Board of Directors

Sr. No.	Name
1	Mr. Ashok Barat
2	Mr. C. A. Karnik
3	Mr. A. T. Shah
4	Mr. Rahul Jain

Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. in crores except per share data)

Particulars	31/03/2007	31/03/2006	31/03/2005
Equity Capital	1.30	0.80	0.80
Reserves & Surplus (Excluding Revaluation Reserves)	NIL	NIL	NIL
Sales and Other Income	3.22	1.22	0.18
Profit/(Loss) after Tax (PAT)	(2.26)	(0.68)	(0.76)
Book value per Share (Face Value Rs. 10/-)	(33.31)	(15.83)	(7.27)
Earning per Share (Rs.)	(17.38)	(8.56)	(9.48)

B-41. FORBES TINSLEY COMPANY LIMITED

Forbes Tinsley Company Limited was incorporated on 06/07/1990. It is engaged in the business of Manufacturers, dealers, exporters, assemblers and fabricators, repairer's maintainers, Commission Agents and Operators of all kinds of telecommunication equipment.

Shareholding pattern

Name of Shareholder	No. of Shares	% of Shareholding
H. Tinsley & Co. Ltd. U.K.	100,000	40.00
Forbes Gokak Ltd.	75,000	30.00
Forbes Finance Ltd.	37,500	15.00
Warrior (Investment) Ltd.	37,470	14.99
Mr. R. T. Doshi	10	0.00
Dr. S. S. Rajadhyaksha	10	0.00
Mr. C. A. Karnik	10	0.00
Total	250,000	100.00

Board of Directors

Sr. No.	Name
1	Mr. G. Mukharjee
2	Mr. Rajendrakumar Tejkarani Doshi
3	Mr. Ashok Thakorlal Shah

Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

Particulars	(Rs. in crores except per share data)		
	31/03/2007	31/03/2006	31/03/2005
Equity Capital	0.25	0.25	0.25
Reserves & Surplus (Excluding Revaluation Reserves)	NIL	NIL	NIL
Sales and Other Income	0.02	0.0003	0.02
Profit/(Loss) after Tax (PAT)	(0.03)	(0.005)	0.005
Book value per Share (Face Value Rs. 10/-)	(2.50)	(1.29)	(1.06)
Earning per Share (Rs.)	(1.21)	(0.23)	0.20

B-42. FORVOL INTERNATIONAL SERVICES LIMITED

Forvol International Services Limited was incorporated on May 19, 1977. This company is engaged in the business of traveling agency and a tour operator.

Registered Office

9-10, Torana Apartments,
Opposite P&T colony,
Andheri Sahar Road,
Andheri (E), Mumbai 400 099

Board of Directors

The board of directors of Forvol International Services Limited consists of:

1. Kamlesh C. Mehra
2. Pallonji S. Mistry
3. Dadi B. Engineer
4. Shapoor P. Mistry
5. Cyrus P. Mistry

Shareholding Pattern

Forvol International Services Limited is a wholly owned subsidiary of Sterling Investment Corporation Private Limited

Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

	(Rs. in crores except per share data)		
Particulars	Fiscal 2007	Fiscal 2006	Fiscal 2005
Equity capital	0.80	0.80	0.80
Reserves	0.28	0.82	0.82
Sales	2.84	4.39	5.58
PAT	(0.85)	1.40	0.45
EPS (Rs.)	(10.67)	17.55	5.65
Book value per share (Rs.)	6.90	16.88	(0.67)

B-43 GOSSIP PROPERTIES PRIVATE LIMITED :

Gossip Properties Private Limited was incorporated on 21st September 2007 The Company is engaged in the business of development & construction of real estates, townships, housing, built-up infrastructure.

Registered Office :

70, Nagindas Master Road,
Fort, Mumbai 400 023.

Board of Directors :

1. Ms. Sunita Khanna
2. Ms. Alpa Kapadia
3. Mr. Vinay Karve

Shareholding Pattern :

Names of the Shareholders	No. of shares	% holding
Shapoorji Pallonji & Co. Ltd	9998	99.98
Shapoorji Pallonji & Co. Ltd jointly with F K Bhathena	1	0.01
Shapoorji Pallonji & Co. Ltd jointly with R M Nentin	1	0.01
Total	10000	100.00

Financial Performance : Not available since Company was incorporated in September 2007.

B-44. GRAND VIEW ESTATES PRIVATE LIMITED

Grand View Estates Private Limited was incorporated on May 4, 1998. This company is engaged in the business of investment in property.

Registered Office

The registered office of Grand View Estates Private Limited is at:

70, Nagindas Master Road,
Fort, Mumbai 400 023,
India

Board of Directors

The board of directors of Grand View Estates Private Limited consists of:

1. Khushroo B. Captain
2. Jimmy J. Parakh

Shareholding Pattern

The shareholding pattern of Grand View Estates Private Limited is as under:

Names of the shareholders	No. of shares held	% holding
Sterling Investment Corporation Private Limited	9980	99.8%
Sterling Investment Corporation Private Limited and R.M. Nentin	10	0.1%
Sterling Investment Corporation Private Limited and K.B. Captain	10	0.1%

Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. in crores except per share data)

Particulars	Fiscal 2007	Fiscal 2006	Fiscal 2005
Equity capital	0.01	0.01	0.01
Reserves	(0.007)	(0.005)	-
Sales	-	-	-
PAT	(0.002)	(0.001)	(0.001)
EPS (Rs.)	(1.53)	(0.89)	(0.56)
Book value per share (Rs.)	3.30	4.83	5.71

B-45. HAZARAT & COMPANY PRIVATE LIMITED**Corporate Information**

This company was incorporated in November 11, 1982. Presently, its registered office is located at Warden House, Sir P.M.Road, Fort, Mumbai 400023.

The company was formed to acquire the running business of M/s. Hazarat & Co. which was a sole proprietary business. The company carries on the business of commission agents, importers & exporters, traders and financier, including the rendering of secretarial and administrative services to sister & outside concerns. The company also carries on the business of contractors and sub contractors and to award contracts or such contracts. The company can also undertake work as contractors to execute complete or partial designs, erection and construction of structures, buildings and other works of all description.

The company is not presently engaged in any activities.

Board of Directors

The Board of directors as on December 31, 2006 consists of :

1. A. H Divanji
2. H. J. Tavaría
3. F. K. Bhathena

Shareholding Pattern

Shareholding pattern as on December 31, 2006

Names of the shareholders	No. of shares held	% holding
Afcons Infrastructure Ltd. and its nominees	2,02,610	100

Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. in crores except per share data)

Particulars	Fiscal 2007	Fiscal 2006	Fiscal 2005
Equity capital	0.20	0.02	0.20
Reserves	(0.02)	(0.02)	(0.02)
Sales	(0.01)	0.01	0.008
PAT	0.001	0.001	(0.001)
EPS (Rs.)	0.07	0.07	(0.08)
Book value (Face value of Rs.10/- per share) Rs.	9.09	9.09	9.01

B-46. HIGH STREET DEVELOPERS PRIVATE LIMITED

High Street Developers Private Limited was incorporated on December 16, 2005. This company is engaged in the business of real estate development.

Registered Office

The registered office of High Street Developers Private Limited is at:

70, Nagindas Master Road,
Fort, Mumbai 400 023,
India

Board of Directors

The board of directors of High Street Developers Private Limited consists of:

1. Jimmy J. Parakh
2. Ashutosh Pathare

Shareholding Pattern

The shareholding pattern of High Street Developers Private Limited is as under:

Name of the shareholders	No.of shares held	% holding
Shapoorji Pallonji & Company Limited	4980	99.6%
Shapoorji Pallonji & Company Limited and Firoze K. Bhathena	10	0.2%
Shapoorji Pallonji & Company Limited and Jimmy J. Parakh	10	0.2%

Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

Particulars	(Rs. in crores except per share data)		
	Fiscal 2007	Fiscal 2006	Fiscal 2005 *
Equity capital	0.05	0.05	-
Reserves	(0.006)	(0.001)	-
Sales	-	-	-
PAT	(0.004)	(0.001)	-
EPS (Rs.)	(8.56)	(2.86)	-
Book value per share (Rs.)	85.10	93.26	-

*High Street Developers Private Limited was incorporated in Fiscal 2006.

B-47. KHAJRANA GANESH PROPERTIES PRIVATE LIMITED

Khajrana Ganesh Properties Private Limited was incorporated on September 26, 1995. This company is engaged in the business of real estate development.

Registered Office

The registered office of Khajrana Ganesh Properties Private Limited is at:

Shapoorji Pallonji Centre,
41/44, Minoo Desai Marg,
Colaba, Mumbai 400005

Board of Directors

The board of directors of Khajrana Ganesh Properties Private Limited consists of:

1. Manikant Shah
2. Adil Khambatta

The shareholding pattern of Khajrana Ganesh Properties Private Limited is as under:

Names of the shareholders	No.of shares held	% holding
Sterling Investment Corporation Private Limited	5098	50.98%
Khajrana Ganesh (Mauritius) Ltd.	4900	49.00%
Sterling Investment Corporation Private Limited and Manikant Shah	1	0.01%
Sterling Investment Corporation Private Limited and Adil Khambatta	1	0.01%

Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. in crores except per share data)

Particulars	Fiscal 2007	Fiscal 2006	Fiscal 2005
Equity capital	0.01	0.01	0.01
Reserves	(0.03)	-	-
Sales	-	-	-
PAT	(0.02)	(0.01)	(0.0003)
EPS (Rs.)	(20.46)	(9.85)	(0.38)
Book value per share (Rs.)	(22.83)	(3.78)	7.39

B-48. LATHAM INDIA LIMITED

Latham India Ltd. was incorporated on 25/04/1977 in Chennai. The Company was engaged in trading activities of office automation products, namely FACIT brand typewriters and facsimile machines. The Company is headquartered in Chennai. Since 1999 due to decline in demand for typewriters, the company was forced to shrink its operations.

Shareholding pattern

Name of Shareholder	No. of Shares	% of Shareholding
Forbes Gokak Limited	12,80,000	100.00
Total	12,80,000	100.00

Board of Directors

Sr. No.	Name
1	Mr. K. C. Raman
2	Mr. M. L. Khetan
3	Mr. P. Govindarajan

Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

Particulars	(Rs. in crores except per share data)		
	31/03/2007	31/03/2006	31/03/2005
Equity Capital	1.28	1.28	1.28
Reserves & Surplus (Excluding Revaluation Reserves)	1.01	1.01	1.01
Sales and Other Income	0.19	0.18	0.40
Profit/(Loss) after Tax (PAT)	0.10	0.11	0.25
Book value per Share (Face Value Rs. 10/-)	(46.34)	(47.12)	(48.00)
Earning per Share (Rs.)	0.78	0.88	1.99

Other Details:

The Company is an unlisted company and has not conducted any public or rights issues in the preceding three years. It has also not made a loss in the immediately preceding year. The accumulated losses of the Company are greater than its networth as on 31/03/2007.

B-49. MAGPIE FINANCE PRIVATE LIMITED

Magpie Finance Private Limited was incorporated on March 10, 1989. This company is engaged in the business of investment in stocks and securities.

Registered Office

The registered office of Magpie Finance Private Limited is at:

70, Nagindas Master Road,
Fort, Mumbai 400 023,
India

Board of Directors

The board of directors of Magpie Finance Private Limited consists of:

1. Firoze K. Bhathena
2. R. Jain
3. B.S. Mistry

Shareholding Pattern

The shareholding pattern of Magpie Finance Private Limited is as under:

Names of the shareholders	No.of shares held	% holding
Manjri Stud Farm Private Limited	4998	99.96%
Manjri Stud Farm Private Limited and R. Jain	1	0.02%
Manjri Stud Farm Private Limited and Shapoor Pallonji Mistry	1	0.02%

Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. in crores except per share data)

Particulars	31/03/2007	31/03/2006	31/03/2005
Equity capital	0.05	0.05	0.05
Reserves	(0.12)	(0.13)	-
Sales	0.05	0.04	0.19
PAT	0.005	(0.02)	0.004
EPS (Rs.)	9.97	(33.48)	9.00
Book value per share (Rs.)	(143.93)	(153.90)	(120.42)

B-50. MANJRI DEVELOPERS PRIVATE LIMITED

Manjri Developers Private Limited was incorporated on March 23, 2006. This company is not presently engaged in any business activity.

Registered Office

The registered office of Manjri Developers Private Limited is at:

70, Nagindas Master Road,
Fort, Mumbai 400 023,
India

Board of Directors

The board of directors of Manjri Developers Private Limited consists of:

1. Roshan .M. Nentin
2. Adil P. Khambata

Shareholding Pattern

The shareholding pattern of Manjri Developers Private Limited is as under:

Names of the shareholders	No. of shares held	% holding
Names of the shareholders	No.of shares held	% holding
Sterling Investment Corporation Private Limited	4,999	49.9%
Shapporji Pallonji & Co.Ltd.	4,999	49.9%
Sterling Investment Corporation Private and R.M. Nentin	1	0.01%
Shapoorji Pallonji & Co.Ltd. and Jimmy J. Parakh	1	0.01%

Financial Performance

There are no figures to report for financial performance of this company since it does not presently engage in any business activity.

B-51. MANJRI STUD FARM PRIVATE LIMITED

Manjri Stud Farm Private Limited was incorporated on October 26, 1939. This company is engaged in the business of stud and agricultural activity, racing of horses and development of information technology infrastructure services.

Registered Office

The registered office of Manjri Stud Farm Private Limited is at:

70, Nagindas Master Road,
Fort, Mumbai 400 023,
India

Board of Directors

The board of directors of Manjri Stud Farm Private Limited consists of:

1. Shapoor Pallonji Mistry
2. Firoze K. Bhathena
3. Roshan M. Nentin
4. R. Jain

Shareholding Pattern

The shareholding pattern of Manjri Stud Farm Private Limited is as under:

Names of the shareholders	No.of shares held	% holding
Shapoorji Pallonji & Company Limited	37,484	99.96%
Shapoorji Pallonji & Company Limited and R M Nentin	2	0.01%
Shapoorji Pallonji & Company Limited and Shapoor Pallonji Mistry.	2	0.01%
Estate of Sir Jamshedji Jeejibhoy	12	0.03%

Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. in crores except per share data)

Particulars	Fiscal 2007	Fiscal 2006	Fiscal 2005
Equity capital	3.75	3.75	3.75
Reserves	(23.75)	(20.22)	-
Sales	31.95	19.20	8.35
PAT	(3.53)	(6.92)	(7.01)
EPS (Rs.)	(940.17)	(1844.29)	(1869.14)
Book value per share (Rs.1000/-)	(5,332.98)	(4392.81)	(2548.51)

B-52. MAZSONS BUILDERS AND DEVELOPERS PRIVATE LIMITED

Mazsons Builders and Developers Private Limited was incorporated on March 19, 1996. This company is engaged in the business of property development.

Registered Office

The registered office of Mazsons Builders and Developers Private Limited is at:

70, Nagindas Master Road,
Fort, Mumbai 400 023,
India

Board of Directors

The board of directors of Mazsons Builders and Developers Private Limited consists of:

1. P. Shah
2. A. Kapadia
3. Vinay P. Karve

Shareholder Pattern

The shareholding pattern of Mazsons Builders and Developers Private Limited is as under:

Names of the shareholders	No. of shares held	% holding
Delna Finance and Investments Private Limited	4980	99.6%
Delna Finance and Investments Private Limited and K.B. Captain	10	0.2%
Delna Finance and Investments Private Limited and R.M. Nentin	10	0.2%

Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

Particulars	(Rs. in crores except per share data)		
	Fiscal 2007	Fiscal 2006	Fiscal 2005
Equity capital	0.05	0.05	0.05
Reserves	(0.02)	(0.01)	-
Sales	-	-	-
PAT	(0.01)	(0.004)	(0.005)
EPS (Rs.)	(20.40)	(7.42)	(11.47)
Book value per share (Rs.)	53.26	73.66	79.74

B-53. MERILAND ESTATES PRIVATE LIMITED

Meriland Estates Private Limited was incorporated on May 4, 1998. This company is engaged in the business of real estate developments and investment.

Registered Office

The registered office of Meriland Estates Private Limited is at:

70, Nagindas Master Road,
Fort, Mumbai 400 023,
India

Board of Directors

The board of directors of Meriland Estates Private Limited consists of:

1. Firoze K. Bhathena
2. Khushroo B. Captain
3. Jimmy J. Parakh

Shareholding Pattern

The shareholding pattern of Meriland Estates Private Limited is as under:

Names of the shareholders	No.of shares held	% holding
Sterling Investment Corporation Private Limited	49980	99.96%
Sterling Investment Corporation Private Limited and F.K. Bhathena	10	0.02%
Sterling Investment Corporation Private Limited and K.B. Captain	10	0.02%

Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. in crores except per share data)

Particulars	Fiscal 2007	Fiscal 2006	Fiscal 2005
Equity capital	0.05	0.05	0.05
Reserves	(0.26)	(0.03)	-
Sales	-	-	-
PAT	(0.23)	(0.01)	(0.01)
EPS (Rs.)	(47.07)	(2.98)	(3.24)
Book value per share (Rs.)	(42.59)	4.48	7.46

B-54 MILEAGE PROPERTIES PRIVATE LIMITED:

Mileage Properties Private Limited was incorporated on 21st September, 2007. The Main Objects of the Company are development and construction of real estate and agricultural activity.

Registered Office:

70, Nagindas Master Road, Fort, Mumbai – 400 023

Board of Directors:

<u>Name & Address of the Director</u>
Alpa K. Kapadia
Ashutosh V. Pathare
Nitin S. Chougale

Shareholding Pattern:

Names of the Shareholders	No. of shares	% holding
Shapoorji Pallonji & Co. Ltd Mr. Firoze K. Bhathena	1	0.00
Shapoorji Pallonji & Co. Ltd Mr. Jimmy J. Parakh	1	0.00
Shapoorji Pallonji & Co. Ltd	4,999	50.00
Shapoorji Pallonji & Co. Ltd	4,999	50.00

Financial Performance:

Since the Company was incorporated on 21st day of September, 2007, the details for the same as of date are not available.

B-55 NEIL PROPERTIES PRIVATE LIMITED:

Neil Properties Private limited was incorporated on 21st September, 2007. The Main Objects of the Company are development and construction of real estate projects and agricultural activities.

Registered Office:

70, Nagindas Master Road, Fort, Mumbai – 400 023

Board of Directors:

<u>Name & Address of the Director</u>
Pankita A. Shah
Ashutosh V. Pathare

Shareholding Pattern:

Names of the Shareholders	No. of shares	% holding
Shapoorji Pallonji & Co. Ltd Mr. Firoze K. Bhathena	1	0.00
Shapoorji Pallonji & Co. Ltd Ms. Roshen M. Nentin	1	0.00
Shapoorji Pallonji & Co. Ltd	4,999	50.00
Shapoorji Pallonji & Co. Ltd	4,999	50.00

Financial Performance:

Since the Company was incorporated on 21st day of September, 2007, the details for the same as of date are not available.

B-56. NEXT GEN PUBLISHING LIMITED

This company was incorporated on 20.10.2004 to carry out the business of publishing special interest magazines in photography, Automobiles, personal computing, Home & Garden and Mens Lifestyle spaces as well as yellow pages publications.

Registered Office

The registered office of the company is as under :

Khatau House, 2nd floor,
Mogul Lane, Mahim (West)
Mumbai 400016

Board of Directors

1. N.D.Khurody
2. K.C.Mehra
3. Keki Mistry
4. R.N.Jha
5. Jimmi Parekh
6. Humayun Dhanrajgir
7. Paul Keenan
8. Chris Llewellyn

Shareholding Pattern

:

Names of the shareholders	No.of shares held	% holding
Forbes Gokak Limited	49,08,240	40.90%
HDFC Ltd.	12,11,760	10.10%
EMap Publishing	48,12,500	40.10%
Others	10,67,500	8.90%
Total	120,00,000	100.00

Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. in crores except book value & earning per share data)

Particulars	Fiscal 2007	Fiscal 2006	Fiscal 2005
Equity capital	7.19	6.07	3.00
Reserves	4.53	2.06	-
Sales	17.20	6.63	0.14
PAT	(10.17)	(3.86)	(0.28)
EPS (Rs.)	(14.80)	(10.29)	(2.63)
Book value per share (Rs.)	(3.60)	6.58	9.07

B-57. NYPRO FORBES MOULDS PVT. LTD.

Nypro Forbes Moulds Pvt. Ltd. was incorporated under a joint venture agreement between Nypro Singapore Pte. Ltd. Singapore and Forbes Gokak Ltd. Mumbai, in the year 2002 with the registered office located in Chennai, Tamil Nadu, India. The Company's Works / Office is situated in Hosur, Tamil Nadu. The core business of the Company is to manufacture Moulds, Tools, their parts and accessories.

Shareholding pattern

Name of Shareholder	No. of Shares	% of Shareholding
M/s Nypro Singapore Pte. Ltd.	22,25,000	50.00
Forbes Gokak Ltd.	22,25,000	50.00
Total	44,50,000	100.00

Board of Directors

Sr. No.	Name
1	Mr. M. Singh
2	Mr. A. Barat
3	Mr. H. L. Narasimha
4	Mr. Goh Hosk Kim
5	Mr. James R. Bounomo
6	Mr. Richard H. Landry

Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows

(Rs. in crores except per share data)

Particulars	31/03/2007	31/03/2006	31/03/2005
Equity Capital	4.45	4.45	1.95
Reserves & Surplus (Excluding Revaluation Reserves)	(0.97)	NIL	NIL
Sales and Other Income	3.04	2.62	1.54
Profit/(Loss) after Tax (PAT)	(0.61)	0.05	(0.17)
Book value per Share (Face Value Rs. 10/-)	8	9.19	8.12
Earning per Share (Rs.)	(1.37)	0.012	(0.87)

B-58. NYPRO FORBES PRODUCTS PVT. LTD

The company was incorporated on 03/08/1995 under a Joint Venture Agreement between Nypro Inc. USA and FAL Industries Ltd. Chennai, (which has now merged with Forbes Gokak Limited) with the Registered office located in Chennai, Tamil Nadu, India, under the name, Nypro Forbes Products Private Limited. The Company is engaged into manufacture of Engineering and Industrial Plastic Products.

Shareholding pattern

Name of Shareholder	No. of Shares	% of Shareholding
Nypro Inc. , USA	5,380,000	50.00
Forbes Gokak Ltd.	5,380,000	50.00
Total	10,760,000	100.00

Board of Directors

Sr. No.	Name
1	Mr. Kamlesh Chander Mehra
2	Mr. A. Barat
3	Mr. G. Mukherji
4	Mr. Gordon B Lankton
5	Mr. James R. Bounomo
6	Mr. Goh Hosk Kim

Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. in crores except per share data)

Particulars	31/03/2007	31/03/2006	31/03/2005
Equity Capital	10.76	6.76	4.76
Reserves & Surplus (Excluding Revaluation Reserves)	0.64	1.07	0.94
Sales and Other Income	16.14	13.74	9.70
Profit/(Loss) after Tax (PAT)	(0.43)	0.12	0.60
Book value per Share (Face Value Rs. 10/-)	10.59	11.59	11.99
Earning per Share (Rs.)	(0.40)	0.18	1.27

B-59. PT. GOKAK INDONESIA

PT. Gokak Indonesia was incorporated on 03/03/1980 in Indonesia. Its main business activity is to run textiles unit which produces various kinds of cotton yarn, synthetic yarn, blended yarn including yarn for industrial purposes.

Shareholding pattern

Name of Shareholder	No. of Shares	% of Shareholding
Forbes Gokak Ltd.	1,375	22.00
Euro Asean Manager Ltd.	1,250	20.00
Warrior (Investment) Ltd.	688	11.00
Forbes Campbell Holdings Ltd.	687	11.00
Thakral Brothers Inc.	1,000	16.00
PT. Multibis prima Agung	1,000	16.00
Humphrey R. Djemat	250	4.00
Total	6,250	100.00

Board of Commissioners

Sr. No.	Name
1	Mr. K. C. Mehra
2	Mr. C. G. Shah
3	Ms. Buanita R. Djemet
4	Mr. Manmohan Singh Thakeral
5	Mr. Babu Naik
6	Mr. Philippe Gorla

Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. in crores except per share data)

Particulars	31/12/2006		31/12/2005		31/12/2004	
	Rupiah	Rs.	Rupiah	Rs.	Rupiah	Rs.
Equity Capital	259.37	1.21	259.37	1.29	259.37	1.29
Reserves & Surplus (Excluding Revaluation Reserves)	140.62	0.66	140.62	0.70	140.62	0.70
Sales and Other Income	14648.10	68.36	14490.77	72.53	13402.58	67.01
Profit/(Loss) after Tax (PAT)	219.68	1.02	147.04	0.73	(549.03)	(2.74)
Book value per Share (Face Value Rupiah. 415000/-)	(1.08)	(50.40)	(1.43)	(71.57)	(1.67)	(8333)
Earning per Share	0.35	1633	0.24	1200	(0.87)	(4350)

Note: The company's share capital consists of 6,250 fully paid shares at the par value of Rupiah 415,000

B-60. PALCHIN REAL ESTATES PRIVATE LIMITED

Palchin Real Estates Private Limited was incorporated on January 19, 1995. This company is engaged in the business of real estate development.

Registered Office

The registered office of Palchin Real Estates Private Limited is at:

70, Nagindas Master Road,
Fort, Mumbai 400 023,
India

Board of Directors

The board of directors of Palchin Real Estates Private Limited consists of:

1. Firoze K. Bhathena
2. Sunita Khanna

Shareholding Pattern

The shareholding pattern of Palchin Real Estates Private Limited is as under:

Name of the shareholders	No. of shares held	% holding
Sterling Investment Corporation Private Limited	49980	99.96%
Sterling Investment Corporation Private Limited and R.M. Nentin	10	0.02%
Sterling Investment Corporation Private Limited and F.K. Bhathena	10	0.02%

Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. in crores except per share data)

Particulars	Fiscal 2007	Fiscal 2006	Fiscal 2005
Equity capital	0.05	0.05	0.05
Reserves	(1.88)	0.01	0.03
Sales	0.90	-	0.02
PAT	(1.90)	(0.01)	(0.01)
EPS (Rs.)	(379.12)	(2.48)	(1.82)
Book value per share (Rs.)	(375.68)	9.89	15.20

B-61 PRECAUTION PROPERTIES PRIVATE LIMITED :

Precaution Properties Private Limited was incorporated on 9th October 2007 . The Company is engaged in the business of development of real estate, set up build, construct, townships, housing, build infrastructure.

Registered Office :

70, Nagindas Master Road,
Fort, Mumbai 400 023.

Board of Directors :

1. Mr. Jimmy J Parakh
2. Ms. Sunita Khanna

Shareholding Pattern :

Names of the Shareholders	No. of Equity shares	% holding
Shapoorji Pallonji & Co. Ltd jointly with J. J Parakh	01	0.01
Shapoorji Pallonji & Co. Ltd jointly with R M Nentin	01	0.01
Shapoorji Pallonji & Co. Ltd	08	0.08
Total	10	
Names of the Shareholders	No. of Preference Shares	% holding
Shapoorji Pallonji & Co. Ltd	9990	99.90
Grand Total	10000	100.00

Financial Performance : : Not available since Company was incorporated in October 2007.

B-62. PROHANDYMAN INDIA LIMITED

The company was incorporated on 8.11.2006. The company engaged in the business of providing ancillary services.

Registered Office

No.17, II floor,
II Main, Domlur II Stage,
Bangalore 560 038

Board of Directors

1. P.J.Reddy
2. J.N.Ichhaporia
3. Peter Pushparaj

Shareholding Pattern

:

Names of the shareholders	No. of shares held	% holding
Eureka Forbes Ltd.	50,000	100%
Total	50,000	100%

Financial Performance

Details since inception are set out below :

(Rs. in crores except per share data)

Particulars	Fiscal 2007
Equity capital	0.05
Reserves	-
Sales	0.009
PAT	(0.63)
EPS (Rs.)	(126.40)
Book value per share (Rs.)	(116.40)

B-63. RAMILI INVESTMENTS PRIVATE LIMITED

Ramili Investments Private Limited was incorporated on January 13, 1989. This company is engaged in the business of investment in stocks.

Registered Office

The registered office of Ramili Investments Private Limited is at:

70, Nagindas Master Road,
Fort, Mumbai 400 023,
India

Board of Directors

The board of directors of Ramili Investments Private Limited consists of:

1. H.J.Tavaria
2. R.M. Nentin

Shareholding Pattern

The shareholding pattern of Ramili Investments Private Limited is as under:

Names of the shareholders	No. of shares held	% holding
Shapoorji Pallonji & Company Limited	21,998	99.99%
Shapoorji Pallonji & Company Limited And R.M. Nentin	1	0.004%
Shapoorji Pallonji & Company Limited and Jimmy J. Parakh	1	0.004%

Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. in crores except per share data)

Particulars	Fiscal 2007	Fiscal 2006	Fiscal 2005
Equity capital	0.22	0.22	0.22
Reserves	(0.11)	(0.10)	-
Sales	-	-	-
PAT	(0.005)	(0.005)	(0.004)
EPS (Rs.)	(2.30)	(2.15)	(1.87)
Book value per share (Rs.)	51.31	53.69	55.84

B-64. S.C. IMPEX PRIVATE LIMITED

S.C. Impex Private Limited was incorporated on March 21, 1979. This company is engaged in the business of investing in property.

Registered Office

The registered office of S.C. Impex Private Limited is at:

70, Nagindas Master Road,
Fort, Mumbai 400 023,
India

Board of Directors

The board of directors of S.C. Impex Private Limited consists of:

1. R.M.Nentin
2. Manikant Shah

Shareholding Pattern

The shareholding pattern of S.C. Impex Private Limited is as under:

Names of the shareholders	No. of shares held	% holding
Shapoorji Pallonji & Company Limited	2399	99.95%
Shapoorji Pallonji & Company Limited and Khushroo B. Captain	1	0.04%

Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

Particulars	(Rs. in crores except per share data)		
	Fiscal 2007	Fiscal 2006	Fiscal 2005
Equity capital	0.24	0.24	0.24
Reserves	(0.25)	(0.21)	-
Sales	-	-	-
PAT	(0.03)	(0.03)	(0.03)
EPS (Rs.)	(145.69)	(117.18)	(113.85)
Book value per share (Rs.)	(35.96)	109.72	226.90

B-65. SCI FORBES LTD

The company was incorporated on 18/07/2006 and was originally known as Shipindia Forbes Limited. The company is engaged in the business to purchase, charter hire or otherwise deal with steam and other ships or vessels, of any description with all equipment and furniture, and to establish maintain and operate transport services by water and land between India and other countries of the world for the conveyance or passengers, mails and freight and for any other purpose, including the conveyance of troops, carriage of munitions of war, live-stocks, corn and other produce. The name of the company was changed from Shipindia Forbes Limited to SCI Forbes Limited on 14/08/2006. The company is a joint venture between Forbes Gokak Limited, Shapoorji Pallonji & Co.Ltd. and The Shipping Corporation of India Limited.

Shareholding pattern

Name of Shareholder	No. of Shares	% of Shareholding
Forbes Gokak Ltd	250,000	25.00
Shapoorji Pallonji & Co.Ltd.	250,000	25.00
The Shipping Corporation of India Ltd.	500,000	50.00
Total	1,00,000	100.00

Board of Directors

Sr. No.	Name
1	Mr. K. C. Mehra
2	Capt. S. P. Rao
3	Mr. A. K. Barat
4	Mr. J. N. Das
5	Mr. V. S. Jonnalagaddarao

Financial Performance:

The brief financial details since inception are as follows :

(Rs. in crores except per share data)

Particulars	18.7.2006 to 31.03.2007
Equity Capital	1.00
Reserves & Surplus	Nil
Sales and Other Income	Nil
Profit/(Loss) after Tax (PAT)	(0.06)
Earning per Share (Rs.)	(0.63)*
Book value per Share (Face Value Rs. 10/-)	9.37

* Commercial operations are yet to commence.

B-66. SHACHIN REAL ESTATES PRIVATE LIMITED

Shachin Real Estates Private Limited was incorporated on January 24, 1995. This company is engaged in the business of real estate development.

Registered Office

The registered office of Shachin Real Estates Private Limited is at:

70, Nagindas Master Road,
Fort, Mumbai 400 023,
India

Board of Directors

The board of directors of Shachin Real Estates Private Limited consists of:

1. Khushroo B. Captain
2. R.M. Nentin
3. P.C. Sheth

Shareholding Pattern

The shareholding pattern of Shachin Real Estates Private Limited is as under:

Names of the shareholders	No. of shares held	% holding
Sterling Investments Corporation Private Limited	129,800	99.84%
Sterling Investments Corporation Private Limited and Khushroo B. Captain	100	0.08%
Sterling Investments Corporation Private Limited and R.M. Nentin	100	0.08%

Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. in crores except per share data)

Particulars	Fiscal 2007	Fiscal 2006	Fiscal 2005
Equity capital	0.13	0.13	0.13
Reserves	0.05	0.03	0.01
Sales	0.04	0.04	0.04
PAT	0.02	0.02	(0.008)
EPS (Rs.)	1.58	1.58	(0.63)
Book value per share (Rs.)	13.56	11.88	10.69

B-67. SHAPOORJI & CO. (RAJKOT) PRIVATE LIMITED

Shapoorji & Co. (Rajkot) Private Limited was incorporated on April 1, 1942. This company is engaged in the business of investment in stocks and securities.

Registered Office

The registered office of Shapoorji & Co. (Rajkot) Private Limited is at:

70, Nagindas Master Road,
Fort, Mumbai 400 023,
India

Board of Directors

The board of directors of Shapoorji & Co. (Rajkot) Private Limited consists of:

1. R.M. Nentin
2. H.J. Tavaría
3. F.K. Bathania

Shareholding pattern

The shareholding pattern of Shapoorji & Co. (Rajkot) Private Limited is as under:

Names of the shareholders	No. of shares held	% holding
Pallonji S. Mistry	1,000	0.00
Shapoor P. Mistry	14,31,24,460	49.99%
Cyrus P. Mistry	14,31,24,480	49.99%
Shapoor P. Mistry / Khushroo B. Captain	10	0.00
Shapoor P. Mistry / R. M. Nentin	10	0.00
S.P. Finance Pvt. Ltd.	20	0.00
SC Finances & Investments P. Ltd.	20	0.00

Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. in crores except per share data)

Particulars	Fiscal 2007	Fiscal 2006	Fiscal 2005
Equity capital	286.25	286.25	0.05
Reserves	(4.58)	0.73	1.27
Sales	3.04	0.13	0.006
PAT	(5.31)	(.055)	(0.02)
EPS (Rs.)	(0.19)	(2.28)	(49.81)
Book value per share (Rs.)	9.79	9.96	2648.05

B-68. SHAPOORJI & CO. PRIVATE LIMITED

Shapoorji & Co., Private Limited was incorporated on December 12, 1943. This company is engaged in the business of investment in stocks and securities.

Registered Office

The registered office of Shapoorji & Co., Private Limited is at:

70, Nagindas Master Road,
Fort, Mumbai 400 023,
India

Board of Directors

The board of directors of Shapoorji & Co., Private Limited consists of:

1. Khushroo B. Captain
2. R.M. Nentin

Shareholding Pattern

The shareholding pattern of Shapoorji & Co., Private Limited is as under:

Names of the shareholders	No. of shares held	% holding
Sterling Investment Corporation Limited	44997	99.99%
Sterling Investment Corporation Limited and Pallonji Shapoorji Mistry	1	0.002%
Sterling Investment Corporation Limited and R.S. Khusrokhan	1	0.002%
Sterling Investment Corporation Limited and R. Nentin	1	0.002%

Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

Particulars	(Rs. in crores except per share data)		
	Fiscal 2007	Fiscal 2006	Fiscal 2005
Equity capital	0.45	0.45	0.45
Reserves	0.12	0.12	0.12
Sales	0.03	0.03	0.03
PAT	(0.004)	0.003	0.001
EPS (Rs.)	(0.76)	0.57	0.31
Book value per share (Rs.)	126.47	127.30	126.73

B-69. SHAPOORJI DATA PROCESSING PRIVATE LIMITED

Shaporji Data Processing Private Limited (previously known as Strata Search Shaporji Private Limited) was incorporated on October 21, 1985. The company is engaged in the business of investments in property.

Registered Office

The registered office of Shaporji Data Processing Private Limited is at:

70, Nagindas Master Road,
Fort, Mumbai 400 023,
India

Board of Directors

The board of directors of Shaporji Data Processing Private Limited consists of:

1. Jimmy J Parakh
2. Khushroo B. Captain
3. R.M. Nentin

Shareholding Pattern

The shareholding pattern of Shaporji Data Processing Private Limited is as under:

Names of the shareholders	No. of shares held	% holding
Shaporji Pallonji & Company Limited	4998	99.96%
Shaporji Pallonji & Company Limited and Jimmy J. Parakh	1	0.02%
Shaporji Pallonji & Company Limited and Khushroo B. Captain	1	0.02%

Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. in crores except per share data)

Particulars	Fiscal 2007	Fiscal 2006	Fiscal 2005
Equity capital	0.05	0.05	0.05
Reserves	(1.19)	(0.96)	-
Sales	0.22	0.17	0.26
PAT	(0.23)	(0.30)	(0.10)
EPS (Rs.)	(460.83)	(600.00)	(199.27)
Book value per share (Rs.)	(2,311.52)	(1845.07)	(1239.41)

B-70. SHAPOORJI DRILLING ENTERPRISES PRIVATE LIMITED

Shapoorji Drilling Enterprises Private Limited was incorporated on September 25, 1984. This company is engaged in the business of investment in stocks and securities.

Registered Office

The registered office of Shapoorji Drilling Enterprises Private Limited is at:

70, Nagindas Master Road,
Fort, Mumbai 400 023,
India

Board of Directors

The board of directors of Shapoorji Drilling Enterprises Private Limited consists of:

1. Khushroo B. Captain
2. R.M. Nentin

The shareholding pattern of Shapoorji Drilling Enterprises Private Limited is as under:

Names of the shareholders	No. of shares held	% holding
Shapoorji Pallonji & Company Limited	20598	99.99%
Shapoorji Pallonji & Company Limited and Jimmy J. Parakh	1	0.004%
Shapoorji Pallonji & Company Limited and Khushroo B. Captain	1	0.004%

Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. in crores except per share data)

Particulars	Fiscal 2007	Fiscal 2006	Fiscal 2005
Equity capital	0.17	0.17	0.17
Reserves	(0.02)	(0.02)	-
Sales	-	-	-
PAT	(0.003)	(0.002)	(0.002)
EPS (Rs.)	(1.30)	(1.02)	(0.89)
Book value per share (Rs.)	85.83	87.45	71.48

B-71. SHAPOORJI HOTELS PRIVATE LIMITED

Shapoorji Hotels Private Limited was incorporated on July 14, 1993. This company is engaged in the business of investment in stocks and securities.

Registered Office

The registered office of Shapoorji Hotels Private Limited is at:

70, Nagindas Master Road,
Fort, Mumbai 400 023,
India

Board of Directors

The board of directors of Shapoorji Hotels Private Limited consists of:

1. Jimmy J. Parakh
2. Khushroo B. Captain

Shareholding Pattern

The shareholding pattern of Shapoorji Hotels Private Limited is as under:

Names of the shareholders	No. of shares held	% holding
Cyrus Investment Ltd.	9980	99.8%
Cyrus Investment Ltd. and Khushroo B. Captain	10	0.1%
Cyrus Investment Ltd. and Jimmy J. Parakh	10	0.1%

Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. in crores except per share data)

Particulars	Fiscal 2007	Fiscal 2006	Fiscal 2005
Equity capital	0.01	0.01	0.01
Reserves	(0.09)	(0.006)	-
Sales	-	-	-
PAT	(0.09)	(0.001)	(0.001)
EPS (Rs.)	(87.30)	(1.17)	(0.55)
Book value per share (Rs.)	(83.85)	3.47	4.63

B-72. SHAPOORJI PALLONJI INFRASTRUCTURE CAPITAL CO. LIMITED

Shapoorji Pallonji Infrastructure Capital Co. Limited was incorporated on June 9, 1997. This company is engaged in the business in investments and finance of infrastructure projects.

Registered Office

The registered office of Shapoorji Pallonji Infrastructure Capital Co. Limited is at:

70, Nagindas Master Road,
Fort, Mumbai 400 023,
India

Board of Directors

The board of directors of Shapoorji Pallonji Infrastructure Capital Co. Limited consists of:

1. Pallonji Shapoorji Mistry
2. Shapoor Pallonji Mistry
3. Cyrus Pallonji Mistry
4. M.S.Hingorani
5. S.Kuppuswamy
6. Jimmy J. Parakh
7. Rajesh Bhatia

Shareholding Pattern

The shareholding pattern of Shapoorji Pallonji Infrastructure Capital Co. Limited is as under:

Names of the shareholders	No. of shares held	% holding
Cyrus Investments Limited	1,96,05,160	99.97%
Cyrus Engineers Private Limited	2390	0.012%
Shapoorji & Co. Limited	2380	0.012%
P.C. Sheth	10	0.00005%
K.B. Captain	10	0.00005%
P.N. Maloo	10	0.00005%
F.K. Bhatena	10	0.00005%
J.J. Parakh	10	0.00005%
R.M. Nentin	10	0.00005%
CIL and R.M. Nentin	10	0.00005%

Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. in crores except per share data)

Particulars	Fiscal 2007	Fiscal 2006	Fiscal 2005
Equity capital	19.61	19.61	19.61
Reserves	17.15	14.99	4.92
Sales	4.73	10.25	3.11
PAT	2.17	10.07	3.10
EPS (Rs.)	1.10	5.13	1.26
Book value per share (Rs.)	18.75	17.64	12.50

B-73. SHAPOORJI PALLONJI & CO., (RAJKOT) PRIVATE LIMITED

Shapoorji Pallonji & Co., (Rajkot) Private Limited was incorporated on July 3, 1942. This company is engaged in the business of investment in stocks and securities.

Registered Office

The registered office of Shapoorji Pallonji & Co., (Rajkot) Private Limited is at:

70, Nagindas Master Road,
Fort, Mumbai 400 023,
India

Board of Directors

The board of directors of Shapoorji Pallonji & Co., (Rajkot) Private Limited consists of:

1. Shapoor Pallonji Mistry
2. Cyrus Pallonji Mistry
3. P.C. Sheth
4. Firoze K. Bhathena

Shareholding Pattern

The shareholding pattern of Shapoorji Pallonji & Co., (Rajkot) Private Limited is as under:

Names of the shareholders	No. of shares held	% holding
Shapoor Pallonji Mistry	23,199,940	49.99%
Cyrus Pallonji Mistry	23, 199,950	49.99%
SP Finance Private Limited	20	0.00004%
SC Finance and Investments Private Limited	20	0.00004%
Shapoor Pallonji Mistry and P.P. Mistry	10	0.00002%
Shapoor Pallonji Mistry and K.B. Captain	10	0.00002%
Shapoor Pallonji Mistry and Jimmy J. Parakh	10	0.00002%
Shapoor Pallonji Mistry and F.K. Bhathena	10	0.00002%
Cyrus Pallonji Mistry and K.B. Captain	10	0.00002%
Cyrus Pallonji Mistry and F.K. Bhathena	10	0.00002%
Cyrus Pallonji Mistry and Jimmy J. Parakh	10	0.00002%

Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. in crores except per share data)

Particulars	Fiscal 2007	Fiscal 2006	Fiscal 2005
Equity capital	46.40	46.40	0.05
Reserves	3.00	2.66	2.68
Sales	0.55	0.18	0.05
PAT	0.33	(0.02)	(0.007)
EPS (Rs.)	0.0720	(0.51)	(13.98)
Book value per share (Rs.)	10.60	10.50	5468.42

B-74. SHAPOORJI PALLONJI (GWALIOR) PRIVATE LIMITED

Shapoorji Pallonji (Gwalior) Private Limited was incorporated on September 26, 1944. This company is engaged in the business of investment in stocks and securities and trading in securities.

Registered Office

The registered office of Shapoorji Pallonji (Gwalior) Private Limited is at:

Next to Burmah Shell Training Centre,
Juhu Tara Road,
Mumbai – 400 054,
India

Board of Directors

The board of directors of Shapoorji Pallonji (Gwalior) Private Limited consists of :

1. Khushroo B. Captain
2. R.M. Nentin
3. P.P. Mistry

Shareholding Pattern

The shareholding pattern of Shapoorji Pallonji (Gwalior) Private Limited is as under:

Names of the shareholders	No. of shares held	% holding
Sterling Investment Corporation Private Limited	249,960	99.98%
Sterling Investment Corporation Private Limited and P.P. Mistry	10	0.004%
Sterling Investment Corporation Private Limited and Khushroo B. Captain	10	0.004%
Sterling Investment Corporation Private Limited and Firoze K. Bhathena	10	0.004%
Sterling Investment Corporation Private Limited and R.M.Nentin	10	0.004%

Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. in crores except per share data)

Particulars	Fiscal 2007	Fiscal 2006	Fiscal 2005
Equity capital	0.25	0.25	0.25
Reserves	0.30	0.33	0.32
Sales	0.03	0.03	0.03
PAT	(0.02)	0.001	0.001
EPS (Rs.)	(1.016)	0.004	0.031
Book value per share (Rs.)	23.01	23.03	22.99

B-75. SHAPOORJI PALLONJI BIOTECH PARK PRIVATE LIMITED

Shapoorji Pallonji Biotech Park Private Limited was incorporated on September 7, 2001. This company is engaged in the business of development of biotechnology parks.

Registered Office

The registered office of Shapoorji Pallonji Biotech Park Private Limited is at:

A-13, Ground Floor,
R.K. Nivas, Street No. 3,
Indian Airlines Colony, Begumpet,
Secunderabad 500 003, Andhra Pradesh,
India

Board of Directors

The board of directors of Shapoorji Pallonji Biotech Park Private Limited consists of:

1. M.S. Hingorani
2. S.Dhawan
3. S. Kuppuswamy
4. B Sam Bob (Nominee of the Government of Andhra Pradesh)

Shareholding Pattern

The shareholding pattern of Shapoorji Pallonji Biotech Park Private Limited is as under:

Names of the shareholders	No. of shares held	% holding
Cyrus Investments Limited	2,000,000	91.04%
Government of Andhra Pradesh	186,800	8.50%
Shapoorji & Co. (Rajkot) Private Limited	10,000	0.46%

Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

Particulars	(Rs. in crores except per share data)		
	Fiscal 2007	Fiscal 2006	Fiscal 2005
Equity capital	2.20	2.20	2.20
Reserves	3.99	2.28	-
Sales	5.74	12.06	-
PAT	2.33	2.91	-
EPS (Rs.)	10.63	13.24	-
Book value per share (Rs.)	28.17	20.39	1.42

B-76. SHAPOORJI PALLONJI FINANCE LIMITED

Shapoorji Pallonji Finance Limited was incorporated on April 4, 1994. This company is engaged in the business of leasing, hire purchase and syndication of loans.

Registered Office

The registered office of Shapoorji Pallonji Finance Limited is at:

70, Nagindas Master Road,
Fort, Mumbai 400 023,
India

Board of Directors

The board of directors of Shapoorji Pallonji Finance Limited consists of:

1. Pallonji Shapoorji Mistry
2. Shapoor Pallonji Mistry
3. Cyrus Pallonji Mistry
4. P.C. Sheth
5. Jimmy J. Parakh
6. N.C. Singal

Shareholding Pattern

The shareholding pattern of Shapoorji Pallonji Finance Limited is as under:

Names of the shareholders	No. of shares held	% holding
Cyrus Investments Limited	4638895	61.85%
Shapoorji Pallonji & Company Limited	2025000	27.00%
Flotilla Finance Pvt. Limited	350000	4.67%
Abhipreet Trading Pvt. Limited	175000	2.33%
Cyrus Engineers Limited	160601	2.14%
S. Mistry	50000	0.66%
Cyrus Mistry	25000	0.33%
Anand Agencies Private Limited	25000	0.33%
R. Mistry	25000	0.33%
A. Tata	20000	0.26%
H. Amin	3000	0.040%
Pallonji Shapoorji & Co. Private Limited	2000	0.02%
C. Herawatt	500	0.006%
F.K. Bhatena	1	0%
K. Captain	1	0%
P.C. Sheth	1	0%
Pallonji Shapoorji Mistry	1	0%

Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. in crores except per share data)

Particulars	Fiscal 2007	Fiscal 2006	Fiscal 2005
Equity capital	7.50	7.50	7.50
Reserves	(0.26)	(0.28)	0.29
Sales	0.79	1.43	0.78
PAT	0.25	0.10	0.09
EPS (Rs.)	0.33	0.13	0.12
Book value per share (Rs.)	6.53	6.20	6.07

B-77 SHAPOORJI PALLONJI PORTS PRIVATE LIMITED

Shapoorji Pallonji Ports Private Limited was incorporated on May 12, 2003. This company is engaged in the business of development of sea ports and undertakes port related services.

Registered Office

The registered office of Shapoorji Pallonji Ports Private Limited is at:

70, Nagindas Master Road,
Fort, Mumbai 400 023,
India

Board of Directors

The board of directors of Shapoorji Pallonji Ports Private Limited consists of:

1. Khushroo B. Captain
2. R.M. Nentin

Shareholding Pattern

The shareholding pattern of Shapoorji Pallonji Ports Private Limited is as under:

Names of the shareholders	No. of shares held	% holding
Sterling Investment Corporation Private Limited	49998	99.99%
Sterling Investment Corporation Private Limited and Deepesh Salgia	1	0.002%
Sterling Investment Corporation Private Limited and K.B. Captain	1	0.002%

Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. in crores except per share data)

Particulars	Fiscal 2007	Fiscal 2006	Fiscal 2005
Equity capital	0.05	0.05	0.05
Reserves	(0.01)	(0.01)	-
Sales	-	0.01	0.001
PAT	(0.009)	(0.001)	0.001
EPS (Rs.)	(1.75)	(0.26)	0.18
Book value per share (Rs.)	(136.86)	(60.67)	9.71

B-78. SHAPOORJI PALLONJI POWER COMPANY LIMITED

Shapoorji Pallonji Power Company Limited was incorporated on January 3, 1995. This company was formed for the purpose of setting up a power plant, However presently this company does not engage in any business activity.

Registered Office

The registered office of Shapoorji Pallonji Company Limited is at:

70, Nagindas Master Road,
Fort, Mumbai 400 023,
India

Board of Directors

The board of directors of Shapoorji Pallonji Power Company Limited consists of:

1. Pallonji Shapoorji Mistry
2. Shapoorji Pallonji Mistry
3. Cyrus Pallonji Mistry
4. P.C. Sheth
5. F.K. Bhathena
6. Hanut Singh
7. M.S. Hingorani

Shareholding Pattern

The shareholding pattern of Shapoorji Pallonji Power Private Limited is as under:

Names of the shareholders	No. of shares held	% holding
Sterling Investment Corporation Private Limited	37497	37.50%
Cyrus Investments Limited	37498	37.50%
Cyrus Engineers Private Limited	24998	25.00%
R.M. Nentin	2	0.002%
P.C. Sheth	1	0.001%
Khushroo B. Captain	1	0.001%
Firoze K. Bhathena	1	0.001%
Jimmy J. Parakh	1	0.001%
Sterling Investment Corporation Limited and R.M. Nentin	1	0.001%

Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

Particulars	(Rs. in crores except per share data)		
	Fiscal 2007	Fiscal 2006	Fiscal 2005
Equity capital	0.10	0.10	0.10
Reserves	(0.71)	(0.73)	-
Sales	0.03	0.39	0.08
PAT	0.03	0.25	0.02
EPS (Rs.)	2.33	25.28	1.80
Book value per share (Rs.)	(71.03)	(73.36)	(98.65)

B-79. SHARUS BUILDING SERVICES INDIA PRIVATE LIMITED

Sharus Building Services India Private Limited was incorporated on September 27, 1999. The company is engaged in the manufacture of steel door frames.

Registered Office

The registered office of Sharus Building Services India Private Limited is at:

70, Nagindas Master Road,
Fort, Mumbai 400 023,
India

Board of Directors

The board of directors of Sharus Building Services India Private Limited consists of:

1. Khushroo B. Captain
2. R. Jain

Shareholding Pattern

The shareholding pattern Sharus Building Services India Private Limited is as under:

Names of the shareholders	No. of shares held	% holding
Sterling Investments Corporation Private Limited and R.M.Nentin	10	0.20%
Sterling Investments Corporation Private Limited and Jimmy J. Parakh	10	0.20%
Sterling Investments Corporation Private Limited	4980	99.60%

Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. in crores except per share data)

Particulars	Fiscal 2007	Fiscal 2006	Fiscal 2005
Equity capital	0.05	0.05	0.05
Reserves	0.07	0.03	0.02
Sales	9.32	7.70	(10.72)
PAT	0.04	0.004	0.04
EPS (Rs.)	90.13	7.24	84.46
Book value per share (Rs.)	(453.84)	(964.14)	148.43

B-80. SP ALUMINIUM SYSTEMS PRIVATE LIMITED

SP Aluminum Systems Private Limited was incorporated on December 14, 1995. This company is engaged in the business of investment in stocks and securities.

Registered Office

The registered office of SP Aluminum Systems Private Limited is at:

70, Nagindas Master Road,
Fort, Mumbai 400 023,
India

Board of Directors

The board of directors of SP Aluminum Systems Private Limited consists of:

1. Cyrus Pallonji Mistry
2. R. Jain
3. P.C. Sheth

Shareholding Pattern

The shareholding pattern of SP Aluminum Systems Private Limited is as under:

Names of the shareholders	No. of shares held	% holding
Abhipreet Trading Private Limited	16000	20%
Ramili Investments Private Limited	16000	20%
Sterling Investment Corporation Private Limited	16000	20%
Flotilla Investments Private Limited	16000	20%
Floral Investments Private Limited	16000	20%

Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. in crores except per share data)

Particulars	Fiscal 2007	Fiscal 2006	Fiscal 2005
Equity capital	0.80	0.80	0.80
Reserves	(0.32)	(0.25)	-
Sales	-	-	-
PAT	(0.07)	(0.05)	(0.06)
EPS (Rs.)*	(8.20)	(6.79)	(768)
Book value per share (Rs.)	60.02	68.21	74.98

* The face value of shares issued is Rs.100

B-81. SP ARCHITECTURAL COATINGS PRIVATE LIMITED

SP Architectural Coatings Private Limited was incorporated on July 23, 1993. This company is engaged in the business of carrying out processes for coating of aluminum profiles and sheets.

Registered Office

The registered office of SP Architectural Coatings Private Limited is at:

70, Nagindas Master Road,
Fort, Mumbai 400 023,
India

Board of Directors

The board of directors of SP Architectural Coatings Private Limited consists of:

1. Khushroo B. Captain
2. H.J. Tavarria

The shareholding pattern of SP Architectural Coatings Private Limited is as under:

Names of the shareholders	No. of shares held	% holding
Anand Agencies Private Limited	110,000	22
Sterling Investment Corporation Pvt.Ltd.	100,000	20
Shapoorji Drilling Enterprises Private Limited	100,000	20
Cyrus Engineers Private Limited	100,000	20
Shapoorji Pallonji & Co. (Rajkot) Limited	90,000	18

Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. in crores except per share data)

Particulars	Fiscal 2007	Fiscal 2006	Fiscal 2005
Equity capital	0.50	0.50	0.50
Reserves	0.49	0.14	-
Sales	2.89	2.48	2.60
PAT	0.34	0.34	0.15
EPS (Rs.)	6.85	6.31	3.03
Book value per share (Rs.)	19.74	12.86	6.07

B-82 S P BIO SCIENCES PRIVATE LIMITED :

S P Bio Sciences Private Limited was incorporated on **08.08.1996** . The main objects of the Company are to take up the activity of basic research in proteins, genes and other related substances for facilitating drug discovery business and to set up laboratories/diagnostic labs/hospitals etc., for the purpose of research for in-house and/or contract requirement in India or outside the country.

Registered Office :

**70 Nagindas Master Road,
Fort,
Mumbai – 400 023.**

Board of Directors :

- 1. Mr. Mohan Hingorani**
- 2. Mr. Manikant Shah**

Shareholding Pattern :

Names of the Shareholders	No. of shares	% holding
Anand Agencies Pvt. Ltd.	3400	34%
Cyrus Engineers Pvt. Ltd	3300	33%
Pallonji Shapoorji & Co. Pvt. Ltd.	3300	33%

Financial Performance :

The brief audited financials of the Company for the past three Financial Years are as follows:

(Rs. in crores except per share data)

Particulars	31.3.2007	31.3.2006	31.3.2005
Equity Capital	0.01	0.01	0.01
Reserve & Surplus	Nil	NIL	NIL
Income	NIL	NIL	
Profit/(loss) before tax	(0.003)	(0.0001)	(0.0001)
Profit/(loss) after tax	(0.003)	(0.0001)	(0.0001)

B-83. SP FABRICATORS PRIVATE LIMITED

SP Fabricators Private Limited was incorporated on June 28, 1993. This company is engaged in the business of structural blazing, aluminium composite paneling and manufacture of skylights.

Registered Office

The registered office of SP Fabricators Private Limited is at:

70, Nagindas Master Road,
Fort, Mumbai 400 023,
India

Board of Directors

The board of directors of SP Fabricators Private Limited consists of:

1. R. Jain
2. M.S. Hingorani
3. Jimmy J. Parakh
4. S. Kuppuswamy

Shareholding Pattern

The shareholding pattern of SP Fabricators Private Limited is as under:

Names of the shareholders	Equity Shares	% Holding	Preference Shares (9% Redeemable)	% Holding
Cyrus Investments Limited	-	-	415,000	51.87%
Floreat Investments Ltd.	-	-	225,000	28.12%
Anand Agencies Pvt.Ltd.	-	-	95,000	11.87%
Shapoorji Pallonji (Rajkot) Limited	-	-	55,000	6.8%
Shapoorji & Co. (Rajkot) Limited	-	-	10,000	1.25%
SP Aluminum Systems Private Limited	149998	99.99%	-	-
SP Aluminum Systems Private Limited and R. Jain	1	0.0006%	-	-
SP Aluminum Systems Private Limited and K.B. Captain	1	0.0006%	-	-

Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

Particulars	(Rs. in crores except per share data)		
	Fiscal 2007	Fiscal 2006	Fiscal 2005
Equity capital	1.50	1.50	1.50
Reserves	10.07	1.21	-
Sales	113.85	78.83	44.66
PAT	8.86	4.85	1.62
EPS (Rs.)	591.00	324.00	107.76
Book value per share (Rs.)	771.48	131.72	(203.57)

B-84. SP INFOCITY DEVELOPERS PRIVATE LIMITED

SP Infocity Developers Private Limited was incorporated on February 8, 2006. This company is not currently engaged in any business.

Registered Office

The registered office of SP Infocity Developers Private Limited is at:

70, Nagindas Master Road,
Fort, Mumbai 400 023,
India

Board of Directors

The board of directors of SP Infocity Developers Private Limited consists of:

1. Firoze K. Bhathena
2. R.M. Nentin

Shareholding Pattern

The shareholding pattern of SP Infocity Developers Private Limited is as under:

Names of the shareholders	No. of shares held	% holding
Shapoorji Pallonji & Company Limited	29,988	59.97%
Manjri Stud Firm Private Limited	19,992	39.98%
Manjri Stud Firm Private Limited and F.K. Bhathena	10	0.02%
Shapoorji Pallonji & Company Limited and Jimmy J. Parakh	10	0.02%

Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. in crores except per share data)

Particulars	Fiscal 2007	Fiscal 2006	Fiscal 2005*
Equity capital	0.05	0.05	-
Reserves	(0.002)	(0.001)	-
Sales	-	-	-
PAT	(0.001)	(0.001)	-
EPS (Rs.)	(0.37)	(0.22)	-
Book value per share (Rs.)	9.25	9.40	-

* SP Infocity Developers Private Limited was incorporated in Fiscal 2006

B-85. SSS ELECTRICALS (INDIA) PRIVATE LIMITED***Corporate Information***

This company was incorporated on July 18, 1985. Presently, its registered office is located at Afcons House, 16, Shah Industrial Estate, Veera Desai Road, Azadnagar P.O, Mumbai 400 053.

This company was formed to undertake construction, fabrication and erection of overhead transmission line systems; production and erection of electrical switching plants, distribution boards and control panels; and active corrosion protection systems (anodic and cathodic). The company is currently undertaking jobs relating to cathodic protection

Board of Directors

The board of directors consists of:

1. A. H. Divanji
2. G. Zimmermann (Alternate Director- R.P.Nagar)
3. S. Paramasivan
4. Stephan Karl heinrich Possekhal
5. Hans Josef Koeh

Shareholding pattern as on December 31, 2006:

Sr No.	Name of the Shareholder	No. of Equity Shares	Percentage
1	Afcons Infrastructure Limited and its nominees.	48,000	60.00
2.	Sterlestorm Und Signal Bangesellschaft	32,000	40.00

Financial Performance:

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. in crores except per share data)

Particulars	Fiscal 2006	Fiscal 2005	Fiscal 2004
Equity Share Capital	0.08	0.08	0.08
Reserves and Surplus	0.75	0.68	0.65
Income	1.25	0.90	1.17
Profit/ After Tax (PAT)	0.07	0.03	0.05
Earning Per Share (EPS) (Rs.)	8.94	3.59	6.51
Book Value (Face value of Rs.10/- per share) (Rs.)	103.72	94.77	91.18

B-86. STERLING GENERATORS PRIVATE LIMITED

Sterling Generators Private Limited (previously known as Chinsha Investments Private Limited) was incorporated on February 24, 1995. This company is engaged in the business of manufacturing of diesel generating sets and transformers.

Registered Office

The registered office of Sterling Generators Private Limited is at:

B-2, Bussa Udyog Bhavan,
T.J. Road, Sewree (W),
Mumbai 400 015,

Board of Directors

The board of directors of Sterling Generators Private Limited consists of:

1. Jimmy J. Parakh
2. Z.Y. Darawalla
3. K.Y. Darawalla

Shareholding Pattern

The shareholding pattern of Sterling Generators Private Limited is as under:

Names of the shareholders	No. of shares held	% holding
Sterling Investment Corporation Private Limited	9998	99.98%
Aloo N. Tata	1	0.01%
Sterling Investment Corporation Private Limited and Jimmy J. Parakh	1	0.01%

Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

Particulars	(Rs. in crores except per share data)		
	Fiscal 2007	Fiscal 2006	Fiscal 2005
Equity capital	1.00	1.00	0.01
Reserves	(2.74)	(0.43)	-
Sales	97.51	0.02	-
PAT	(2.31)	(0.42)	(0.001)
EPS (Rs.)	(23.09)	(29.18)	(0.54)
Book value per share (Rs.)	(17.39)	5.70	4.89

B-87. SUNNY VIEW ESTATES PRIVATE LIMITED

Sunny View Estates Private Limited was incorporated on May 18, 1998. This company is engaged in the business of property development.

Registered Office

The registered office of Sunny View Estates Private Limited:

70, Nagindas Master Road,
Fort, Mumbai 400 023,
India

Board of Directors

The board of directors of Sunny View Estates Private Limited consists of:

1. Roshan M. Nentin
2. Vinay Karve

The shareholding pattern of Sunny View Estates Private Limited is as under:

Names of the shareholders	No. of shares held	% holding
Sterling Investment Corporation Private Limited	49980	99.96%
Sterling Investment Corporation Private Limited and Firoze K. Bhathena	10	0.02%
Sterling Investment Corporation Private Limited and Jimmy J. Parakh	10	0.02%

Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. in crores except per share data)

Particulars	Fiscal 2007	Fiscal 2006	Fiscal 2005
Equity capital	0.05	0.05	0.50
Reserves	(1.67)	(1.60)	-
Sales	6.07	5.34	-
PAT	(0.07)	(1.58)	(0.01)
EPS (Rs.)	(14.86)	(315.64)	(2.97)
Book value per share (Rs.)	(324.49)	(309.62)	6.02

B-88. UNITED MOTORS (INDIA) LIMITED

United Motors (India) Limited was incorporated on August 4, 1920. This company is engaged in the business of sale of petrol and diesel and retail.

Registered Office

The registered office of United Motors (India) Limited is at:

70, Nagindas Master Road,
Fort, Mumbai 400 023,
India

Board of Directors

The board of directors of United Motors (India) Limited consists of:

Pallonji S. Mistry
Shapoor P. Mistry
Cyrus P. Mistry
P.C. Sheth
Jimmy J. Parakh

Shareholding Pattern

The shareholding pattern of United Motors (India) Limited is as under:

Names of the shareholders	No. of equity shares held	% holding	No. of preference shares held	% holding
Shapoorji Pallonji & Company Limited	403344	50.55%	7500000	50%
Sterling Investment Corp. Pvt.Ltd.	262977	32.96%	7500000	50%
Cyrus Investments Limited	54924	6.88%	-	-
Shapoorji Pallonji (Gwalior) Limited	53620	6.72%	-	-
Others	16715	2.09%	-	-
Unallotted bonus shares to foreign shareholders	2296	0.29%	-	-
T.N. Atkinson	1400	0.18%	-	-
Pallonji Shapoorji & Co., Private Limited	564	0.07%	-	-
Anand Agencies Private Limited	560	0.07%	-	-
A.L. Doherty	560	0.07%	-	-
K.M. Mistry	400	0.05%	-	-
Bank of India	184	0.02%	-	-
Lt. Col. R.B. Lloyd	168	0.02%	-	-
B.G. White	112	0.01%	-	-
E.C. Allen	56	0.01%	-	-
H.M. Khajurina	56	0.01%	-	-

Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. in crores except per share data)

Particulars	Fiscal 2007	Fiscal 2006	Fiscal 2005
Equity capital	0.80	0.80	0.80
Reserves	(8.62)	(9.93)	11.29
Sales	3.57	5.07	7.19
PAT	1.30	2.68	1.53
EPS (Rs.)	16.33	33.57	19.17
Book value per share (Rs.)	(99.31)	(134.78)	(187.11)

B-89. VOLKART FLEMING SHIPPING & SERVICES LTD

Volkart Fleming Shipping & Services Ltd. was incorporated in 1920 and was originally known as John Fleming & Company Limited. The company was engaged in the business of painting and securing contracts for painting related matter and lift maintenance. In the year 1985 the company's name was changed from John Fleming & Company Limited to Volkart Fleming Shipping & Services Ltd. Volkart Fleming Shipping & Services Limited is at the present engaged in the business as Shipping Agents.

Shareholding pattern

Name of Shareholder	No. of Shares	% of Shareholding
Forbes Gokak Ltd.	60,000	100.00
Total	60,000	100.00

Board of Directors

Sr. No.	Name
1	Mr. K C Mehra
2	Mr. C G Shah
3	Mr. C A Karnik
4	Capt. S P Rao

Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

Particulars	(Rs. in crores except per share data)		
	31/03/2007	31/03/2006	31/03/2005
Equity Capital	0.60	0.60	0.60
Reserves & Surplus (Excluding Revaluation Reserves)	6.19	6.54	6.02
Services and Other Income	1.99	3.87	3.02
Profit/(Loss) after Tax (PAT)	(0.35)	0.87	0.79
EPS (Rs.)	(59)	145	133
Book value per Share (Face Value Rs. 100/-)	1132	1191	1103

B-90. THE SVADESHI MILLS COMPANY LIMITED (Winding up)

The Company was incorporated on 13.09.1886. The Company has a Textile Mill located at Sion-Kurla, Mumbai, engaged in the manufacture of cotton and blended fabric of various types. The Company is now under liquidation, pursuant to an order dated 13th Feb. 2002, passed by the High Court, Bombay, appointing Official Liquidator as the Provisional Liquidator and a formal order dated 5th September 2005, ordering winding up. The Official Liquidator took charge of all assets of the Company. The liquidation process is yet to be completed. The shares of the Company were listed on the Bombay Stock Exchange. The Stock Exchange was informed of the winding up process by The Svadeshi Mills Company Limited.

Registered office of the Company.

The Registered office of the Company is located at the Svadeshi Mills compound, Sion, Mumbai 400 022.

Board of Directors:

The erstwhile Board of Directors of the Company consisted of –

Mr. K. C. Mehra
Mr. C. A. Karnik
Mr. R. M. Pande
Mr. B. G. Jain

Shareholding pattern of this Company was as under –

	Category	No. of Shares	%
(a)	Forbes Gokak Limited	4,20,170	5.39 %
(b)	Eureka Forbes Limited (Subsidiary of Forbes Gokak Ltd)	13,49,260	17.31 %
(c)	Life Insurance Corpn. of India	15,16,600	19.45 %
(d)	Unit Trust of India	4,46,360	5.73%
(e)	General Insurance Corpn. of India and its subsidiaries	2,14,190	2.75 %
(f)	Nationalised Banks & MF	58,790	0.75 %
(g)	Others and General Public	37,90,080	48.62 %
(h)	Total	77,95,450	100.00 %

Stock Price data

Since this Company is currently under winding up, it is not traded, on any stock exchange.

Financial Performance:

Summary audited stand alone, financial statements for the last three fiscal years before passing of the winding order is as follows:

(Rs. in crores except per share data)

	2001	2000	1999
Equity Capital	7.79	7.79	7.79
Reserves	7.81	7.81	7.81
Sales	27.26	69.44	92.79
PAT	(24.56)	(31.43)	(3.67)
EPS	Negative	Negative	Negative
Book Value per share	Negative	Negative	Negative

* Since the Company is under winding up, no Financials are available after the year 2001.

Companies disassociated / struck off

The Promoters have not disassociated themselves from any company/firm during preceding three years. No promoter group company have been struck from the registrar of companies during the preceding three years.

B-91. SIV INDUSTRIES LIMITED (Winding up)

This company was incorporated on August 22, 1957. This company was engaged in the manufacture of manmade fibres such as viscose fibre. This company is now under liquidation pursuant to a winding up order dated August 25, 2004 passed by the High Court of Madras. The Official Liquidator took charge of all assets of the company in October, 2004. The liquidation process is yet to be completed. The equity shares of this company were listed on the BSE, NSE and the Madras Stock Exchange. The stock exchanges were informed of the winding up process of this company by a letter from this company dated September 15, 2004.

Registered Office : Viscose Towers, 1078, Avanashi Road, Coimbatore, Tamil Nadu 641 018

Board of Directors

The erstwhile board of directors of this company consisted of:

1. K.K. Shah
2. A.S. Rajagopalan
3. C. Sivaramakrishnan
4. T.S. Chellam
5. V.K. Subburaj (Representative of the Government of Tamil Nadu)
6. Ajay Bhattacharya (Representative of the Government of Tamil Nadu)

Shareholding pattern of this company as of the date of filing for liquidation was as follows:

Sr No.	Name of the Shareholder	No. of Equity Shares	Percentage
1.	Promoters and Associates		
	Gherda S.A.	19,838,057	28.701%
	Sterling Investment Corporation Private Limited	11,953,092	17.293%
	Shapoorji Pallonji & Company Limited	6,928,520	10.024%
	United Motors India Limited	2,894,835	4.188%
	Pallonji Shapoorji & Co., Private Limited	265,000	0.383%
	Anand Agencies Private Limited	141,820	0.205%
	S.P. Mistry	128,200	0.185%
	C.P. Mistry	66,200	0.096%
	SC Finance & Investments Private Limited	58,200	0.084%
	SP Finance Private Limited	54,200	0.078%
	A.N. Tata	20,000	0.029%
	Crystal Investment Co., Private Limited	8,424	0.012%
	Shakai Containers Private Limited	4000	0.006%
	Kaisha Manufacturers Private Limited	4000	0.006%
	Glittering Gold Finance Private Limited	4,176	0.006%
	P.P. Mistry	4,000	0.006%
	P.S. Mistry	3,600	0.005%
	N.N. Tata	3,539	0.005%
	B.S. Mistry	2,000	0.003%
	H. Mehta	1,800	0.003%
	R.C. Mistry	500	0.001%
	N.M. Adenwala	300	0.00%
	Promoter and Associates Total	42,384,463	61.32%
2.	Public	11,176,640	16.17%
3.	Corporate Bodies	33,38,477	4.83%
4.	G.I.C. and Subsidiaries	31,86,413	4.61%
5.	Bank of New York	31,31,118	4.53%
6.	L.I.C.	24,53,746	3.55%
7.	Unit Trust of India	16,31,222	2.36%
8.	Government of Tamil Nadu	7,60,316	1.10%
9.	Foreign Institutional Investors	6,56,636	0.95%
10.	Non-Domestic Companies	1,31,327	0.19%
11.	Non-Resident Indians	1,03,679	0.15%
12.	Mutual Funds and Banks	76,031	0.11%
	TOTAL	69,119,608	100%

Stock Price Data

Since this company is currently under winding up, it is not traded on any stock exchange.

Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs.in crores except per share data)

Particulars	2004	2003	2002
Equity capital	n.a.	69.12	69.12
Reserves	n.a.	(437.22)	(324.72)
Sales	6.92	6.40	14.30
PAT	(121.74)	(112.50)	(73.09)
EPS (Rs.)	n.a.	(16.27)	(10.5744)
Book value per share(Rs.)	n.a.	(437.22)	(324.72)

n.a.: not available

Source: www.bseindia.com/capital line

This company has been under winding up since August 25, 2004 and therefore, no financials are available after fiscal 2005.

Companies disassociated/ struck off

The promoters have not disassociated themselves from any company/ firm during preceding three years. No promoter group companies have been struck from the records of the Registrar of Companies during preceding three years. Barwil Forbes Shipping Services Limited and Warrior Logistic Services Limited, have ceased to be group companies during the year ended 31st March, 2007, consequent upon sale of shares held by the group companies to the other shareholder of that company.

Common pursuits with the Issuer

GTL is mainly engaged in the business of manufacturing of cotton and other yarn and knitwear. Promoters of the Company or other group companies are not engaged in these business.

MANAGEMENT DISCUSSION & ANALYSIS

1. GOKAK TEXTILES LIMITED (the “Resulting Company”) was originally incorporated on March 27, 2006, as ANS Textiles (Bangalore) Limited, under the Companies Act, 1956. The name has since been changed to its present name, viz. GOKAK TEXTILES LIMITED, under Fresh Certificate of Incorporation consequent upon change of name dated January 23, 2007.
2. Pursuant to the Scheme, the Textiles Undertaking of Forbes Gokak Limited stands vested in the Company, comprising inter-alia -

Yarn division engaged in manufacturing and marketing of Cotton Yarn including but not limited to dyed yarn, grey yarn, canvas, terry towel, etc.

Knitwear division engaged in all operations from knitting to making of garments like Polo Shirts, T-Shirts, etc, manufactured and sold under the “Campbell” brand and otherwise.

The Company’s main source of income presently will be the income from the above business.
3. The Indian Textiles Industry has an overwhelming presence in the economic life of the country. Apart from providing one of the basic necessities of life, the textiles industry also plays a pivotal role through its contribution to industrial output, employment generation, and the export earnings of the country. Currently, it contributes about 14 percent to industrial production, 4 percent to the GDP, and 16.63 percent to the country’s export earnings. It provides direct employment to over 35 million people, which includes a substantial number of scheduled castes, scheduled tribes, and women. The Textiles sector is the second largest provider of employment after agriculture. Thus, the growth and all round development of this industry has a direct bearing on the improvement of the economy of the nation.
4. The Indian textiles industry is extremely varied, with the hand-spun and hand-woven sector at one end of the spectrum, and the capital intensive, sophisticated mill sector at the other. The decentralized powerlooms, hosiery and knitting sectors form the largest section of the textiles sector. The close linkage of the Industry to agriculture and the ancient culture and traditions of the country make the Indian textiles sector unique in comparison with the textiles industry of other countries.
5. This also provides the industry with the capacity to produce a variety of products suitable to different market segments, both within and outside the country.
6. The major sub-sectors that comprise the textiles sector include the organized Cotton Man-Made Fibre Textile Mills Industry, the Man-Made Fibre/Filament Yarn Industry, the Wool and Woollen Textiles Industry, the Sericulture and Silk Textiles Industry, Handlooms, Handicrafts, the Jute and Jute Textiles Industry, and Textiles Exports.
7. The Cotton/Man-Made fibre textiles industry is the largest organized industry in the country in terms of employment (nearly 1 million workers) and number of units. Besides, there are a large number of subsidiary industries dependent on this sector, such as those manufacturing machinery, accessories, stores, ancillaries, dyes & chemicals. As on January 31, 2007, there were 1818 cotton/man-made fibre textiles mills (non-SSI), with an installed capacity of 35.37 million spindles and 0.45 million rotors. This is expected to increase to 39.50 million spindles and 0.62 million rotors by March 31, 2007. The production of spun yarn, which as 3160 million kg. In 2000-2001, increased to 3458 million kg. in 2005-06, and is anticipated to touch 3791 million kg. during 2006-07. Amongst spun yarns, cotton yarn production has fluctuated, depending upon the cotton crop during respective years. Blended and 100% non-cotton yarns have, however shown a consistent increase year after year. During 1999-05, the capacity utilization in the spinning sector was between 80% to 93%.

8. Weaving capacity in the organized sector, alongwith the number of composite textiles mills, however, has stagnated, because the Government policy had permitted only marginal expansion in the organized mill sector. Even after removal of these restrictions in the Textiles Policy of 1985, weaving capacity has been consistently declining. This is attributable to the structural transformation in the industry, leading to the delinking of weaving from spinning, and the emergence of the decentralized powerloom sector. In the organized sector the loomage capacity declined from 1.23 lakh in March 2000, to 0.86 lakh in March 2005, and to 0.69 lakh in January 2007.
9. Over the years, the production of cloth in the mill sector has been fluctuating. It declined from 1670 mn.sq. mtrs. in 2000-2001 to about 1576 mn.sq. mtrs in 2005-06, and is projected at 1729 mn.sq.mtrs. in 2006-07. As on January 31, 2007, employment generation in the cotton/man-made fibre textiles industry was 9.4 lakhs. The total production of cloth by all textiles sub-sectors, i.e., mill, powerlooms, handlooms, hosiery and khadi, wool and silk has shown an upward trend in recent years. During 2006-07, the total production of cloth will touch 54,260 mn.sq. mtrs., showing an annual growth of 5.24% during the last five years. Cloth production in the decentralized powerlooms sector during the last five years has shown a significantly higher annual growth rate of 5.4%.
10. The business scenario of GOKAK TEXTILES LIMITED has to be judged against the above backdrop, in the sense that the Company mainly manufactures Cotton Yarn (grey and dyed) and canvas and knitwear (T-Shirts and Polo Shirts).
11. **SALIENT FEATURES OF THE WORKING OF THE YARN AND CANVAS MANUFACTURING ACTIVITY DURING THE YEAR ENDED 31.3.2007 (AS A PART OF FORBES GOKAK LTD.) ARE SET OUT BELOW:**

During the year, due to the increased costs not supported by increase in yarn price, the operating performance remained static.

The energy cost increased significantly compared to previous year. Use of HFO plant had to be stopped as the cost per unit of power generated was much higher as compared to the cost per unit of power purchased from State Electricity Board.

In order to reduce the energy cost, the preliminary work on project "Monsoon Spillway" has been commenced. Subject to requisite approvals being received it is intended to complete this project by July 2008.

Utilisation of Dyeing vessels improved substantially and we processed around 3500 M.T. of dyed yarn during the year.

Cotton prices showed an upward trend during the year.

The investment made for upgrading technology coupled with the increase in interest rates, has resulted in an increase in interest cost.

The division has invested around Rs.60 crores during the year in various machineries resulting in increased depreciation cost in the year. This investment is expected to yield returns in the coming years.

During the year under review K441 Reiter Ring Frames were commissioned to produce Compact Yarn for a better price realisation. This investment will start yielding results in the coming years.

A number of new products developed during the year have generated enquiries, commercial production of which will be commenced in the current year.

A significant portion of our production is sold in export market. Changes in parity of Indian Rupee vs US\$ in last one year had upset all cost and price equations. Whereas our buyers are keen to continue long term relationship with us, the price which we are compelled to quote, because of exchange rate position, makes them explore supply opportunities from other countries. The demotivation to sell in the export market, in turn has created a pressure to sell in the domestic market, with consequent pressure on price and margin. We are trying to tackle this position by further intensifying cost reduction exercise, moving up value chain and concentrating on niche customers. But this position would impact our profitability in the immediate future.

On the whole, the year had been a difficult one. The business is passing through a transition phase wherein cost of upgradation of technology in the form of interest and depreciation is a reality, but gains arising therefrom, would take some time. Given the long term steps the business has taken to align with the market, the Company expects that in the long term the business would report satisfactory results.

12. **SALIENT FEATURES OF THE WORKING OF THE KNITWEAR ACTIVITY DURING THE YEAR ENDED 31.3.2007 (AS A PART OF FORBES GOKAK LTD.) ARE SET OUT IN THIS PARA:**

Marketing efforts made during the year resulted into a healthy growth of sales.

During the year under review the Company commenced the second shift operations successfully. This has enabled servicing of more customers and expanding customer base.

Efforts to strengthen our marketing set up continue and, with the strategy to work directly with the buyers, the business expects to strengthen market position.

Impact of the change in exchange rate parity has diluted the results of efforts to increase the quantity of production. What the business has gained during the year by enhancing the production and sales, is nullified by the adverse movement of the exchange rate and thus the net realization. The Company is addressing the situation by restructuring cost and price equation.

- (I) Outstanding Litigations involving the Issuer Company.
 (a) Litigations against the Issuer Company or against any other Company, whose outcome, could have a materially adverse effect on the position of the Issuer Company:

Details of contingent liabilities as at 30th September 2007 are set out below:-

Contingent Liabilities	As at 30 th Sept. 2007 (Rs. Crores)
Estimated amount of contracts remaining to be executed on capital account.	13.71
Claims against the Company not acknowledged as debt.	1.17
Guarantees issued by banks	0.68
Guarantees given on behalf of Associated Companies	13.58
In respect of sales tax, entry tax, excise and other statutory dues.	5.04
In respect of Labour matters in dispute	2.68
Bonds in favour of Custom authorities	26.83
Bills discounted	13.44

- (b) Litigations against Directors, involving violations of Statutory regulations or alleging criminal offence shall be furnished.

1. Senior Assistant Director of Factories, Division Belgaum has filed a complaint, in the Court of Honourable Judicial Magistrate First Class III, Belgaum, under the provisions of the Factories Act 1948, against Mr. C. G. Shah, in the capacity as the "Occupier" of the Campbell Knitwear – factories of Forbes Gokak Limited, alleging breach of certain provisions of the Factories Act 1948. Contention of Mr. C. G. Shah is that he is exempted from this liability under Section 101 of the said Act. Hearing for the disposal of the complaint in this matter is pending as of date.

- (c) Pending proceedings initiated for economic offences against the Issuer Company or its directors shall be disclosed separately indicating their present status.

Nil

- (d) The details of past cases in which penalties were imposed by the concerned authorities, on the issuer company or its directors.

Nil

- (e) Outstanding litigations, defaults, etc. pertaining to matters likely to affect operations and finances of the Issuer Company, including disputed tax liabilities, procurement under any enactment in respect of Schedule XIII, to the Companies Act 1956 (1 of 1956) etc. shall be disclosed.

As shown under (a) above.

- (f) The names of Small Scale Undertakings or any other creditors to whom the Issuer Company owes a sum exceeding Rs.1 lakh, which is outstanding for more than 30 days.

Names of SSI undertakings to whom the company owed a sum which was outstanding for more than 30 days as at September 30, 2007 are as follows:

- 1) Jafar Engineering Work
- 2) Aditi Packing Industries
- 3) S.R. Industries
- 4) New Pack Industries
- 5) Sumeet Paper Cones Industries
- 6) Sam Polymers
- 7) Sai Industries
- 8) Quantum Industries
- 9) Kalpataru Industries
- 10) Anupam Plastics & Allied Industries
- 11) Hitesh Paper Tubes
- 12) S. R. Plastic Industries Pvt. Ltd.
- 13) Aadi Plastic Industries Pvt. Ltd.
- 14) Sunrise Packaging.

- II. The Information about outstanding litigations in respect of subsidiaries of the Issuer Company (if applicable).

Not Applicable as the Company does not have any subsidiary.

- III. Outstanding litigations involving the Promoter and group companies.

All pending litigations in which the promoters are involved, defaults to the Financial Institutions/Banks, non payment of statutory dues and dues towards instrument holders like debenture holders, fixed deposits, and arrears on cumulative preference shares by the promoters and the companies/ firms promoted by the promoter shall be listed in the prospectus.

All pending litigations in which the promoters are involved.

- (a) **Cyrus Investments Limited (“CIL”)**

There are 9 tax disputes pending before the High Court, Mumbai, involving CIL, out of which 5 disputes pertain to income tax matters and 4 disputes pertain to wealth tax matters (determination of annual value of house property and value of CHS flat whether liable to wealth tax), involving a total claim amount of Rs.2.08 million. There are 2 disputes pending before the Income Tax Appellate Tribunal, Mumbai, involving a total claim amount of Rs.0.62 million against CIL. There is 1 appeal filed by CIL pending before Commissioner of Income Tax (Appeals)-I, Mumbai involving claim of Rs.0.27 million.

- (b) **Forbes Gokak Limited (“FGL”)**

Cases against FGL

- i. **Show cause notice issued against FGL by Bombay Stock Exchange Limited (BSE)-**

BSE has issued a show cause notice dated August 8, 2006 to FGL in relation to non-compliance with the provisions of Clause 41 of the Listing Agreement relating to publication of unaudited results for the quarter and the year ended March 31, 2006. FGL had published the audited results for the quarter and the year ended March 31, 2006, on July 26, 2006 and has replied to the said notice issued by BSE vide its letter dated August 14, 2006.

- ii. There are 307 cases filed by employees against FGL in relation to various matters (including cases filed against Gokak Vadodara Spinning Mills which was a division of FGL and FAL Industries Limited which has merged with FGL) out of which 296 cases involve a total claim amount of Rs.38.17 crores. In respect of 10 cases, the amount of claims cannot be quantified.

- iii. There are 11 cases filed against FGL in relation to recovery of monies on account of various services rendered and supplies furnished, involving a total claim amount of Rs.36.14 crores.
- iv. There are 8 cases filed against FGL by various investors in relation to loss/non receipt of approximately 3300 equity shares of FGL/erstwhile Forbes Campbell and Company Limited and in order to restrain FGL from transferring the said shares. The amount of claims in respect of these 8 cases cannot be quantified.
- v. There are 286 suits/writ petitions and labour disputes filed by employees/ex-employees pending against FGL and the total amount claimed by the plaintiffs in these cases is approximately Rs.2.03 crores.
- vi. There are 2 cases filed against FGL in relation to eviction of premises and wrongful dismissal of employees. The amount of claims in respect of these 2 cases cannot be quantified.
- vii. In respect of the chartering business of the Company, the Company had chartered a vessel. The vessel owner has filed a suit for recovery of damages estimated at about Rs.6.75 crores. The matter is pending before an Arbitrator.
- viii. In respect of the shipping agency business of the Company, an importer has filed a claim of Rs.2.24 crores against the shipping principal and FGL as the Agents for the loss due to delay in delivery. The Court has granted a stay in the matter and an arbitration petition is filed.
- ix. There are 43 cases filed by Mumbai Port Trust against shipping line and FGL as the Agents for sale deficit, aggregate value of which is Rs.2.19 crores.
- x. In respect of a property at Mumbai, the Company had entered into an MOU for the sale thereof. The purchaser has filed a suit in the Court at Mumbai seeking to terminate the MOU and claiming Rs.32.71 crores with interest.

Cases filed by FGL

- i. There are 4 cases filed by FAL Industries Limited (which amalgamated with FGL) and Gokak Vadodara Spinning Mills in relation to recovery of monies, involving a total claim amount of Rs.2.46 crores.
- ii. With reference to the unit of the Company at Chennai, Forbes Gokak Limited has filed a petition in the High Court of Judicature at Madras (no.31639 of 2007) seeking direction from the Court to take action on the complaint of the petitioner dated 3.10.2007 and the matters connected therewith.

Tax related matters

There are 18 disputes involving FGL in relation to income tax and sales tax assessments and imposition of central and excise duties, involving a total claim amount of Rs.35.03 crores (including disputes involving Gokak Vadodara Spinning Mills and FAL Industries Limited).

(c) Shapoorji Pallonji and Co., Limited (“SPCL”)

Cases against SPCL

- a. There are 8 cases filed against SPCL in relation to various matters out of which 5 cases involve a claim amount of Rs.0.13 crores. In respect of 4 cases, the amount of claims cannot be quantified.

- b. There are 4 cases relating to eviction notices issued against SPCL by various companies in respect of certain premises situated in Mumbai. The amount of claims in respect of these 4 cases cannot be quantified.
- c. There is 1 case pending before the Central Excise and Service Tax Appellate Tribunal, Bangalore, in relation to imposition of excise duty and penalty involving a total claim amount against SPCL of Rs.0.06 crores.
- d. There are 3 cases filed against SPCL by its workers/employees before the Workmen's Compensation Court (Raigad) in relation to permanent disability compensation, involving a total claim amount of Rs.0.06 crores.

Cases filed by SPCL

1. There are 3 cases filed by SPCL in relation to various matters involving a total claim amount of Rs.25.24 crores.
2. There are 2 arbitration proceedings initiated by SPCL in relation to recovery of monies payable under various contracts in which the total amount claimed is Rs.23.88 crores.
3. There is 1 summary suit filed before the High Court, Bombay, in relation to the recovery of money involving a claim amount of Rs.1.36 crores.
4. There is one case filed against Estate Officers, in City Civil Court, against an order passed by the Estate Office for eviction from a premise at Mumbai.

Tax related matters

There are 12 tax disputes involving SPCL in relation to income tax matters and wealth tax matters (determination whether value of CHS flat liable to wealth tax, difference in receipts as per TDS certificates and actual receipts and disallowance under section 14A of Income Tax Section), involving a total claim amount of Rs.9.53 crores against SPCL and Rs.0.07 crores by SPCL. Out of the 12 disputes, 8 disputes are pending before High Court, Bombay and 4 disputes are pending before the Income Tax Tribunal, Mumbai. There are 8 disputes relating to sales tax assessments involving SPCL in which the aggregate claim amount involved is Rs.4.98 crores.

(d) Sterling Investment Corporation Private Limited (“SICL”)

Cases filed by SICL

SICL has filed 1 suit in relation to eviction from premises on account of non-payment of rent. The amount of claim in respect of this case cannot be quantified.

Tax related matters

There are 7 tax disputes involving SICL pending before the High Court, Mumbai, out of which 6 disputes pertain to wealth tax matters (valuation of property and value of CHS flat whether liable to wealth tax), involving a total claim amount of Rs.0.02 crores and 1 dispute pertains to income tax (exemption of capital gains), involving a claim amount of Rs.0.69 crores. There is 1 appeal filed by SICL pending before Commissioner of Income Tax (Appeals)-XXXII, Mumbai involving a claim amount of Rs.0.22 crores.

VI. Defaults to the Financial Institutions/Banks, non payment of statutory dues and dues towards instrument holders like debenture holders, fixed deposits, and arrears on cumulative preference shares by the promoters and companies/firms promoted by promoters shall be listed in the prospectus together with the amounts.

Nil, except as set out below:-

Afcons Infrastructure Limited, a subsidiary of the Promoter, is in arrears of Preference Dividend as under:-

Arrears of Preference Dividend.

- i. Arrears of fixed cumulative dividend on 12% Redeemable Cumulative Convertible Preference shares of Rs.10/- each fully paid-up amount to Rs.Nil (previous year, Rs.2.40 crores) from the date of allotment – March 27, 2002 to the date of conversion, March 27, 2003.
- ii. Arrears of fixed cumulative dividend on 7.25% Redeemable Cumulative Non-Convertible Preference Shares of Rs.10/- each fully paid-up amount to Rs.9.93 crores (previous year, NIL), from December 22, 2006 the date of allotment/conversion – to March 31, 2007.
- iii. Arrears of fixed cumulative dividend on 7.5% Redeemable Cumulative Non-Convertible Preference Shares of Rs.10/- each fully-paid up amount to Rs.1.03 crores (previous year NIL) from December 22, 2006 the date of allotment/conversion – to March 31, 2007.

GOVERNMENT APPROVALS

The Company is in the possession of and / or has applied for renewal of government license / approval as are required by the Company to carry on its activity.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Scheme

The Honorable High Court, Bombay, by its Order dated May 4, 2007 and the Honorable High Court of Karnataka at Bangalore by its order dated July 13, 2007 have approved the Scheme of Arrangement between Forbes Gokak Limited (FGL) and GOKAK TEXTILES LIMITED (GTL).

Prohibition by SEBI

The Company, its directors, its promoters, other companies promoted by the promoters and companies with which the Company's directors are associated as directors have not been prohibited from accessing the capital markets under any order or direction passed by SEBI.

Caution

The Company accepts no responsibility for statements made otherwise than in the Information Memorandum or in the advertisements to be published in terms of Clause 8.3.5.4 of SEBI (DIP) Guidelines, 2000 or any other material issued by or at the instance of the Company and anyone placing reliance on any other source of information would be doing so at his or her own risk. All information shall be made available by the Company to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner.

Disclaimer Clause of the BSE

As required, a copy of this Information Memorandum has been submitted to BSE. The BSE, vide its letter dated January 9, 2007, has approved the said Scheme under Clause 24(f) of the Listing Agreement and by virtue of that approval the BSE's name in this Information Memorandum has been incorporated as one of the Stock Exchanges on which the Company's securities are proposed to be listed

The BSE does not in any manner:

- * warrant, certify or endorse the correctness or completeness of any of the contents of this Information Memorandum; or
- * warrant that this Company's securities will be listed or will continue to be listed on the BSE; or
- * take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed to mean that this Information Memorandum has been cleared or approved by the BSE. Every person who desires to apply for or otherwise acquire any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Filing

Copies of this Information Memorandum have been filed with BSE.

Listing

Application will be made to BSE for permission to deal in and for an official quotation of the Equity Shares of the Company. The Company has nominated BSE as the Designated Stock Exchange for the aforesaid listing of the shares.

The Company shall ensure that all steps for the completion of necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above.

Demat Credit

The Company has executed Agreements with NSDL and CDSL for admitting its securities in

demat form. On September,28, 2007 the Company made allotment of the equity shares and such shares were allotted in demat form to those shareholders who have provided necessary details to the Company and/or who were holding their shares in FGL in demat form, as on the Record Date.

Dispatch of Share Certificates

Upon allotment of Shares to eligible shareholders pursuant to the Scheme on September, 28,2007 , the Company dispatched share certificates to those shareholders who were holding shares in FGIL in physical form, as on the Record Date.

Expert Opinions

Save as stated elsewhere in this Information Memorandum, we have not obtained any expert opinions.

Previous rights and public issues

The Company has not made any public or rights issue since incorporation.

Commission and brokerage on previous issues

Since the Company has not issued shares to the public in the past, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since its inception.

Companies under the Same Management

Companies under the same management within the meaning of erstwhile Section 370 (1B) of the Companies Act is as per the list set out under Section V – Group Companies Financial and other information.

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Promise vis-à-vis performance

This is for the first time the Company is getting listed on the Stock Exchange

Outstanding debentures or bonds and redeemable preference shares and other instruments issued by the issuer Company

There are no outstanding debentures or bonds and redeemable preference shares and other instruments issued by the Company.

Stock Market Data for Equity shares of the Company

Equity shares of the Company are not listed on any stock exchanges. The Company is seeking approval for listing of its shares through this Information Memorandum.

Disposal of Investor Grievances

TSR Darashaw Limited (TSRD) are the Registrars and Transfer Agents of the Company. Investors are requested to correspond, with the Registrar and Transfer Agents, quoting their Folio No. at the following address:

TSR Darashaw Ltd.,
UNIT: GOKAK TEXTILES LIMITED
6-10, Haji Moosa Patrawala Industrial Estate,
20, Dr. E. Moses Road, Mahalaxmi,
Mumbai 400 011.

Telephone : 022 – 6656 8484
Fax : 022 – 6656 8494
Email : csg-unit@tsrdarashaw.com
Website : www.tsrdarashaw.com

All documents are received at the inward department, where the same are classified based on the nature of the queries/actions to be taken and coded accordingly. The documents are then electronically captured before forwarding to the respective processing units.

The documents are processed by professionally trained personnel. Subsequent to the completion of the process the documents are scrutinized thoroughly by independent firm(s) of Chartered Accountants appointed by the company.

The Company has set up service standards for each of the various processors involved such as effecting the transfer/dematerialisation of securities/change of address ranging from 3-7 days. TSRD maintains an agewise analysis of the process to ensure that the standards are duly adhered to.

The Company has appointed Mr. Vinod K. Vora, Company Secretary as the Compliance Officer and he may be contacted in case of any queries. He can be contacted at the following address:

Mr. Vinod K. Vora
GOKAK TEXTILES LIMITED,
Forbes Building,
Charanjit Rai Marg, Fort,
Mumbai 400 001.
Email: vkvora@forbes.co.in
Phone No.: 022 - 2200 8081
Fax No. : 022 - 2200 7378
Email : vkvora@forbes.co.in

**SOME OF THE PROVISIONS OF THE
ARTICLES OF ASSOCIATION
OF
GOKAK TEXTILES LIMITED**

SHARES

1. Copies of Memorandum and Articles of Association of the Company shall be furnished to every member of the Company at his request on payment of Re.One each.
- 2.* The Authorised Share Capital of the Company is as mentioned in Clause V of the Memorandum of Association of the Company. The paid up capital of the Company shall not be less than Rs. 5,00,000/- (Rupees Five Lac) or such higher sum as may be prescribed by the Act.
* substituted vide shareholders resolution dated 20th April, 2007 by the following-
 - 2(a) “The Authorised Share Capital of the Company is Rs.7,00,00,000 (Rupees seven crores only) divided into 70,00,000 (seventy lakhs) Equity Shares of Rs.10 (Rupees ten) each with the power to increase or reduce the share capital for the time being into several classes, and to attach thereto respectively such preferential, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Companies Act, 1956 for the time being in force and regulations of the Company and to vary, modify or abrogate such rights.”
 - 2(b) The minimum paid-up capital of the Company shall be Rs.5,00,000 (Rupees five lakhs).
3. Subject to the provisions of Section 80 of the Companies Act, 1956, the Company may issue preference shares, which, at the option of the Company, are liable to be redeemed and /or converted into equity share capital, on such terms and in such manner and time, as the resolution authorising such issue shall prescribe.
4. Subject to the provisions of these Articles, the shares shall be under the control of the Board who may allot or otherwise dispose of the same to such person, on such terms and conditions, at such times, either at par or at a premium and for such consideration as the Board thinks fit.
5. The Directors may allot and issue shares in the Capital of the Company as partly or fully paid up in consideration of any property sold or goods transferred or machinery supplied or for services rendered to the Company in the conduct of its business.
6. Unless the shares of the Company are held with a Depository, the shares in the Capital shall be numbered progressively according to their several denominations.
7. Except as required by law, no person shall be recognized by the Company as holding any shares upon any trust, and the Company shall not be bound by, or be compelled in any way to recognize (even when having notice thereof), any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share or (except only as by these regulations or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.
8. The Company may pay commission to any person prescribed under Section 76 of Act and that such commission may be paid in cash or by the allotment of fully or partly paid shares or partly in one way and partly in the other. The Company may also on any issue of shares or debenture pay such brokerage as may be lawful.
9. Save as permitted by Section 77 of the Act, the funds of the Company shall not be employed in the purchase of or lent on the security of, shares of the Company. The Company shall not give, directly or indirectly, any financial assistance whether by way of

- loan, guarantee, security or otherwise any financial assistance for the purpose of or in connection with any purchase of or subscription for any shares in the Company.
10. Subject to the provisions of section 77A, 77AA and 77B and any statutory amendments or reenactments thereof and compliance of the provisions thereof by the Company, the Company is authorised to purchase its own shares or other specified securities.
 11. Subject to the provisions of section 78 and section 79 of the Act, the Company may issue shares at a premium or at a discount.
 12. The Company may, subject to the provisions of section 79A of the Act, issue sweat equity shares of a class of shares already issued provided that not less than one year has, at the date of issue, elapsed since the date on which the Company was entitled to commence business. All the limitations, restrictions and provisions relating to equity shares shall apply to such sweat equity shares.
 13. If, by the conditions of issue of any shares, the whole or part of amount of issue price thereof shall be payable in installments, every such installment shall, when due, be paid to the Company, by the person who, for the time being, shall be the registered holder of the share or by his executor or administrator as the case may be.
 14. The Joint holders of a share shall be severally as well as jointly liable for the payment of all installments and calls due in respect of such share.
 15. Share(s) may be registered in the name of any person, company or other body corporate. Not more than three persons shall be registered as joint holders of any shares. Shares may be registered in the name of any minor through a guardian only as fully paid shares.

FURTHER ISSUE OF SHARES

16. Subject to the provisions of Section 81 of the Companies Act, 1956 and other applicable provisions, where at the time after the expiry of two years from the formation of the company or at any time after the expiry of one year from the allotment of shares in the company made for the first time after its formation, which ever is earlier, it is proposed to increase the subscribed capital of the company by allotment of further shares either out of the un-issued capital or out of the increased share capital then:
 - (a) such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the company, in proportion, as near as circumstances admit, to the capital paid up on those shares at the date.
 - (b) such offer shall be made by a notice specifying the number of shares offered and limiting a time not less than thirty days from the date of the offer and the offer if not accepted will be deemed to have been declined.
 - (c) the offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favor of any other person and the notice referred to in sub clause (b) hereof shall contain a statement of this right. PROVIDED THAT the Directors may decline, without assigning any reason to allot any shares to any person in whose favor any member may renounce the shares offered to him.
 - (d) after expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board may dispose of them in such manner and to such person(s) as they may think, in their sole discretion, fit.
17. Notwithstanding anything contained in clause 18 thereof, the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of sub-clause (18) hereof) in any manner whatsoever.

- (a) If a special resolution to that effect is passed by the Company in General Meeting, or
- (b) Where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in the general meeting (including the casting vote, if any, of the Chairman) by the members who, being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board in this behalf that the proposal is most beneficial to the Company.
18. Nothing in sub-clause (c) of clause 18 hereof shall be deemed:
- (a) to extend the time within which the offer should be accepted; or
- (b) to authorize any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.
19. Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debenture issued or loans raised by the Company:
- (i) to convert such debentures or loans into shares in the Company: or
- (ii) to subscribe for shares in the Company (whether such option is conferred in these Articles or otherwise).

PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

- (a) either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with the rules, if any, made by that Government in this behalf: and
- (b) In the case of debentures or loans or other than debentures issued to or loans obtained from Government or any Institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the Company in General Meeting before the issue of the debentures or raising of the loans.

INCREASE AND REDUCTION OF CAPITAL

20. The Company in General Meeting may, from time to time, by ordinary resolution increase the share capital of the Company by the creation of new shares by such sum, to be divided into shares of such amount as may be deemed expedient.
21. Subject to any special rights or privileges for the time being attached to any shares in the capital of the Company when issued, the new shares may be issued upon such terms and conditions and with such preferential, qualified or such rights and privileges or conditions thereto as general meeting resolving upon the creation thereof shall direct. If no direction be given, the Board shall determine in particular the manner in which such shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company.
22. Before the issue of any new shares, the Company in General Meeting may make provisions as to the allotment and issue of the new shares and in particular may determine to whom the shares be offered in the first instance and whether at par or premium or at a discount. In case no such provision is made by the Company in General Meeting, the new shares may be dealt with according to the provisions of these Articles.
23. Except so far as otherwise provided by the conditions of issue or by these presents any capital raised by the creation of new shares shall be considered part of the then existing

capital of Company and shall be subject to the provisions herein contained with reference to the payment of dividends, calls and installments, transfer and transmission, forfeiture, lien, voting, surrender and otherwise.

24. If, owing to any inequality in the number of new shares to be issued and the number of shares held by members entitled to have the offer of such new shares, any difficulty arising in the allotment of such new shares or any of them amongst the members shall, in the absence of any direction in the resolution creating the shares or by the Company in general meeting, be determined by the Board.
25. Subject to the provisions of sections 100 to 103 of the Act, the Company may, from time to time in any manner, by special resolution and subject to any consent required under sections 100 to 103 of the Act, reduce:
 - a. its share capital
 - b. any capital redemption reserve
 - c. any share premium account.
26. Subject to provisions of sections 100 to 105 of the Act, the Board may accept from any member the surrender, on such terms and conditions as shall be agreed, of all or any of his shares.

ALTERATION OF SHARE CAPITAL

27. The Company, by ordinary resolution may, from time to time:
 - a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares.
 - b) sub-divide its share or any of them into shares of smaller amount than is fixed by the Memorandum of Association so, however, that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived.
 - c) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of share so cancelled.
28. Where any share capital is sub-divided, the Company in General Meeting, subject to the provisions of Section 85, 87 and 106 of the Act, may determine that as between the holders of the shares resulting from sub-division, one or more of such shares shall have same preferential or special rights as regards dividend, payment of capital, voting or otherwise.

VARIATION OF SHARE HOLDER'S RIGHTS

29. If at any time the share capital is divided into different classes of shares, all or any of the rights and privileges attached to any class (unless otherwise prohibited by the terms of issue of the shares of that class) may, subject to the provisions of sections 106 and 107 of the Act, whether or not the Company is being wound up, be modified, commuted, affected, abrogated, varied or dealt with by the consent in writing of the holders of not less than three fourths of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of three fourths of the issued shares of that class. To every such separate meeting the provisions of these regulations relating to general meeting shall mutatis mutandis apply but so that necessary quorum shall be five members or all the members holding or represented by proxy of the entire issued share of the class in the question.

CONVERSION OF SHARES INTO STOCK

30. The Company may, by ordinary resolution:
- i) convert any paid-up shares into stock; and
 - ii) reconvert any stock into paid-up shares of any denomination.
31. The holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit:
- Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

NOMINATION

32. Subject to provisions of Section 109A of the Companies Act, 1956, every holder of shares in, or holder of debentures of, a company may, at any time, nominate, in the prescribed manner a person to whom his shares in, or debentures of, the company shall vest in the event of his death .

COMPANY'S LIEN ON SHARES

33. The Company shall have a first and paramount lien upon all the shares (other than fully paid up shares) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares and no equitable interest in any shares shall be created except upon the footing and condition that this Article will have full effect. And such lien shall extend to all dividends and bonus from time to time declared in respect of such shares subject to section 205A of the Act. Unless otherwise agreed the registration of a transfer of shares shall operate as a waiver of the Company's lien if any on such shares. The Directors may, at any time declare any share wholly or in part to be exempt from the provisions of this clause.
34. For the purpose of enforcing such lien the Board may sell the shares in such manner as it thinks fit, but no sale shall be made unless a sum in respect of which the lien exists is presently payable and until notice in writing of the intention to sell shall have been served on such member, his executor or administrator or other legal representative as the case may be and default shall have been made by him or them in payment of the sum payable as aforesaid in respect of such share for fourteen days after the date of such notice.
35. The net proceeds of the sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable, and the residue, if any, shall (subject to a like lien for sums not presently payable as existed upon share before the sale) be paid to the person entitled to the share at the date of the sale.
36. Upon any sale after forfeiture or surrender or for enforcing a lien purported in exercise of the powers herein conferred, the Board may appoint some person to execute the instrument of transfer of the share sold and cause the purchaser's name to be entered in the Register in respect of the share sold and the purchaser shall not be bound to see to the regularity of the proceedings nor to the application of the purchase money. After his name has been entered into the Register in respect of such share, the validity of the sale shall not

be impeached by any person on any ground whatsoever and the remedy of any person aggrieved by such sale shall be in damages only and against the Company exclusively.

TRANSFER AND TRANSMISSION

37. Save as provided in Section 108 of the Act, no transfer of share shall be registered unless a proper instrument duly stamped and executed by or on behalf of the transferor and by or on behalf of transferee and specifying the name, address and occupation of the transferee has been delivered to the Company along with the certificate relating to the shares or if no such certificate is in existence along with the letter of allotment of the shares, in accordance with the provisions of Section 108 of the Act. The transferor shall be deemed to remain a member in respect of such share until the name of the transferee is entered in the Register in respect thereof. The signature of one credible witness who shall add his address shall duly attest each signature to such transfer. Provided, that, where on application in writing made to the Company by the transferee and bearing the stamp required for an instrument of transfer, it is proved to the satisfaction of the Board that the instrument of transfer signed by or on behalf of the transferor and by or on behalf of the transferee has been lost, the Company may register the transfer on such terms as the Board may think fit so as to indemnify the Company.
38. Application for the registration of the transfer of a share may be made either by the transferor or the transferee, provided that, where such application is made by the transferor, no registration shall, in the case of the partly paid share, be effected unless the Company gives notice of the application to the transferee in the manner prescribed by Section 110 of the Act, and subject to the provisions of these Articles, the Company shall, unless objection is made by the transferee within two weeks from the date of receipt of the notice, enter in the Register the name of the transferee in the same manner and subject to the same conditions as if the application for registration of the transfer was made by the transferee.
39. Every instrument of transfer of shares shall be in the form prescribed under the Act or as near thereto as the circumstances may admit and shall be in accordance with the provisions of Section 108 of the Act, from time to time.
40. No fee shall be charged for transfer of shares/ debentures or for effecting transmission or for registering any letters of probate, letters of administration and similar other documents.
41. Nothing contained in Article 70 and 71 shall apply to transfer of a security effected by the transferor and the transferee both of whom are entered as Beneficial Owners in the records of a Depository.
42. No fee may be charged:
- a). For splitting up, sub-division and consolidation of shares and debenture certificates and for splitting up and sub-division of Letters of Allotment and splitting, consolidation, renewal into denomination corresponding to the market Units of trading as per Rules of Stock Exchange concerned.
 - b). For sub-division of right shares offered to share holders.
 - c). For issue of new certificates in replacement of those which are old, decrepit or worn out or where the pages on the reverse for recording transfer have been fully utilised.
 - d). For registration of any power of attorney, probate or will, Letter of Administration or similar other documents.
43. Subject to the provisions of Section 111A of the Act the Directors may, at their own absolute and uncontrolled discretion and by giving reasons, decline to register or

- acknowledge any transfer of shares whether fully paid or not and the right of refusal, shall not as affected by the circumstances that the proposed transferee is already a member of the Company but in such cases, the Directors shall within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and transferor notice of the refusal to register such transfer provided that registration of transfer alone or jointly with any other person or persons indebted to the Company on any account whatsoever except when the Company has a lien on the shares, transfer of shares/debentures in whatever lot shall not be refused.
44. Every instrument of transfer shall be left at the office of the Company for registration, accompanied by the certificate, of the shares to be transferred or if there is no certificate, the letter of Allotment thereto and such other evidence as the Board may require to prove the title of the transferor or his right to transfer the share. The Board may waive the production of any certificates upon production of evidence to them of its having been lost or destroyed. The Company shall retain every instrument of transfer, which shall be registered,, but any instrument of transfer which the Board may refuse to register shall be returned to the person depositing the same.
 45. Subject to the provisions of Section 154 of the Act, the registration of transfer may be postponed at such times and for such periods as the Board may from time to time determine. Provided that, such registration shall not be postponed for more than thirty days at any one time or for more than forty-five days in the aggregate in any year.
 46. If the Board refuses to register the transfer of or the transmission by operation of law of the right to any share, the Company shall within two months from the date on which the instrument of transfer or the intimation of such transmission, as the case may be, give notice of such refusal.
 47. The executor or administrators of a deceased member (not being one of several joint holders) shall be the only persons recognised by the Company as having any title to the shares registered in the name of such member. In case of the death of any one or more of the joint holders of any registered shares, the survivors shall be the only person recognised by the Company as having any title to or interest in such shares. But nothing herein contained shall be taken to release Board may require him to obtain a Grant of Probate or letters of Administration or other legal representation as the case may be from some competent court. Provided nevertheless that in any case where the Board in its absolute discretion think fit, it shall be lawful for the Board to dispense with the production of Probatory letters of Administration or such other legal representation upon such terms as to indemnify or otherwise as the Board in its absolute discretion may consider necessary.
 48. Any committee or guardian of a lunatic or infant member or any person becoming entitled to transfer of shares in consequence of the death, bankruptcy, insolvency of any member, upon producing such evidence that he sustains the character in respect of which he proposes to act under the Articles or of the title as the Board thinks sufficient, may with consent of the Board (which it shall not be under any obligation to give) be registered as a member in respect of such shares or any subject to the regulations as to transfer herein before contained.(The Article is hereinafter referred to as "The transmission Article).
 49. Subject to Sec.205A of the Act, the Directors may retain the dividend payable upon the share to which any person becomes entitled to under Article 84 until such person shall become a member in respect of the shares.
 50. a) If the person becoming entitled to shares under Article 84 shall elect to be registered as member in respect of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.

b) If the person aforesaid shall elect to transfer the shares, he shall testify his election by execution of an instrument of transfer of shares.

- c) All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of transfer of share shall be applicable to any such notice or transfer as aforesaid as if the death, insanity, bankruptcy or insolvency of the member had not occurred and the notice of transfer were a transfer signed by that member.
51. A person so becoming entitled under the transmission Articles to a share by reason of death, lunacy, bankruptcy or insolvency of a member shall, subject to the provision of the Articles or Section 206 of the Act, be entitled to the same dividend and other advantages to which he would be entitled if he was the member registered in respect of the share except that he shall not before being registered as a member in respect of the share be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

Provided that the Board may at any time give notice requiring any such person to elect either to be registered himself or to transfer the share and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other money payable in respect of the share, until the requirements of the notice have been complied with.

52. The Company shall incur no liability or responsibility in consequence of its registering to give effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register) to be prejudice or persons having or claiming any equitable right, title or interest to or in the said shares notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer and may have entered such notice referred thereto in any book of the Company and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company but the Company shall nevertheless be at liberty to regard or attend to any such notice and give effect thereto.

BORROWING POWERS

53. The Board may from time to time subject to the sections 58A, 292 and 293 of the Act, at their discretion raise or borrow any sum or sums of money for the purpose of the Company and subject to the applicable provisions of the Act may secure payment or repayment of same in such manner and upon such terms and conditions in all respect as may be prescribed by the Board, in particular by the creation of any mortgage or charge or other encumbrances on any of the immovable properties of the company or hypothecation, pledge or charge on and over the Company's stocks, book debts and other movable properties.
54. The Board may raise or secure the payment of such sum or sums in such manner and upon such terms and conditions as they think fit and in particular, by the issue of bonds, perpetual or redeemable debentures or debenture-stock or any mortgage, charge or other security on the undertaking of the whole or any part of the property (both movable and immovable) of the Company both present and future including its uncalled capital for the time being or by giving, accepting or endorsing on behalf of the Company any promissory notes, bills of exchange or other negotiable instruments and no debenture shall carry any voting right whether generally or in respect of any particular class or classes of business.
55. If any uncalled capital is included in or charged by any mortgage of other security, the Directors may, by instrument under the Seal authorise the person in whose favour such mortgage or security is executed or any other person in trust for him to make calls on the member in respect of such uncalled capital, and the provisions herein before contained in regard to calls shall, mutatis mutandis apply to calls, made under such authority and may be made exercisable either conditionally and either presently or contingently and either, to the exclusion of the Director's powers or otherwise, and shall be assignable if expressed so to do.

56. Any debenture-stock or other securities may be issued at a discount premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination, and with any privileges such as warrants etc. and conditions as to redemption, surrender, drawing, allotment of shares, attending at General Meeting, appointment of Directors and otherwise. The power to issue debenture stock or other securities with a right to allotment of or conversion into shares of any denomination shall only be exercised by the Company in the General Meeting.
57. Save as provided in Section 108 of the Act, no transfer of debentures shall be registered unless a proper instrument of transfer duly stamped and executed by the transferor and transferee has been delivered to the Company together with the certificates of the debentures.
58. If the Board refuses to register the transfer of any debentures of the Company, it shall within two months from the date on which the instrument of transfer was lodged with the Company, send to the transferee and to the transferor notice of the refusal.
59. Subject to section 201 of the Act, if any Director or any other person shall become personally liable for the payment of any sum primarily due from the Company, the Board may execute or cause to be executed any mortgage, charge or security cover for effecting the whole or any part of the assets of the Company by way of indemnity to secure the Director or any person so becoming liable, as aforesaid, from any loss in respect of such liability.
60. Subject to Section-58A, 292 and 293 of the Act and the Companies (Acceptance of Deposits) Rules, 1975 the Company may receive deposits on such terms and conditions and bearing interest at such rates as the Board may decide and fix and which may be made payable monthly, quarterly, half yearly or yearly.
61. The Company may subject to the provisions of Section 208 of the Act, pay interest on so much of the share capital as is for the time being paid up and was issued for the purpose of raising money to defray the expenses of the construction of any work or building or the provision of any plant, which can not be made profitable for a lengthy period.
62. Debentures/debenture stock, loan/loan stock, bonds or other securities conferring the right to allotment or conversion into shares or the option or right to call for allotment of shares shall not be issued except with the sanction of the Company in General Meeting.

PROCEEDINGS AT GENERAL MEETING

63. In addition to any other meetings, a general meeting of the Company shall be held within such interval as specified in Section 166(1) of the Act, and subject to the provisions of Section 166(2) of the Act, at such times and places as may be determined by the Board. Each such general meeting shall be called an 'Annual General Meeting' and shall be specified as such in the notice convening the meeting. Any other meeting of the Company shall be called an Extra Ordinary General Meeting. A general meeting of the company may be called by giving not less than 21 day's notice in writing, provided that a general meeting may be called after giving shorter notice if consent thereto is accorded in the case of the annual general meeting by all the members, in any other case by members of the company holding not less than 95% of that part of the paid up share capital which gives the right to vote on the matters to be considered to vote only on some resolution or resolutions to be moved at a meeting and not on the others, those members shall be taken into account for the purpose of this Article in respect of the former resolution or resolutions and not in respect of the latter.
64. The Board may, whenever it thinks fit, call an Extra Ordinary General Meeting. If at any time there are not within India Directors capable of acting who are sufficient in number to form a quorum, the Directors present in India may call an Extra Ordinary General Meeting, in the same manner and as nearly as possible as that in which such a meeting may be called by the Board.

65. The accidental omission to give notice of any meeting to or the non-receipt of any such notice by any of the members or other persons entitled to receive such notice shall not invalidate any resolution passed at any such meeting.
66. No business shall be transacted at General Meeting of the Company unless a quorum of members is present at the time when the meeting proceeds to commence business. Five members present in person shall be the quorum for the meeting of the Company. No business shall be transacted at any General Meeting unless the requisite quorum shall be present throughout the meeting.
67. Any act or resolution which, under these Articles or the Act is permitted or required to be done or passed by the Company in General Meeting shall be sufficiently so done or passed if effected by an ordinary resolution as defined in Section 189(1) of the Act unless either the Act or the Articles specifically require such act to be done or resolution to be passed by a special resolution as defined in Section 189(2) of the Act.
68. The Chairman of the Board shall take the chair at every General Meeting. If there be no such Chairman or if at any meeting he shall not be present within fifteen minutes, or is unwilling to act, or if any of the Directors present decline to take the chair, then the members present shall choose one of their members being a member entitled to vote to be the Chairman of the meeting.
69. If at the expiration of half an hour from the time appointed for holding a meeting of the Company, a quorum shall not be present, the Meeting if convened by or upon the requisition of Members shall stand dissolved. In any other case the Meeting shall stand adjourned in the same day in the next week or if that day is public holiday until the next succeeding day which is not a public holiday at the same time and place or to such other day and at such other time and place in the city or town in which the office of Company is for the time being situate, as the Board may determine, and if at such adjourned Meeting a quorum is not present at the expiration of half an hour from the time appointed for holding the meeting, the members present, shall be a quorum and may transact the business for which the Meeting was called.
70.
 - a) Every question submitted to a meeting shall be decided, in the first instance by a show of hands and in the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting shall be entitled to a second or casting vote in addition to the vote to which he may be entitled as a member.
 - b) A declaration by the Chairman that a resolution has on a show of hands been carried unanimously or by a particular majority or lost and an entry to that effect in the minutes shall be conclusive evidence of the fact without further proof.
71. The Chairman of a General Meeting may adjourn the same from time to time and from place to place but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
72. At any General Meeting unless a poll is demanded before or on the declaration of the result of the voting on any resolution and on the show of hands demanded by the Chairman or by members holding not less than one-tenth of the total voting power in respect of the resolution or by members holding shares on which an aggregate sum of not less than fifty thousand rupees has been paid up, a declaration by the Chairman that a resolution has been carried unanimously or by a particular majority or lost or not carried by a particular majority and an entry to that effect in the book containing the minutes to the proceedings of the meeting of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour or against the resolution.

73. a) If a poll is demanded as aforesaid it shall be taken forthwith on a question of adjournment or election of a Chairman of the meeting.
- b) The person or persons who made the demand may withdraw the demand for a poll at any time before the poll is taken.
- c) Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutinizers, at least one of whom shall be a member (not being an officer /employee of the Company) present at the meeting, provided such a member is available and willing to be appointed, to scrutinise the votes given on the poll and to report thereon to him.
- d) The result of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was taken. On poll a member entitled to more than one vote or his proxy or other persons entitled to vote for him, as the case may be need not, if he votes, use all his votes or casting the same way all the votes he uses.
- e) The demand for poll shall not prevent the meeting from transacting any business other than the business in respect of which a poll has been demanded.

VOTES OF MEMBERS

74. Subject to any rights or restrictions for the time being attached to any class or classes of shares:
- a) on a show of hands, every member present in person, shall have one vote, and
- b) on a poll, the voting rights of Members shall be as laid down in Section 87 of the Act.
75. Except as conferred by Section 87 of the Act the holders of preference shares shall have no voting right. Where the holder of any preference share has a right to vote on any resolution in accordance with the provisions of Sub-Section 2 of Section 87 of the Act, his voting right on a poll as the holder of such share shall subject to the provision of Section 89 and sub-section (2) of Section 92 of the Act be in the same proportion as the Capital paid in respect of the preference share bears to the total paid up equity capital of the Company.
76. Where a Company or body-corporate (hereinafter called "Member Company") is a member of the Company a person duly appointed by resolution in accordance with Section 187 of the Act to represent such member Company at a meeting of the Company shall not by reason of such appointment, be deemed to be a proxy and the production at the meeting of the copy of such resolution duly signed by one director of such member company and certified by him as true copy of the resolution shall, on production thereof at the meeting be accepted by the Company as sufficient evidence of the validity of his appointment. Such a person shall be entitled to exercise the same rights and powers, including the right to vote by proxy on behalf of the same member company or body-corporate which he represents, as that member Company or body corporate could exercise if it were an individual member.
77. Where there are joint registered holders of any shares any one of such persons may vote at any meeting either personally or by proxy in respect of such shares as if he were solely entitled thereto and if more than one of the said persons so present whose name stands first in the Register in respect of such shares shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any share stands shall for the purposes of this Article be deemed joint-holders thereof.
78. If any Member were unsound mind he may vote whether on show of hands or at a poll by his committee curator bonis or other legal curator and such last mentioned persons may give their vote by proxy on a poll. If any Member is a minor, his guardian may give the vote in respect of his share. If more than one person claim to exercise the right of vote under this clause, the Chairman of the Meeting may select in his absolute discretion any one person and will accept his vote.

79. No Member not present in person shall be entitled to vote on a show of hands, unless such member is a company or corporation present by a representative who may vote on the resolution as if he were a member of the Company.
80. On a poll, votes may be given either personally or by proxy or in the case of a Company, by a representative duly authorised as aforesaid.
81. Any Member of a Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person whether a member or not, as his proxy to attend and vote instead of himself but the proxy so appointed shall not have any right to speak at the meeting and shall not be entitled to vote except on a poll.
82. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if such appointer is a body corporate under its common seal or under the hand of its attorney duly authorised. A proxy who is appointed for a specified meeting only shall be called a special proxy. Any other proxy shall be called a general proxy.
83. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarial certified copy of that power or authority shall be deposited at the office not less than forty-eight hours before the time for holding the meeting at which the person named in the instrument proposes to vote and in default, the instrument of proxy shall not be treated as valid.
84. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or the revocation of the instrument of proxy or of the authority under which the proxy was executed or transfer of the shares in respect of which the proxy is given, provided that no intimation in writing of the death, insanity, revocation or transfer shall have been received by the Chairman at the office before the commencement of the Meeting provided nevertheless that the Chairman of any meeting shall be entitled to require such evidence as he may in his discretion think fit of the due execution of an instrument of proxy and that the same has not been revoked.
85. Every instrument appointing a special proxy shall, as nearly as circumstances admit, be in any of the forms as set out in Schedule IX to the Act or a form as near thereto as circumstances admit.
86. No Member shall be entitled to exercise any voting rights, either personally or by proxy, at any meeting of the Company in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised any right of lien.
87. i) Any objection as to the admission or rejection of a vote, on a show of hands or on a poll made in due time shall be referred to the Chairman of the meeting who shall forthwith determine the same and such decisions shall be final and conclusive.
- ii) No objection shall be raised to the qualification of any voter except at meeting or adjourned meeting at which the vote objected to is given or tendered and every vote not disallowed at such meeting shall be valid for all purposes.

DIRECTORS

88. a) The number of Directors of the Company shall not be less than three and not more than twelve (maximum).

b) The first Directors of the Company are :

Mr. Anoj Arvind Menon
Mr. Naheed Taher Carrimjee
Mr. Sanjay Ramakant Buch

89. The management of the Company shall vest in the Board of Directors.
90. Not less than two-thirds of total number of Directors of the Company shall:
 - (a) be persons whose period of office is liable to determination by retirement of Directors by rotation; and
 - (b) save as otherwise expressly provided in the Act or these presents be appointed by the Company in General Meeting.
91. The Company in the General Meeting may, subject to provision of these presents and Section 259 of the Act, by special resolution, increase or reduce the number of its Directors.
92. The Directors shall have powers at any time and from time to time to appoint any other person as a Director as an addition to the Board but so that the total number of Directors shall not at any time exceed the maximum number fixed by these Articles. Any Director so appointed shall hold office only up to the date of the next following Annual General Meeting of the Company but shall be eligible for re-election at such meeting.
93. Subject to the provisions of Section 313 of the Act or any statutory modification thereof, the Board shall have power to appoint any person to act as alternate director for a director during the latter's absence for a period of not less than three months from the State in which meetings of the Directors are ordinarily held and such appointment shall have effect and such appointee, whilst he holds office as an alternate director, shall be entitled to notice of meetings of the Board and to attend and vote there at accordingly but he shall not be required to hold any qualification shares, if any, and shall 'ipso facto' vacate his office if and when the original Director returns to the State in which meetings of the Board are ordinarily held or if the original director vacates his office as director.
94. The Directors shall be entitled to appoint Director / Directors liable to retire subject to the limits prescribed under the Act.
95. A director need not hold any share in the Company in his name as his qualification, but nevertheless shall be entitled to attend, speak and preside at any general meeting of the Company and at any separate meeting of the holders of any class of shares in the Company.
96. Each Director, other than the whole time paid Directors, may be paid such fee as may be notified by the Central Government from time to time pursuant to Section 310 of the Act and as approved by the Board, for each meeting (*including adjourned meetings*) of the Board of Directors or a Committee thereof attended by him. The Directors may also be paid the expenses as decided by Board, from time to time, in attending the *general meeting of the Company*, Board or a Committee of Board *including any adjourned meetings or proceedings*.
97. In addition to the fee payable to the Directors under Article 126 hereof, the Directors may be paid reasonable traveling, hotel and other expenses in attending and returning from the meetings of the Board of Directors any Committee thereof, any *General Meeting of the Company (including adjourned meetings or proceedings)* or in connection with any business of the Company as decided by the Board.
98. Subject to Section 198, 309, 310 and 314 of the Act, if any Director or Directors being willing shall be called upon to undertake and /or perform extra professional or other services or to make any special exertion in going or residing outside the office for any of the purposes of the Company or in giving special attention to the whole of or any part of the Business of the Company, the Board may remunerate such Director.

99. The continuing Directors may act notwithstanding any vacancy in the Board but, if and so long as their number is reduced below the quorum fixed by these presents for a meeting of the Board, the continuing Directors or Director may act for the purposes of increasing the number of Directors to that fixed for the quorum or of summoning of general meeting of the Company, but for no other purpose.
100. Subject to the approval of the Board of Directors, a Director of the Company may be or become a Director of any company promoted by this Company or in which it may be interested as vendor, shareholder or otherwise and no such directors shall be accountable for any benefits received as a Director or member of such company.
101. A Director, his relative, a firm in which his relative is a partner, any other partner in such firm or any private company of which the Director is a member or director, shall not be disqualified from contracting with the Company either as vendor, purchaser or otherwise, subject to the fulfillment of the requirements of the provisions of Sections 297 to 301 of the Act or any other provision of the law for the time being in force.
102. The Company may, subject to the provisions of Section 284 of the Act, by ordinary resolution of which special notice according to Section 190 of the Act has been given, remove any Director before the expiry of his period of office and may by ordinary resolution of which special notice has been given, appoint another person instead of the removed Director. A Director so appointed shall hold office until the date upto which his predecessor would have held office if he had not been so removed. If the vacancy created by the removal of a Director under the provisions of this Article is not so filled by the meeting at which he is removed, the Board may at any time thereafter fill such vacancy under the provisions of these Articles.
103. If the office of any Director appointed by the Company in General Meeting is vacated before his term of office will expire, in the normal course, the resulting vacancy may be filled by the Board at a meeting of the Board, but any person so appointed shall hold office only upto the date upto which the Director in whose place he is appointed, would have held office if it had not been so vacated, provided that the Board shall not fill such a vacancy by appointing thereto any person who has been removed from the office of Director under these Articles.
104. Subject to Section 259 of the Act, the Company may by special resolution from time to time, increase or reduce the number of Directors, and may either alter their qualification and the Company may (subject to the provision of requirement Section 284 of the Act) remove any Director before the expiration of his period of office and appoint another person in his stead. The person so appointed shall hold office during such time as the Director in whose place he is appointed would have held the same if he had not been removed.
105. If and so long as the company is indebted to any financial institutions, bank, corporation or any other statutory body, or if the company has entered into any obligation with any such institution, bank, corporation or body in relation to any financial assistance by way of loan advanced to the company or guarantee given of any loan borrowed or liability incurred by the company or so long as any such institution, bank corporation or body shall, subject to the provisions of Section 255 of the Act and to the extent agreed by the Board, jointly or severally be entitled from time to time to appoint one or more person to be a director or directors and appoint any other person or persons to be a director or directors in his place or their places and to fill any vacancy otherwise accruing in the office of such directors. The directors so appointed shall not, subject to the provisions of Section 265 of the Act and to the extent agreed by the Board be liable to retirement by rotation. Such directors shall be entitled to attend the general meetings of the company.

PROCEEDINGS OF DIRECTORS' MEETINGS

106. a) The Directors may meet together for the despatch of business and may adjourn and otherwise regulate their meetings and proceedings as they may think fit, subject to the provision of Section 285 of the Act.

- b) The Chairman, Director or any officer authorised by the Directors may call a meeting of the Board of Directors.
- c) Subject to the provisions of Section 316, 372A(2) and 386 of the Act, questions arising at any meeting of the Directors shall be decided by a majority of votes and in case of any equality of votes the Chairman shall have a second or casting vote.
107. Notice of every meeting of the Board or a Committee thereof shall be given in writing to every Director for the time being in India and at his usual address in India to every other Director.
108. Subject to Section 287 of the Act, the quorum for the meeting of the Board shall be one third of its total strength or two Directors, whichever is higher, provided that where at any time the number of interested Directors exceeds or is equal to two-thirds of the total strength in number, the remaining Directors, that is to say, the number of Directors who are not interested, present at the Meeting being not less than two, shall be the quorum during such meeting.
109. a) The Board shall appoint from amongst its members a Chairman.
b) If at any meeting of the Board the Chairman shall not be present within thirty minutes of the time appointed for holding the same or if he is unable or unwilling to take the Chair then the Board may elect one of their other members to act as the Chairman of that meeting.
110. A meeting of Board at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions by or under the Articles or the Act for the time being vested in or exercisable by the Board.
111. Subject to the provisions of Section 292 and 293 of the Act, the Board may from time to time delegate any of its powers to a committee consisting of such member or members of their body, managers and other officer(s) of the Company as it may think fit and may revoke such delegation. Any Committee so formed shall, in exercise of the power so delegated, conform to any regulation that may from time to time be imposed upon it by the Board. The meetings and proceedings of any such committee consisting of two or more members shall be governed by the provisions contained for regulating the meeting and proceedings of the Directors, so far as the same are applicable thereof and are not superseded by any regulations made by the Directors under this Clause.
112. All acts done at any meetings of the Directors or of a Committee or by any person acting as a Director, shall notwithstanding that it may afterwards be discovered that there was some defect in the appointment of such Directors or person acting as aforesaid or that they or any of them were disqualified, be as valid as if every such Director or person had been duly appointed and was qualified to be a Director or a member of a Committee.
113. Save for the purpose of Sections 262, 292, 297, 316, 372A and 386 of the Act, a resolution shall be as valid and effectual as if it had been passed at a meeting of the Directors or of the Committee thereof duly called and constituted if it is circulated in draft together with the necessary papers, if any, to all the Directors or to all the members of the Committee, then in India (not being less in number than the quorum fixed for a meeting of the Board or Committee, as the case may be) and to all other Directors or members at their usual address in India and has been approved by such of the Directors or members as are then in India or by a majority of such of them as are entitled to vote on the resolution.

POWERS OF THE BOARD

114. Subject to the provisions of the Act, the Board shall be entitled to exercise all such powers, and to do all such acts and things, as the Company is authorized to exercise and do; provided that the Board shall not exercise any power or do any act or thing which is directed or required, whether by the Act or any other statute or by the Memorandum of

- Association of the Company or by these Articles or otherwise, to be exercised or done by the Company in General Meeting. Provided further, that in exercising any such powers or doing any such Act or thing, the Board shall be subject to the provisions in that behalf contained in the Act or any other statute or in the Memorandum of Association of the Company or in these Articles or in any regulations made by the Company in General Meeting but no regulations, made by the Company in General Meeting shall invalidate any prior act of the Directors which would have been valid if that regulation had not been made.
115. The Company may exercise the powers conferred on it by Sections 157 and 158 of the Act with regard to keeping of a foreign Register and the Board may (subject to the provisions of these sections) make and vary such regulations as it may think fit in respect of the keeping of any such register.
 116. Every debenture or other instrument issued by the Company for securing the payment of the money may be so framed that the moneys thereby secured shall be assigned free from any equities between the Company and the person to whom the same may be issued. Any debentures, debenture-stock, bonds or other instruments or securities may be issued at a discount, premium or otherwise and may be issued on a condition that they shall be convertible into any shares of any denomination and with any special privileges as to redemption surrender, drawing and allotment of shares or otherwise, provided that the debentures with right to conversion into or allotment of shares shall not be issued without consent of the Company in General Meeting.
 117. Every Director present at any meeting of the Board or of a Committee thereof shall sign his name in a book kept for that purpose.
 118. The following powers shall be exercised by the Board or any Committee of the Board, or otherwise by the Company as may be so required:
 - a) To voluntarily liquidate the Company.
 - b) To increase or reduce the Company's capital.
 - c) To issue and allot new shares.
 - d) To make any Rights Issue of shares.
 - e) To adopt any resolution to alter the Memorandum and Articles of Association.
 - f) To join any other company or to invest in any other company.
 - g) To Issue Debentures.
 - h) To undertake or permit any merger, consolidation or reorganisation of the Company.
 - i) To decide on the declaration of dividends and appropriation of profits.
 - j) Subject to the provisions of Section 372-A of the Act, to give to make any loan to any person or other body corporate or give guarantee or provide security in connection with a loan made by any other person to or to any other person by any body corporate.
 - k) To facilitate passing of resolutions of the company by postal ballot.

POSTAL BALLOT

119. The Company may, and in the case of resolutions, relating to such business as the Central Government may by notified, declare to be conducted only by Postal Ballot, shall, get any Resolution passed by means of a Postal Ballot, instead of transacting the business in General Meeting of the Company.
120. Where a Company decides to pass any Resolution by resorting to Postal Ballot, it shall send a notice to all the shareholders, along with a draft resolution explaining the reasons therefore, and requesting them to send their assent or dissent in writing on a Postal Ballot within a period of 30 days or within such period as may be prescribed, from the date of posting of the letter. The notice shall be sent by registered post acknowledgement due, or by any other method as may be prescribed by the Central Government in this behalf and shall include with such notice, a postage pre-paid envelope for facilitating the communication of the Assent or Dissent of the

shareholder to the resolution within the said period. If a resolution is assented to by a requisite majority of the shareholders by means of Postal Ballot it shall be deemed to have been duly passed at a General Meeting convened in that behalf.

121. A Resolution shall be deemed to have been duly passed by the Board or by a Committee thereof by circulation, if the resolution has been circulated in draft together with the necessary papers, if any, to all the Directors or to all the members of the Committee, then in India (not being less in number than the quorum for a meeting of the Board or Committee as the case may be), and to all other Directors or Members of the Committee at their usual addresses in India and has been approved by such of the

Directors or Members of the Committee as are then in India or by a majority of such of them as are entitled to vote on the resolution.

MANAGING / WHOLE TIME DIRECTORS

122. The Company by ordinary resolution or the Board of Directors may, subject to the provisions of sections 268, 269 and 314 and schedule XIII of the Act, from time to time appoint one or more of the Directors to be Managing Director(s) or other Whole time Director(s) of the Company, for a term not exceeding five years at a time and may from time to time (subject to the provisions of any contract between him or them and the Company) remove him or them from office by following the statutory procedures and appoint another or others in his or their place or places.
123. Subject to the provisions of Sections 198, 309, 310, 311, 349 and 350 and such other provisions of the Companies Act, 1956, a Managing Director or whole-time Director shall in addition to the usual remuneration payable to him as a director of the Company under these Articles, receive such additional remuneration as may from time to time be sanctioned by the Company and may be by way of fixed salary or at a specified percentage of the net profits of the Company or both, or in any other manner and extent otherwise determined. The Remuneration of Managing Director / whole time Director shall be deemed to accrue from day to day.
124. The Managing Director or Managing Directors (in which expression shall be included Joint Managing Director) shall not be bound to retire by rotation of Directors nor shall they be taken into account in determining the rotation of retirement of Directors.

RESERVE

125. The Board may subject to Section 205(2A) of the Act from time to time, before recommending any dividend set apart any portion of the profits of the Company as it thinks fit as reserves to meet contingencies or for the liquidation of any debentures, debts or other liabilities of the Company or for equalisation of dividends or for repairing, improving or maintaining any of the property of the Company and for such other purposes of the Company as the Board in its absolute discretion thinks conducive to the interest of the Company and may, subject to the provisions of Sections 372A of the Act, invest the several sums so set aside upon such investments (other than shares in the Company) as it may think fit and may from time to time deal with and vary such investments and dispose of all or any part thereof for the benefit of the Company and may divide the reserves into such special funds as it thinks fit, with full power to employ the reserve or any part thereof in the business of the Company and that without being bound to keep the same separated from the other assets. The Board may also carry forward any profits, which it may think prudent not to divide without setting them aside as a reserve.
126. All moneys carried to the reserves shall nevertheless remain and be the profits of the Company available. Subject to due provisions being made for actual loss or depreciation, for the payment of dividends and such moneys and all other moneys of the Company not immediately required for the purpose of the Company may, subject to the provisions of

Section 372A of the Act, be invested by the Board in or upon such investments or securities as it may select or may be used as working capital or be kept at any Bank or deposit or otherwise as the Board may from time to time think proper.

CAPITALISATION OF PROFITS / RESERVES

127. (1) The Company in General Meeting may, upon the recommendation of Board, resolve:

- a) To capitalise whole or any part of the amount for the time being standing to the credit of any of the Company's reserve account, or to the credit of the profit and loss account or otherwise available for distribution and
- b) That such sum be accordingly set free for distribution in the manner specified in sub-clause (2) below amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.

(2) The sum aforesaid shall not be paid in cash but shall be applied subject to the provisions contained in sub-clause (3) below, either in or towards:

- a) Paying up any amounts for the time being unpaid on any shares held by such members respectively.
- b) Paying up in full, un-issued shares of the Company to be allotted and distributed, credited as fully paid up, to and among such members in the proportion aforesaid or,

Partly in the way specified in (i) and partly in that specified in (ii) above.

(3) A share premium account and a capital redemption reserve fund may, for the purposes of this Article, only be applied in the paying up of un-issued shares to be issued to members of the Company as fully paid bonus shares or for any other purpose specified in Section 78 of the Act.

(4) The Board shall give effect to the resolution passed by the Company in pursuance of this Article.

128. 1) Whenever such a resolution as aforesaid shall have been passed, the Board shall:

- a) Make all appropriations and applications of the undivided profits resolved to be capitalised thereby and all allotments and issues of fully paid shares if any; and
- b) Generally do all acts and things required to give effect thereto.

2) The Board shall have full power:

To make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, in the case of shares becoming distributable in fractions and,

To authorise any person to enter, on behalf of the members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further shares to which they may be entitled upon such capitalisation or (as the case may require) for the payment by the Company on their behalf by the application thereto of their respective proportions of the profits resolved to be capitalised of the amounts or any part of the amounts remaining unpaid on their existing shares.

3) Any agreement made under such authority shall be effective and binding on all such members.

DIVIDENDS

129. Subject to the rights of members entitled to a share (if any) with preferential or special rights attached thereto the profits of the Company which shall from time to time be determined to be divided in respect of any year or other period shall be applied in the payment of dividend on the Equity Shares of the Company, but so that the holder of a partly paid up share shall be only entitled to such proportion of the distribution upon a fully paid up share proportionately to the amount paid or credited thereon during any portion or portions of the period in respect of which the dividend is paid, but if any share is issued on terms providing that it shall rank for dividend as from a particular date, such share shall rank for dividend accordingly. Where capital is paid in advance of calls upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest, confer a right to dividend or to participate in profits.
130. The profits of the Company, subject to any special rights relating thereto created or authorised to be created by these Articles and subject to the provisions of these Articles shall be divisible among the Members in the proportion of the amount of capital paid or credited as paid up on the shares held by them respectively.
131. The Company in Annual General Meeting may declare a dividend to be paid to the members according to their rights and interests in the profits and may, subject to the provisions of Section 207 of the Act, fix the time for payment.
132. Dividend additional to that declared in the last Annual General Meeting may be declared by the Company in relation to any year in an Extraordinary General Meeting.
133. No larger dividend shall be declared than that recommended by the Board, but the Company in general meeting may declare a smaller dividend.
134. No dividend shall be payable except out of profits of the Company or out of moneys provided by the Central or State Government for the payment of Dividend in pursuance of any guarantee given by such Government and no dividend shall carry interest against the Company.
135. The Directors, if in their opinion the position of the Company justifies, may from time to time, without the sanction of a general meeting pay interim dividend to one or more classes of shares to the exclusion of others at rates, which may be differing from class to class. When declaring such dividend they should satisfy themselves that the preference shares, which have a prior claim in respect of payment of dividend, should have their entire rated dividend at the time of final preparation of the accounts of the period
136. No members shall be entitled to receive payment of any dividend or interest in respect of his share or shares whilst any money be due or owing from him as is presently payable to the Company in respect of such share or shares otherwise on account of any debts, liabilities or engagements of the members of the Company either alone or jointly with any other person or persons and the Directors may deduct from the dividend or interest payable to any member all sums of money so due from him to the Company Subject to Section 205 A of the Act.
137. Any general meeting declaring a dividend may make a call on the members of such amount as the meeting fixes, but so that the call on each member shall not exceed the dividend payable to him and so that the call be made payable at the same time as the dividend and the dividend may if so arranged between the Company and the member, be set off against the call Subject to Section 205 A of the Act. The making of a call under this Article shall be deemed ordinary business of an annual general ordinary meeting which declares dividend.
138. A transfer of share shall not pass the right to any dividend declared thereto before the registration of the transfer by the Company.

139. Subject to Section 205 A of the Act the Directors may retain the dividends payable upon shares in respect of which any person is under the Transmission Article entitled to become a member or which any person under that Article is entitled to transfer until such person shall become a member in respect thereof or shall duly transfer the same.
140. The Directors may retain any dividend on which the Company has lien and may apply the same in or towards satisfaction of the debts, liabilities or engagement in respect of which the lien exists subject to Section 205 A of the Act.
141. Anyone of several persons who are members registered jointly in respect of any share may give effectual receipts for all dividends, bonuses and other payments in respect of such shares.
142. Notice of any dividends, whether interim or otherwise, shall be given to the person entitled to share therein in the prescribed manner, if any.
143. Unless otherwise directed in accordance with Section 206 of the Act, any dividend may be paid by cheque or warrant sent through the post to the registered address of the member or person entitled thereto or in the case of joint holders to the registered address of that one whose name stands first on the register in respect of the joint holding or to such person and at such address as the member or person entitled or sub joint-holders as the case may be, direct and every cheque or warrant so sent shall be made payable to the order of the person to whom it is sent or to the order of such other person as the member or person entitled or such joint holders as the case may be, may direct.

UNPAID OR UNCLAIMED DIVIDEND

144. Where the Company has declared a dividend but which has not been paid or the dividend warrant in respect thereof has not been posted within 30 days from the date of declaration to any shareholder entitled to the payment of the dividend, the Company shall within 7 days from the date of expiry of the said period of 30 days, open a special "Unpaid Dividend" account in that behalf in any scheduled bank and transfer to the said account, the total amount of dividend which remains unpaid or in relation to which no dividend warrant has been posted.
145. Subject to the provisions of Section 205B of the Act any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the Investor Education and Protection Fund ("Fund") and that no claim by any person to any money transferred to the Fund shall lie on or after the commencement of the Companies (Amendment) Act, 1999.
146. No unclaimed or unpaid dividend shall be forfeited by the Board and all unclaimed and unpaid dividends shall be dealt with as per Section 205 A and 205 B of the Act and the rules made there under.
147. The Company shall not be responsible for the loss of any cheque, dividend warrant or postal order sent by post in respect of dividends, whether by request or otherwise, at the registered address or the address communicated to the office before hand by the member or for any dividend lost to the member or person entitled thereto by the forged endorsement of any cheque or warrant or the fraudulent recovery thereof by any other means.

DEMATERIALIZATION:

148. Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize its shares and to offer shares in a dematerialized form pursuant to the Depositories Act, 1996.

SERVICE OF NOTICE AND DOCUMENTS

149. The Company shall comply with the provisions of Section 53, 172 and 190 of the Act as to the service of notices.
150. The accidental omission to give notice to or the non-receipt of notice, by any member or other person to whom it should be given shall not invalidate the proceedings at the meeting.
151. Every person who by operation of law, transfer or other means whatsoever shall become entitled to any share, shall be bound by every notice in respect of such share which previous to his name and address being entered in the register, shall have been duly given to the person from whom he derives his titles to such share.
152. The Signature to any notice to be given by the Company may be written, printed or lithographed.
153. Any notice or document delivered or sent by post to or left at the registered address of any member in pursuance of these Articles shall, notwithstanding such member then deceased and whether or not the Company has notice of his death, be deemed to have been duly served in respect of any share whether registered solely or jointly with other persons, until some other person be registered in his stead as the member in respect thereof and such service for all purposes of the Articles be deemed a sufficient service of such notice or document on his/her heirs, executors or administrators and all persons, if any, jointly interested with him or her in any such share.
154. Any notice required to be given by the Company to the members or any of them and not expressly provided for by these Articles or by the Act shall be sufficiently given if given by the advertisement.
155. Any notice required to be or which may be given by the advertisement shall be advertised once in vernacular newspapers circulating in the neighborhood of the registered office and once in English newspaper.

SECURITY CLAUSE

156. Subject to the provisions of the Act, every Director, Manager, Auditor, trustee, Member of the Committee, Officer, servant, agent, accountant or other person employed in the business of the Company shall if so required by the Board before entering upon his duties, sign a declaration pledging himself to observe a strict secrecy respecting all transactions of the Company with the customers and the state of account with individuals and in matter relating thereto and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Board or by any meeting or by a Court of law and except so far as may be necessary in order to comply with any of the provisions in these presents contained.
157. No member or other person (not being a Director) shall be entitled to visit or inspect any works of the Company or to enter upon the property of the Company or to inspect or examine the Company's premises or properties of the Company without the permission of the Board or subject to Article 195 require discovery of or any information respecting any detail of the Company's trading or any matter which is or may be in the nature of trade secret mystery of trade, or secret process or of any matter whatsoever which may relate to the conduct of the business of the Company and which in the opinion of the Directors it will not be in the interest of the Company to communicate.

INDEMNITY

158. Subject to Section 201 of the Act, Every Director, Manager, Secretary or Officer of the Company or any person (whether an officer of the Company or not) employed by the Company and any person appointed Auditor shall be indemnified out of the funds of the Company, against all bonafied liability incurred by him as such Director, Manager, Secretary, Officer, employee or Auditor in defending any bonafied proceedings, whether civil or criminal or in which judgment is given in his favour or in which he is acquitted, or in connection with any application under Section 633 of the Act in which relief if granted to him by the Court.

OTHER INFORMATION

Material Contracts and Documents for Inspection

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Information Memorandum) which are or may be deemed material have been entered or to be entered into by our Company.

Documents for Inspection:

1. Memorandum and Articles of Association, as amended till date.
2. Certification of incorporation dated March 27, 2006 and Fresh Certificate of Incorporation consequent to change in name dated January 23, 2007.
3. Reports of the Statutory Auditors of the Company dated October 24, 2007 prepared as per Indian GAAP and mentioned in this Information Memorandum.
4. Scheme of Arrangement sanctioned by the Hon'ble High Court of Judicature of Bombay vide its order dated May 4, 2007 and the High Court of Karnataka at Bangalore vide its order dated July 13, 2007.
5. Order dated May 4, 2007 of the Honorable High Court of Judicature at Bombay and order dated July 13, 2007 of the Hon'ble High Court of Karnataka, approving the Scheme of Arrangement.
6. Letters dated January 9, 2007 of BSE approving the Scheme.
7. Tripartite Agreement with NSDL dated 14th September, 2007 and CDSL dated 21st September, 2007
8. SEBI letter NO.CFD/DIL/NB/DM/116441/2008 dated February 6, 2008 granting relaxation from the strict enforcement of the requirement of Rule 19(2)(b) of the Securities Contract Regulation (Rules), 1957 (SCRR) for the purpose of listing of shares of GOKAK TEXTILES LIMITED.
9. Draft of Service Agreement between the Company and the Executive Director and CEO, Mr. H. S. Bhaskar.

DECLARATION

To the best of knowledge and belief of the Board of Directors of the Company, all statements made in this Information Memorandum are true and correct.

BY ORDER OF THE BOARD OF DIRECTORS

FOR GOKAK TEXTILES LIMITED

P.S.Mistry
Director

Shapoor P Mistry
(Chairman)

Cyrus P Mistry
Director

D.G.Prasad
Director

Ashok Barat
Director

H.S.Bhaskar
Executive Director & CEO

C.G.Shah
Director

H.S.Billimoria
Director

Ramaotar Goyal
Director

Mumbai
February 21, 2008