



# FORBES GOKAK LTD.

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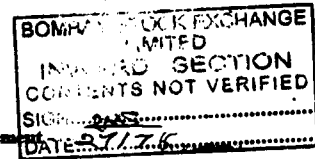
Date: 26th July, 2006

Secretary,  
Stock Exchange, Mumbai,  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai - 400 001.

Dear Sirs,

Compliance with the requirements of Clause 41 of the Listing Agreement

**Financial Results for the year ended 31st March, 2006**



We set out the audited financial results for the Year ended 31st March, 2006.

| Particulars   | (Rs. in Lakhs)                            |                                       |   |   |   |
|---|---|---------------------------------------|---|---|---|
|   | (1)<br>Nine Months<br>ended<br>31.12.2005 | (2)<br>Quarter<br>ended<br>31.03.2006 | (3)<br>Previous<br>Quarter<br>ended<br>31.03.2005 | (4)<br>Year<br>ended<br>31.03.2006<br>(Audited) | (5)<br>Year<br>ended<br>31.03.2005<br>(Audited) |
| 1 Net Sales / Income from Operations  | 43319.14                                  | 14598.81                              | 13097.53  | 57917.95  | 45155.49  |
| 2 Provision for Diminution in the value of Investments and Loans, no longer required written back (net of loss on sale) | 46.72                                     | -                                     | -   | 46.72   | -   |
| 3 Other Income  | 2086.13                                   | 1395.60                               | 2657.09   | 3481.73   | 3937.47   |
| 4 Total Income (1+2+3)  | 45451.99                                  | 15994.41                              | 15754.62  | 61446.40  | 49092.96  |
| 5 Total Expenditure   |   |                                       |   |   |   |
| a) (Increase)/Decrease in Stock   | (104.98)                                  | 164.15                                | 1753.23   | 59.17   | (1005.46)                                       |
| b) Consumption of Raw Materials   | 19317.10                                  | 6077.77                               | 4716.11   | 25394.87  | 20064.05  |
| c) Purchase of Trading Stocks   | 2687.56                                   | 1161.75                               | 279.27  | 3849.31   | 3400.03   |
| d) Power & Fuel   | 3082.55                                   | 1027.54                               | 884.33  | 4110.09   | 3283.00   |
| e) Staff Cost   | 5353.04                                   | 1803.41                               | 1474.84   | 7156.45   | 5930.01   |
| f) Other Expenditure  | 10372.19                                  | 4170.37                               | 3547.95   | 14542.56  | 11592.87  |
| g) Sub Total  | 40707.46                                  | 14404.99                              | 12655.73  | 55112.45  | 43264.50  |
| 6 Interest (Net) (See Note 5)   | 1067.45                                   | 196.21                                | 273.10  | 1263.66   | 1023.53   |
| 7 Voluntary Retirement Compensation Charged / Amortised   | 114.48                                    | (8.51)                                | 11.53   | 105.97  | 44.89   |
| 8 Profit before Depreciation, Prior Period Items, Provision for Diminution and Taxation (4-5-6-7)                       | 3562.60                                   | 1401.72                               | 2814.26   | 4964.32   | 4760.04   |
| 9 Depreciation  | 1751.27                                   | 599.65                                | 544.35  | 2350.92   | 2149.87   |
| 10 Profit before Prior Period Items, Provision for Diminution / Taxation (8-9)  | 1811.33                                   | 802.07                                | 2269.91   | 2613.40   | 2610.17   |
| 11 Add : Prior Period Items - Depreciation  | -   | -                                     | 48.03   | -   | 48.03   |
| 12 Profit before Provision for Diminution/Taxation (10-11+12)   | 1811.33                                   | 802.07                                | 2317.94   | 2613.40   | 2658.20   |
| 13 Less: Provision for Diminution in the value of Investments, Doubtful Loans and Advances                              | 3.70                                      | 5.59                                  | 1.33  | 9.29  | 18.17   |
| 14 Profit before Tax (13-14)  | 1807.63                                   | 796.48                                | 2316.61   | 2604.11   | 2640.03   |
| 15 Less: Provision for Taxation   |   |                                       |   |   |   |
| Wealth tax  | 10.00                                     | 5.00                                  | 4.26  | 15.00   | 7.26  |
| Income-tax-Current  | 150.00                                    | (20.00)                               | 18.00   | 130.00  | 30.00   |
| Income-tax-Deferred   | 216.89                                    | (86.89)                               | (1.79)  | 130.00  | 108.21  |
| Fringe Benefits tax   | 115.53                                    | 53.49                                 | -   | 169.02  | -   |
| 16 Net Profit (15-16)   | 1315.21                                   | 844.88                                | 2296.14   | 2160.09   | 2494.56   |
| 17 Paid up Equity Share Capital<br>(Face Value of Rs.10 each)   | ★ 1245.34                                 | ★ 1245.34                             | 1245.34   | ★ 1245.34                                       | 1245.34   |
| 18 Reserves excluding Revaluation Reserve   |   |                                       |   | 22176.60  | 19053.16  |
| 19 Basic and diluted Earning per Share<br>of face value of Rs.10 each   | Rs. 10.56<br>(for 9 months<br>period)     | Rs. 6.78<br>(for 3 months<br>period)  | Rs. 18.44<br>(for 3 months<br>period)             | Rs. 17.35<br>(for the year)                     | Rs. 20.03<br>(for the year)                     |
| 20 Aggregate of Non-promoter Shareholding   |   |                                       |   |   |   |
| No. of Shares   | 3297726                                   | 3297726                               | 3272841   | 3297726   | 3272841   |
| Percentage  | 26.48%                                    | 26.48%                                | 26.28%  | 26.48%  | 26.28%  |

★ After issue of shares to the shareholders of erstwhile FAL Industries Ltd., on 15.6.2006, the paid up share capital has increased to Rs.1289.86 Lakhs and aggregate non-promoters shareholding is 3436924 shares i.e. 26.65 %.

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**Quarterly Reporting of Segmentwise Revenue, Results & Capital Employed under clause 41 of the Listing Agreement**

(Rs. in Lakhs)

|   | (1)<br>Nine Months<br>ended<br>31.12.2005 | (2)<br>Quarter<br>ended<br>31.03.2006 | (3)<br>Previous<br>Quarter<br>ended<br>31.03.2005 | (4)<br>Year<br>ended<br>31.03.2006<br>(Audited) | (5)<br>Year<br>ended<br>31.03.2005<br>(Audited) |
|---|---|---------------------------------------|---|---|---|
| <b>1 Segment Revenue (net sales / income from each segment)</b>             |   |                                       |   |   |   |
| (a) Textiles and Personal Wear  | 24179.21                                  | 8493.94                               | 9178.17   | 32673.15  | 31256.25  |
| (b) Engineering   | 5057.68                                   | 1762.71                               | 1479.80   | 6820.39   | 5705.28   |
| (c) Bradma Automation   | 3028.82                                   | 1331.44                               | 1501.21   | 4360.26   | 5097.18   |
| (d) Contract Manufacturing  | 7914.94                                   | 2185.23                               | -   | 10100.17  | -   |
| (e) Logistics Services  | 3751.44                                   | 1402.67                               | 1381.25   | 5154.11   | 4262.70   |
| (f) Others  | 412.07                                    | 126.96                                | 201.41  | 539.03  | 597.50  |
| (g) Unallocated   | 1177.20                                   | 893.67                                | 2094.59   | 2,070.87  | 2361.25   |
| <b>Total</b>  | <b>45521.36</b>                           | <b>16196.62</b>                       | <b>15836.43</b>                                   | <b>61717.98</b>                                 | <b>49280.16</b>                                 |
| Less: Inter Segment Revenue   | 69.37                                     | 202.21                                | 81.81   | 271.58  | 187.20  |
|   | <b>45451.99</b>                           | <b>15994.41</b>                       | <b>15754.62</b>                                   | <b>61446.40</b>                                 | <b>49092.96</b>                                 |
| <b>2 Segment Results (Profit before Tax and interest from each Segment)</b> |   |                                       |   |   |   |
| (a) Textiles and Personal Wear  | 826.40                                    | 103.53                                | 191.41  | 929.93  | 419.75  |
| (b) Engineering   | 738.97                                    | 272.86                                | 220.09  | 1011.83   | 790.17  |
| (c) Bradma Automation   | (33.58)                                   | (17.82)                               | 55.56   | (51.40)   | 200.25  |
| (d) Contract Manufacturing  | 47.48                                     | (138.83)                              | -   | (91.35)   | -   |
| (e) Logistics Services  | 509.63                                    | 4.06                                  | 38.12   | 513.69  | 184.12  |
| (f) Others  | (54.37)                                   | (8.89)                                | 88.29   | (63.26)   | 213.26  |
| <b>Total</b>  | <b>2034.53</b>                            | <b>214.91</b>                         | <b>593.47</b>                                     | <b>2249.44</b>                                  | <b>1807.55</b>                                  |
| Less: Interest (Net)  | 1067.45                                   | 196.20                                | 273.10  | 1263.65   | 1023.53   |
| <b>Balance</b>  | <b>967.08</b>                             | <b>18.71</b>                          | <b>320.37</b>                                     | <b>985.79</b>                                   | <b>784.02</b>                                   |
| Add/(Less): Unallocated Income (net of Unallocated Expenditure)             | 840.55                                    | 777.77                                | 1996.24   | 1,618.32  | 1856.01   |
| <b>Profit before Tax</b>  | <b>1807.63</b>                            | <b>796.48</b>                         | <b>2316.61</b>                                    | <b>2604.11</b>                                  | <b>2640.03</b>                                  |
| <b>3 Capital Employed (Segment assets Less Segment Liabilities)</b>         |   |                                       |   |   |   |
| (a) Textiles and Personal Wear  | 20407.92                                  | 21488.46                              | 18012.54  | 21488.46  | 18012.54  |
| (b) Engineering   | 5303.68                                   | 5852.45                               | 5026.50   | 5852.45   | 5026.50   |
| (c) Bradma Automation   | 1724.48                                   | 1924.68                               | 1830.17   | 1924.68   | 1830.17   |
| (d) Contract Manufacturing  | 3923.81                                   | 3619.30                               | -   | 3619.30   | -   |
| (e) Logistics Services  | 2529.62                                   | 3631.89                               | 1522.72   | 3631.89   | 1522.72   |
| (f) Others  | (94.75)                                   | 6164.78                               | (1626.93)   | 6164.78   | (1626.93)                                       |
|   | <b>33794.76</b>                           | <b>42681.56</b>                       | <b>24765.00</b>                                   | <b>42681.56</b>                                 | <b>24765.00</b>                                 |

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## NOTES:

1. Amalgamation of FAL Industries Limited with the Company was approved by the shareholders at their meeting held on 31<sup>st</sup> October, 2005, has been sanctioned by the High Court of the Judicature at Mumbai on 20<sup>th</sup> January, 2006 and by the High Court of the Judicature at Chennai on 12<sup>th</sup> April, 2006 has become effective from 1<sup>st</sup> April, 2005. Accordingly results of the year ended 31<sup>st</sup> March, 2006 includes results of FAL. Also cumulative results up to 31<sup>st</sup> December, 2005 have been recasted to include results of FAL. Thus the cumulative results up to 31<sup>st</sup> March, 2006 includes results of FAL. For this reason, results of the quarter ended and cumulative up to 31<sup>st</sup> March, 2006 are not comparable with those of the quarter ended and cumulative up to 31<sup>st</sup> March, 2005.
2. Other Income for the year ended 31<sup>st</sup> March, 2006 includes profit on sale investment of Rs.799.27 Lakhs (*previous year Rs. Nil*) on buy back of shares by a subsidiary Company and profit on sale of a ship Rs.157.00 lakhs (*previous year Rs. Nil*). Dividend received from Subsidiaries during the year ended 31<sup>st</sup> March, 2006 was Rs.951.75 Lakhs (*previous year Rs.2075.00 Lakhs*).
3. Consequent to amalgamation of FAL Industries Ltd. With effect from 1<sup>st</sup> April,2005, following Companies now have become subsidiaries of the Company.
  - i. Forbes Campbell Holdings Ltd.
  - ii. Warrior (Investment) Ltd.
  - iii. Forbes Services Ltd.
  - iv. Forbes Tinsley Company Ltd.
  - v. Forbes Technosys Ltd.
4. The Company has revalued on 31<sup>st</sup> March, 2006, on the basis of valuation report. Land and Building held for sale and surplus on such revaluation has been credited to the Revaluation Reserve as per the following details:

|   |                 |
|---|-----------------|
| (a) Revalued amount of such Assets .....                              | Rs.75,19,89,250 |
| (b) Less Book Value of such Assets .....                              | Rs. 6,27,24,295 |
| (c) Surplus on such Revaluation credited to Revaluation Reserve ..... | Rs.68,92,64,955 |

The above assets are sold/are being sold during the year commenced from 1<sup>st</sup> April, 2006.
5. Interest cost shown in item 6 above is net after deducting interest income Rs.271.86 Lakhs for the quarter ended 31<sup>st</sup> March, 2006 (*corresponding previous quarter Rs.93.24 Lakhs*); Rs.471.24 Lakhs for the year ended 31<sup>st</sup> March, 2006; (*corresponding previous year Rs.214.11 Lakhs*).
6. Auditors, in their report have referred to balances yet to be reconciled, resulting from process of implementation of Enterprise Resource Planning System (ERP) in a division of a Company and related aspects. Impact of these on the Profit and Loss Account for the year is indeterminate. The auditors have also commented upon Revaluation of certain land and building of the company effected into Accounts of the Company for the year ended 31.03.2006. Such revaluation has no impact on the Profit and Loss Account for the year.
7. During the year commenced from 1<sup>st</sup> April, 2006, the Company has entered into an agreement to set up a Company to own vessels, in which the Company will hold 25%, The Shipping Corporation of India will hold 50% and Sterling Investment Corporation Pvt. Ltd. will hold 25% of paid-up capital.
8. The above results were reviewed by the Audit Committee and approved by the Board of Directors of the Company at their meeting held on 26<sup>th</sup> July, 2006.
9. There were no pending Shareholders complaints as on 1<sup>st</sup> January, 2006, other than 5 pending Court cases, which remain pending as at 31<sup>st</sup> March, 2006. The Company has received 2 complaints during the quarter ended 31<sup>st</sup> March, 2006 and the same have been resolved to the satisfaction of the Shareholders.
10. Previous period's / year's figures have been recast / regrouped wherever necessary.

**Dividend:** The Board of Directors of the Company has recommended a dividend of 50% (*Previous year 50%*) for consideration of shareholders at the Annual General Meeting scheduled to be held on 11<sup>th</sup> September, 2006. Share Transfer Books of the Company will remain closed from the 1<sup>st</sup> September, 2006 to 11<sup>th</sup> September, 2006 (both days inclusive) for the purposes of the dividend and the dividend will be paid to the shareholders whose name appear on the register of members on 11<sup>th</sup> September, 2006.

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We set out the unaudited Consolidated financial results for the Year ended 31st March, 2006.

| Particulars  | (Rs. in Lakhs)   |   |
|--|--|---|
|  | (1)<br>Figures for<br>the Current<br>Year<br>01.04.05 to 31.03.06<br>(Unaudited) | (2)<br>Figures for<br>the Previous<br>Year<br>01.04.04 to 31.03.05<br>(Audited) |
| 1 Net Sales / Income from Operations   | 113466.77  | 94563.91  |
| 2 Other Income   | 20675.84   | 17274.79  |
| 3 Total Income (1+2)   | 134142.61  | 111838.70   |
| 4 Total Expenditure  |  |   |
| a) Increase in Stock   | (1719.87)  | (337.02)  |
| b) Consumption of Raw Materials  | 39282.69   | 28229.29  |
| c) Purchase of Trading Stocks  | 25977.52   | 26337.70  |
| d) Staff Cost  | 18357.52   | 13626.39  |
| e) Other Expenditure   | 41418.88   | 34857.49  |
| f) Sub Total   | 123316.74  | 102713.85   |
| 5 Interest (Net)   | 1570.25  | 1295.97   |
| 6 Voluntary Retirement Compensation Amortised  | 107.99   | 46.91   |
| 7 Profit / Loss before Depreciation (3-4-5-6)  | 9147.63  | 7781.97   |
| 8 Depreciation   | 4543.69  | 3667.41   |
| 9 Balance (7-8)  | 4603.94  | 4114.56   |
| 10 Impairment of Assets  | (87.57)  | 87.57   |
| 11 Balance (9-10)  | 4691.51  | 4026.99   |
| 12 Less: Prior Period Items - Gratuity/Others  | 8.47   | 0.53  |
| 13 Add: Prior Period Items - Depreciation  | -  | 48.03   |
| 14 Balance (11-12+13)  | 4683.04  | 4074.49   |
| 15 Less/Add: Diminution in the value of Investments,<br>Doubtful Loans and Advances - provided | 9.73   | 10.06   |
| 16 Profit/(Loss) before Tax (14-15)  | 4673.31  | 4064.43   |
| 17 Less: Provision for Taxation  |  |   |
| Wealth tax   | 15.03  | 7.27  |
| Income-tax-Current   | 1333.05  | 1163.90   |
| Income-tax-Deferred  | 99.31  | 75.88   |
| Fringe Benefits tax  | 449.43   | -   |
| 18 Net Profit/Loss (16-17)   | 2776.49  | 2817.38   |
| 19 Share of Income in Associates   | 12.73  | 21.17   |
| 20 Minority Interest in net income of subsidiaries   | (93.79)  | (879.96)  |
| Profit after Minority Interest   | 2695.43  | 1958.59   |
| 21 Paid up Equity Share Capital<br>(Face Value of Rs.10 each)                                  | 1228.70  | 1230.15   |
| 22 Reserves excluding Revaluation Reserve  | 28573.68   | 23833.96  |
| 23 Basic and diluted Earning per Share<br>of face value of Rs.10 each                          | Rs.21.94   | Rs.15.92  |

Notes on Consolidated Financial Results for the year ended 31st March 2006.

- The above has been prepared in accordance with the applicable Accounting Standards. As several subsidiaries and other entities have been added to the Consolidation for the year, figures for the current year are not comparable with those of the previous year.
- The above results were taken on record by the Board of Directors of the Company at their meeting held on 26th July, 2006.

For Forbes Gokak Limited

  
(K.C. Mehra)

Deputy Chairman & Managing Director

Mumbai, 26th July, 2006