

FORBES & COMPANY LIMITED

89th Annual Report 2007-2008



Since 1767, A tradition of excellence





FORBES SHIPPING

**CHART
YOUR
SUCCESS
WITH
US**

DIRECTORS:

PALLONJI S. MISTRY	<i>Chairman-Emeritus</i>
SHAPOOR P. MISTRY	<i>Chairman</i>
ASHOK BARAT	<i>Managing Director</i>
C. G. SHAH	<i>Executive Director (Finance)</i>
CYRUS P. MISTRY	
D. B. ENGINEER	
D. S. SOMAN	
N. D. KHURODY	
R. N. JHA	
S. L. GOKLANEY	

SECRETARY:

A. T. SHAH	<i>Company Secretary</i>
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MANAGEMENT:

ASHOK BARAT	<i>Managing Director</i>
C. G. SHAH	<i>Executive Director (Finance)</i>
AMIT MITTAL	<i>Director (Finance)</i>
C. A. KARNIK	<i>Director (Human Resources)</i>
G. MUKHERJI	<i>Director (Engineering)</i>

AUDITORS:

Messrs. S.B.BILLIMORIA & CO.

**SOLICITORS AND
ADVOCATES:**

Messrs. CRAWFORD BAYLEY & CO.
Messrs. UDWADIA & UDESHI (REGD.)

BANKERS:

INDUSTRIAL DEVELOPMENT BANK OF INDIA LIMITED
PUNJAB NATIONAL BANK
STANDARD CHARTERED BANK
STATE BANK OF INDIA
THE FEDERAL BANK LIMITED
UNION BANK OF INDIA

**REGISTRARS AND SHARE
TRANSFER AGENTS:**

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

FACTORIES:

AURANGABAD

1. A-7, M.I.D.C. AREA
CHIKALTHANA - 431 210

MUMBAI

1. CHANDIVALI ESTATE,
SAKI POWAI ROAD – 400 072

2. PLOT No. C - 17, ROAD No.16, WAGLE
INDUSTRIAL ESTATE, THANE- 400 604

HOSUR

PLOT NO.52, SIPCOT INDUSTRIAL
COMPLEX, HOSUR – 635 126,
KRISHNAGIRI DIST.
TAMIL NADU

**CONTAINER FREIGHT
STATIONS:**

1. VESHVI, POST-DIGHODE,
TALUKA-URAN,
DIST. RAIGAD

2. BHARAT CFS ZONE 1,
OLD PORT ROAD MP AND SEZ,
MUNDRA - 370 421.

REGISTERED OFFICE:

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

EIGHTY-NINTH ANNUAL REPORT 2007-2008

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**Annual General Meeting will be held on Wednesday, 27th August, 2008 at 4.00 P.M.
at Indian Merchants' Chambers, Walchand Hirachand Hall, 4th Floor, Churchgate
Mumbai 400 020.**

NOTICE

NOTICE is hereby given that the EIGHTY-NINTH ANNUAL GENERAL MEETING of the shareholders of FORBES & COMPANY LIMITED, will be held at Indian Merchants' Chambers, Walchand Hirachand Hall, 4th floor, Churchgate, Mumbai 400 020 on Wednesday, the 27th August, 2008 at 4.00 p.m. to transact the following business:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2008 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare a Dividend.
3. To appoint a Director in place of Mr. Shapoor P. Mistry who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. D. B. Engineer who retires by rotation and is eligible for re-appointment.
5. To appoint a Director in place of Mr. Pallonji S. Mistry who retires by rotation and is eligible for re-appointment.
6. To appoint a Director in place of Mr. Ashok Barat, who was appointed as an Additional Director of the Company pursuant to Article 112 of the Articles of Association of the Company, and who holds office under Section 260 and other applicable provisions, if any, of the Companies Act, 1956, upto the date of this Annual General Meeting but being eligible, offers himself for appointment and in respect of whom the Company has received a notice in writing from a Shareholder under Section 257 of the Companies Act, 1956 signifying intention to propose his candidature for the office of Director.
7. To consider and, if thought fit, to pass, with or without modification, the following resolution, as an Ordinary Resolution:
"RESOLVED that, pursuant to Sections 198, 269 and 309 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII thereto, the consent of the Company be and is hereby accorded to the appointment of Mr. Ashok Barat as the Managing Director of the Company for a period of 5 years from 1st April, 2008 to 31st March, 2013 (both days inclusive) on the remuneration and upon the terms and conditions set out in the draft of the Agreement to be entered into between the Company and Mr. Ashok Barat, placed before this Meeting and initialled by the Chairman for the purpose of identification. Notwithstanding the period of appointment or anything to the contrary contained in the Agreement between the Company and Mr. Ashok Barat, his appointment as the Managing Director shall be subject to the retirement policy of the Company for the time being.
RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to vary, increase, expand, enhance, enlarge, widen or alter the scope of the remuneration and perquisites, including the monetary value thereof, from time to time as it may, in its discretion, deem fit, within the maximum amount payable to Managing and Whole-time Directors in accordance with Section 198, 269, 309, and other applicable provisions, if any, of the Companies Act, 1956 and Schedule XIII thereto or any amendment made hereafter in this regard and that, the aforesaid draft Agreement between the Company and Mr. Ashok Barat be entered into to give effect to the same in such manner as may be agreed to between the Board and Mr. Ashok Barat."
8. To consider and, if thought fit, to pass, with or without modification, the following resolution, as a Special Resolution:
"RESOLVED that, pursuant to Schedule XIII of the Companies Act, 1956, where in any financial year during a period of 3 years from 1st April, 2008 to 31st March, 2011, or during the tenure of Mr. Ashok Barat as the Managing Director, whichever period is less, the Company has no profits or its profits are inadequate, it shall pay remuneration to Mr. Ashok Barat by way of salary, dearness allowance, perquisites and other allowances as per the Agreement proposed to be entered into between the Company and Mr. Ashok Barat, in terms of the draft Agreement placed at this Meeting and referred to in the resolution at Item 7 of this Notice."
9. To appoint Deloitte Haskins and Sells, Chartered Accountants, as Auditors and to authorise the Board of Directors to fix their remuneration.
10. To consider and, if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:
"RESOLVED that, pursuant to the provisions of Section 309(4) and other applicable provisions, if any, of the Companies Act, 1956 and, subject to other approvals as may be required, consent be and is hereby accorded to the payment and distribution of such sum by way of commission, not exceeding in aggregate, 1% per annum of the net profits of the Company, computed in the manner referred to in Section 198 of the Companies Act, 1956, for each of the five financial years of the Company, commencing from 1st April, 2008, to such Directors of the Company, (other than the Managing Director and the Whole-time Directors), the quantum, proportion and manner of such payment and distribution to be made as the Board may from time to time decide."
11. To consider and, if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:
"RESOLVED that, pursuant to the provisions of Section 372A and all other applicable provisions, if any, of the Companies Act, 1956 and subject to other approvals as may be required, consent be and is hereby accorded to the Board of Directors to give a guarantee upto US \$ 4 million in favour of the consortium of lenders to SCI Forbes Ltd., in connection with a loan to be made available by them to SCI Forbes Ltd.
RESOLVED FURTHER that the Board of Directors of the Company, be and is hereby authorised to decide all or other matters as may be required in this regard and to do all such acts, deeds, matters and things as may be necessary or desirable to implement this resolution from time to time."

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

Mumbai, 31st July, 2008.
Registered Office:
Forbes Building, Charanjit Rai Marg,
Mumbai 400 001

NOTES:

1. A SHAREHOLDER ENTITLED TO ATTEND AND VOTE AT THE MEETING, IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A SHAREHOLDER.
2. An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of business at items 6, 7, 8, 9, 10 and 11 are annexed hereto.
3. Pursuant to the exemption granted by the Central Government under Section 212(8) of the Companies Act, 1956, the annual accounts of the subsidiary companies and the related detailed information are not attached to the Company's accounts for the year ended 31st March, 2008. The annual accounts of the subsidiary companies will be made available to the investors seeking such information as and when such request is received by the Company. Such information is also available for inspection by any investor in the Registered Office of the Company and of the subsidiary companies concerned.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from Thursday, 14th August, 2008 to Wednesday, 27th August, 2008 (both days inclusive).
5. The Dividend, when declared, will be payable on and after Monday, 1st September, 2008 to those shareholders whose names appear on the Register of Members on 27th August, 2008. In respect of shares held in dematerialised form in the depository system, the dividend will be paid to the beneficial owner(s) as per the list provided by the depositories.
6. Shareholders are requested to immediately notify the REGISTRARS AND SHARE TRANSFER AGENTS or the DEPOSITORY PARTICIPANTS (in case of shares which have been dematerialised) of any change in their address and/or bank account details to ensure correct and prompt receipt of the Dividend Warrants.
7. SHAREHOLDERS ARE ADVISED, IN THEIR OWN INTEREST THAT ALL COMMUNICATIONS TO THE COMPANY OR ITS REGISTRARS AND SHARE TRANSFER AGENTS WHICH WOULD HAVE THE EFFECT OF AMENDING THE PERMANENT DETAILS OF THEIR LEDGER FOLIO, SHOULD BE SIGNED BY ALL THE SHAREHOLDERS REGISTERED UNDER THAT LEDGER FOLIO.
8. Please address all communications including lodging of Transfer Deeds to -

REGISTRARS AND SHARE TRANSFER AGENTS

TSR Darashaw Ltd.,
 UNIT: FORBES & COMPANY LIMITED
 6-10, Haji Moosa Patrawala Industrial Estate,
 20 Dr. E. Moses Road,
 Mahalaxmi,
 Mumbai 400 011
 Tel. : 91 22 66568484
 Fax. :91 22 66568494
 Business Hours : 10.00 a.m. to 3.30 p.m. (Monday to Friday)
 Email : csg-unit@tsrdarashaw.com

Branch Offices

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

Agent

Shah Consultancy Services Ltd.
3, Sumatinath Complex,
Pritam Nagar, Akhada Road, Ellisbridge,
Ahmedabad 380 006
Telefax : 079- 26576038
Email : shahconsultancy@hotmail.com

Investors, if they so prefer, can send transfer request, correspondence and queries to the Company at the following address –
Company Secretary
Forbes & Company Ltd.
Forbes Building, Charanjit Rai Marg, Fort, Mumbai 400001
Telephone : 022 407 49117
Email : atshah@forbes.co.in

Kindly quote your Ledger Folio No.

ANNEXURE TO NOTICE

1. Explanatory Statement under Section 173 of the Companies Act, 1956.

Item 6:

At the meeting of the Board of Directors held on 27th March, 2008, Mr. Ashok Barat was appointed an Additional Director of the Company. Pursuant to Section 260 of the Companies Act, 1956 (hereinafter referred to as “the Act”) read with Article 112 of the Articles of Association of the Company (hereinafter referred to as “the Articles”) Mr. Ashok Barat holds office upto the date of the forthcoming Annual General Meeting of the Company.

A Notice, in writing, has been received from a shareholder under Section 257 of the Act alongwith a deposit of Rs.500 signifying intention to propose Mr. Ashok Barat as a candidate for appointment as a Director.

Mr. Ashok Barat aged 51, is employed with the Company from 1st September, 2006 and has been appointed an Additional Director and also the Managing Director of the Company from 1st April, 2008. Prior to this appointment he held the position of CEO of the Company. He has wide and varied experience in responsible positions. The Directors consider that the services of Mr. Ashok Barat will be useful to the Company having regard to his knowledge and experience and recommend that he be appointed as a Director of the Company.

Mr. Ashok Barat is interested in the Resolution at Item 6 of the Notice since it relates to his appointment.

Item 7:

At the meeting of the Board of Directors held on 27th March, 2008, the Directors have appointed Mr. Ashok Barat as the Managing Director for a period of 5 years from 1st April, 2008 to 31st March, 2013 at the remuneration and upon the terms and conditions set out in the draft Agreement placed before the meeting and initialled by the Chairman for the purpose of identification. Emoluments, benefits, perquisites and other conditions of the appointment of Mr. Ashok Barat, have been set out in Schedule 'A' hereto.

As the appointment of Mr. Ashok Barat as the Managing Director and the remuneration proposed to be paid to him, is in conformity with the provisions and requirements of Schedule XIII to the Companies Act, 1956 (“the Act”) approval of the Central Government is not required for the same. The appointment and the remuneration payable to Mr. Ashok Barat as set out in the aforesaid draft Agreement are, however, subject to the approval of the shareholders in general meeting, pursuant to Section 269 read with Schedule XIII to the Companies Act, 1956. Hence the Resolution at Item 7 of the Notice.

The other material terms of the draft Agreement with Mr. Ashok Barat referred to in the Resolution at Item 7 of the Notice are as follows:

1. The appointment of Mr. Ashok Barat shall be for a period of 5 years from 1st April, 2008 to 31st March, 2013 (both days inclusive) subject to the same being previously determined as provided in the Agreement. Further, notwithstanding the period of the appointment or anything to the contrary contained in the Agreement, the appointment of Mr. Ashok Barat, as Managing Director, shall be subject to the retirement policy of the Company for the time being.
2. During his tenure as the Managing Director the day-to-day management of the Company shall be in the hands of Mr. Ashok Barat, subject to the supervision and control of the Board of Directors of the Company.
3. Mr. Ashok Barat shall devote his whole time, attention and ability during business hours to the business of the Company and undertake travel in India and abroad for the same.
4. Pursuant to Article 141 of the Articles of Association, Mr. Ashok Barat shall not be subject to retirement by rotation in accordance with Section 256 of the Act and Article 127 of the Articles of Association of the Company.

Upon Mr. Ashok Barat ceasing to be the Managing Director under this appointment he shall cease to be a member of the Board.

A copy of the draft Agreement between the Company and Mr. Ashok Barat, referred to above will be open for inspection by the shareholders at the Registered Office of the Company between 11.00 A.M. and 1.00 P.M. on any working day (Monday to Friday).

The foregoing material terms read with Schedule 'A' hereto should be treated as an abstract of the terms of Mr. Ashok Barat's appointment as the Managing Director pursuant to Section 302 of the Act.

Mr. Ashok Barat is interested in the Resolution at Item 7 of the Notice since it relates to his appointment as the Managing Director of the Company and the remuneration proposed to be paid to him as such.

Item 8:

Pursuant to Schedule XIII of the Act where in any financial year during the currency of tenure of Mr. Ashok Barat, the Company has no profits or its profits are inadequate, it may, subject to approval of the Shareholders of the Company by a special resolution, pay remuneration to Mr. Ashok Barat by way of salary, dearness allowance, perquisites and any other allowances, not exceeding the ceiling limit of Rs.48,00,000 per annum or Rs.4,00,000 per month without Central Government approval and exceeding Rs.48,00,000 per annum or Rs.4,00,000 per month with the Central Government approval, on the scale related to the effective capital of the Company. The shareholders can approve payment of remuneration for a period not exceeding three years.

Accordingly, the resolution at Item 8 is proposed as a special resolution to enable the Company to pay remuneration to Mr. Ashok Barat for the period 1st April, 2008 to 31st March, 2011 as per the Agreement proposed to be executed in terms of draft Agreement placed at the meeting and referred to in the resolution at Item 7.

The payment of the aforesaid remuneration is approved by a resolution dated 27th March, 2008. The Company has not made any default in payment of any of its debts (including public deposits) or debentures or any interest payable thereon for a continuous period of thirty days in the preceding financial year before the date of appointment of Mr. Ashok Barat.

A statement containing information required to be given to the shareholders pursuant to proviso (iv) of Part II, Section II I (B) to Schedule XIII to the Act is attached and forms part of this Notice.

Mr. Ashok Barat is interested in the Special Resolution at Item 8 of the Notice since it relates to his remuneration.

Item 9:

The present Statutory Audit arrangement is that Messrs. Fraser & Ross are the Branch Auditors of Forbes Energy System at Chennai and Hosur: Messrs. Kalyaniwalla & Mistry are the Branch Auditors of Forbes Bradma Business Automation, and the Statutory Auditors of the Company are Messrs. S.B. Billimoria & Company, who incorporate the reports of the Branch Auditors in their Report. It is proposed that effective from the year commencing from 1st April 2008, the arrangement is rationalized and Messrs. Deloitte Haskins & Sells, affiliates of Messrs. S. B. Billimoria & Company are appointed the Statutory Auditors of the Company and they also cover Forbes Energy System and Forbes Bradma Business Automation so that the work procedure is simplified and the entire audit work is carried out by one firm namely Deloitte Haskins & Sells. Messrs. S. B. Billimoria & Co. has advised that they are not seeking reappointment as the Statutory Auditors of the Company. A special notice has been received from a member of the Company under Section 190 and 225 of the Companies Act, 1956 signifying his intention to propose the appointment of M/s. Deolitte Haskins & Sells, Chartered Accountants as the Statutory Auditors of the Company from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting.

None of the Directors is interested in the Resolution at Item 9 of the Notice.

Item 10:

At the 84th Annual General Meeting held on 25th August, 2003, the Shareholders conferred on the Board an authority to pay a commission on net profit in terms of Section 309(4) of the Companies Act, 1956 for a period of 5 years from 1st April, 2003.

The said period of 5 years expired on 31st March, 2008. Approval of the Shareholders is requested for payment of commission on net profits in terms of Section 309(4) of the Companies Act, 1956 for each of the five financial years of the Company commencing from 1st April, 2008 and be distributed amongst such Directors of the Company (excluding the Additional Director and Whole time Directors) as may be determined by the Board in such quantum, proportion and manner as the Board may from time to time decide.

All the Directors of the Company, except Mr. Ashok Barat and Mr. C. G. Shah may be deemed to be interested in the special resolution at Item 10 of the Notice, in so far and to the extent of the commission that may be payable to them in terms thereof.

SCHEDULE “A”

(Details of emoluments, benefits, perquisites and other conditions referred to in the Explanatory Statement to item 7)

These will be subject to the limits laid down under Sections 198 and 309 and Schedule XIII of the Companies Act, 1956.

1. SALARY

Name	Period of appointment	Scale Rs. *
Mr. Ashok Barat	01.04.2008 to 31.03.2013	Rs.2,00,000 to Rs.4,00,000

* The annual increments, which will be effective 1st April, each year, will be decided by the Board within the respective scale of salary of the Appointee and will be merit based and will take into account the Company’s performance. In the event no commission on net profit is paid for any year as remuneration, an additional salary may be paid as may be decided by the Board of Directors of the Company, provided the same is within the foregoing range and provided the same is within the range stipulated by the Central Government for minimum remuneration.

2. PERQUISITES AND ALLOWANCES:

- a. In addition to the salary and commission payable, the Appointee shall be entitled to perquisites and allowances like Company provided accommodation/house rent allowance; house maintenance allowance; reimbursement of expenses or allowances for utilities such as gas, electricity, water, soft furnishing, hard furnishing and repairs; helper allowance; medical reimbursement or allowance; leave travel concession/assistance for himself and his family; club fees; medical insurance and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors and the Appointee, the value of which shall not in the aggregate exceed 125% of the annual salary.
- b. For the purposes of calculating the above ceiling, perquisites and allowances shall be evaluated as per Income-tax Rules, wherever applicable; in the absence of any such rules, (present and if not applicable at the present, those in the past) perquisites and allowances shall be evaluated at actual cost. Provision for use of the Company’s car for official duties and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.
- c. Company’s contribution to Provident Fund and Superannuation or Annuity Fund to the extent these either singly or together are not taxable under the Income-tax Act, gratuity payable as per the rules of the Company and encashment of leave at the end of the tenure, shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

3. COMMISSION:

Such remuneration by way of commission, in addition to the above salary and perquisites, calculated with reference to the net profits of the Company in a particular financial year, as may be determined by a Sub-Committee of the Board of Directors of the Company at the end of each financial year, subject to the overall ceilings stipulated in Sections 198 and 309 of the Act. The specific amounts payable to the Appointee, not exceeding four years' of his annual salary, will be based on certain performance criteria to be laid down by the Board and will be payable annually after the Annual Accounts have been approved by the Board of Directors and adopted by the Shareholders.

4. MINIMUM REMUNERATION:

Notwithstanding anything to the contrary herein contained where in any financial year during the currency of the tenure of the Appointee, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites as specified above and the commission to be paid shall be subject to a maximum as permitted, under Section 198 read with Section 309 and other Sections of the Companies Act, 1956.

5. OTHER CONDITIONS:

- (1) The Appointee shall not be paid any sitting fees for attending the meeting of the Board of Directors or Committee thereof.
- (2) For the purpose of remuneration including commission on net profit, the certificate of the Company's Auditors as to the net profits of the Company for any financial year shall be final, conclusive and binding on the Appointee.
- (3) The Appointee shall be entitled to accumulate leave upto a period as may be approved by the Chairman. In respect of leave availed of, the Appointee shall be reimbursed actual air/rail/road transportation incurred by him, his wife and dependent children to any place in India, subject to such rules, regulations and conditions as the Board may from time to time prescribe.
- (4) During the continuance of this Agreement, the Company shall at its cost take out Personal Accident Insurance Policy insuring the Appointee and shall pay the premium, in respect thereof from time to time within the foregoing limit.
- (5) The Appointee shall not during the continuance of his employment hereunder or at any time thereafter divulge or disclose to any person whomsoever or make any use whatsoever for his own purpose or for any purpose other than that of the Company of any information or knowledge obtained by him during his employment.
- (6) The Appointee shall not directly or indirectly engage himself in any business or activity substantially similar to or competing with the business activity of the Company during the term of the Agreement.
- (7) The Appointee shall not become interested or otherwise concerned directly or through his wife and/or minor children in any selling agency of the Company without the prior approval of the Company and the Central Government.
- (8) The Appointee shall be entitled to reimbursement of all actual expenses, including on entertainment and traveling, incurred in the course of the Company's business.
- (9) In case of death of the Appointee during the course of his employment, the Company will pay to his legal representatives, the salary and other emoluments payable for the then current month.
- (10) The Appointee's employment shall be determined forthwith if he commits a breach of any of the aforesaid terms, disqualifies himself to act as a Director for any reason except inadvertent breach of Section 283 of the Companies Act, 1956 or becomes insolvent, makes any composition or arrangement with his creditors or ceases to be a Director of the Company.
- (11) Either party shall be entitled to determine this Agreement at any time by giving not less than six calendar month notice in that behalf to the other party without being required to show any cause.
- (12) All notices shall be in writing and shall be sent to the Company's Registered Office and to the last known residential address of the Appointee.
- (13) The Agreement with the Appointee shall be the entire Agreement between the parties and shall supersede and cancel all prior arrangements, agreements and understandings, oral or written, on the subject matter.
- (14) Terms of remuneration of the Appointee can be varied, increased, expanded, enhanced, enlarged, widened or altered with the consent of the Company and the Appointee to the extent to which it may be varied, increased, expanded, enhanced, enlarged, widened or altered, in accordance with the provisions relating to the payment of managerial remuneration under the Companies Act, 1956, including Schedule XIII to the Companies Act, 1956.
- (15) Notwithstanding the period of appointment and anything to the contrary contained herein his appointment as the Managing Director shall be subject to the retirement policy of the Company.

Item 11:

The Company, together with Sterling Investment Corporation Pvt.Ltd. and The Shipping Corporation of India Ltd., is a joint venture partner of SCI Forbes Ltd. The Company holds 25%, Sterling Investment Corporation Pvt.Ltd. holds 25% and The Shipping Corporation of India Ltd. holds 50% share capital of SCI Forbes Ltd.

SCI Forbes Ltd. is engaged in the business to purchase, charter hire or otherwise deal with steam and other ships or vessels and to establish maintain and operate transport services by water and land between India and other countries for the conveyance of passengers, mails and freight and for any other purposes.

SCI Forbes Ltd. has proposed to purchase 4 chemical tankers at an aggregate estimated cost of US \$ 99.40 million which would be financed by the contributions from the Shareholders and loans from a consortium of lenders. SCI Forbes Ltd. is also in the process of finalising debt funding arrangement of aggregate US \$15.904 million on the basis that the promoter companies would give guarantee on a several basis to secure the debt funding arrangement for SCI Forbes Ltd.

Section 372A of the Companies Act, 1956 provides that should the aggregate of investments and loans made or guarantees given exceed the limit set out in the Section, no investment or loan should be made out or guarantee should be given or security should be provided unless the same is previously authorised by a Special Resolution in a general meeting. The proposal to give guarantee upto US \$ 4 million on behalf of SCI Forbes Ltd. to consortium of lenders togetherwith the existing investments, guarantees etc. may exceed the limits laid down under Section 372A of the Companies Act, 1956. Hence an authority from the Shareholders by way of a special resolution is requested as set out in the Notice.

Mr. Ashok Barat may be deemed to be interested as he is also a director of SCI Forbes Ltd.

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

Mumbai, 31st July, 2008.

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

1. Statement containing the information required to be furnished pursuant to paragraph 1 (B) (iv) of Section II in Part II of Schedule XIII to the Companies Act, 1956 as amended by notification dated 16th January, 2002 is given hereunder.

I. General Information

(1) Nature of Industry	Light Engineering including threading and other tools, Shipping and Logistic Services, Business Automation and Equipments, and through subsidiaries, clean water, air and hygiene products.			
(2) Date or expected date of commencement of commercial production.	The Company is in commercial production since the year 1919.			
(3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.	Not Applicable.			
	(Rs. in Crores)			
(4) Financial Performance based on given indicators.		Y.E. 31.3.2006	Y.E. 31.3.2007	Y.E. 31.3.2008
	Gross Income	614.46	640.02	274.96
	PBT	26.04	12.87	3.70
	Net Worth	303.59	292.05	194.47
	Dividend %	50%	35%	15%
	Dividend	6.45	4.51	1.94
	(Rs. in Crores)			
(5) Export Performance and net foreign exchange earning.		Y.E. 31.3.2006	Y.E. 31.3.2007	Y.E. 31.3.2008
	Foreign Exchange Earning	139.70	169.16	26.90
	Less: Foreign Exchange Outgo	68.80	133.76	28.71
	Net Position	70.90	35.40	(1.81)
<u>Note:</u> Financial information for the Y.E. 31.3.2008 is not comparable with the information for the earlier year, in view of demerger of Textile Undertaking of the Company into separate company as from 1.4.2007.				
(6) Foreign Investor or Collaborators, if any.	There is no direct foreign investment in the Company. The Company is agent for several overseas Shipping and other Principals.			

II. A. Information of the remuneration package of Mr. Ashok Barat (Managing Director)

(1) Background details.	Mr. Ashok Barat aged 51 years 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.
(2) Past Remuneration.	Mr. Ashok Barat was appointed Managing Director of the Company with effect from 1st April, 2008.
(3) Recognition or Awards.	Mr. Ashok Barat is a visiting faculty member of the Indian Institute of Management and a Member of several Committees of Trade Association.

(4) Job profile and his suitability.	Mr. Ashok Barat 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 a Director of other several companies.		
(5) Remuneration proposed.	<p>Remuneration proposed includes –</p> <p>(a) Monthly salary in the range of Rs. 2,00,000 to Rs. 4,00,000.</p> <p>(b) Housing, Vehicle, Medical and Leave Travel and other perquisites subject to a ceiling of 125% of salary.</p> <p>(c) Such commission as may be approved by the Board of Directors of the Company having regard to the net Profits of the Company and provisions of Section 198 and other sections of the Companies Act, 1956. Contribution to the Provident Fund, Superannuation Fund and Gratuity Fund, as per the Rules of the Company.</p>		
(6) Comparative remuneration profile with respect of industry, size of company, profile of the position and person (in case of expatriates the relevant details would be with reference to the country of his origin.)	The remuneration proposed is more or less in line with the general pattern for comparable responsibility/job profile. Some illustrations:		
	Company	Position	Total Remuneration
	KEC International Ltd.	Managing Director	For the year ended 31.3.2008 Rs. 163.57 lakhs.
	Mahindra Ugine Steel Company Ltd.	Managing Director	For the year ended 31.3.2008 Rs. 78.73 lakhs.
Ador Welding Ltd.	Managing Director	For the year ended 31.3.2008 Rs. 118.71 lakhs.	
(7) Pecuniary relationship directly or indirectly with the Company or the relationship with the Managerial Personnel, if any.	Mr. Ashok Barat is not holding any shares of the Company. There is no other pecuniary relationship with the Company or the Managerial Personnel.		

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

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

Name of the Director	Mr. Shapoor P. Mistry	Mr. D. B. Engineer	Mr. Pallonji S. Mistry	Mr. Ashok Barat
Date of Birth	6 th September, 1964	2 nd May, 1933	1 st June, 1929	5 th December, 1956
Date of first Appointment	3 rd September, 2001	28 th September, 1992	20 th February, 2002	4 th September, 2006
Qualification	B.A. (England) – Business & Economics	Solicitor	Inter Arts	F.C.A., A.C.S.
Relationships between Directors inter-se	Promoter Director. Related to Mr. P. S. Mistry and Mr. C. P. Mistry	Not related to any Director of the Company	Promoter Director. Related to Mr. S. P. Mistry and Mr. C. P. Mistry	Not related to any Director of the Company
Expertise in specific functional areas	Mr. Shapoor P. Mistry is the Chairman of Eureka Forbes Ltd. and Managing Director of Shapoorji Pallonji & Co. Ltd.. He is also a Director of several public limited companies. His expertise includes formulation of business plans, risk evaluation, business investment strategy and funds management, and property development.	Mr. D. B. Engineer is a Senior Partner of Crawford Bayley & Co., Solicitors and Advocates. Mr. Engineer is also a Director of many public limited companies.	Mr. Pallonji S. Mistry is the Chairman of Shapoorji Pallonji Group. He is also a Director of several public limited companies. His expertise includes formulation of business plans, risk evaluation, business investment strategy and property and infrastructure development.	Mr. Ashok Barat has worked in India and abroad with leading FMCG companies and has a rich experience in the corporate world including MNC, in different fields. He is a visiting faculty member of the Indian Institute of Management and a Member of several Committees of Trade Associations.
List of Companies in which Directorship held as on 31 st March, 2008	<u>PUBLIC COMPANIES</u> 1. Afcons Infrastructure Ltd. 2. Cyrus Investments Ltd. 3. Eureka Forbes Ltd. 4. Forbes Bumi Armada Ltd. 5. Forbes Infotainment Ltd. 6. Forvol International Services Ltd. 7. Gokak Textiles Ltd. 8. Shapoorji Pallonji & Co. Ltd. 9. Shapoorji Pallonji Infrastructure Capital Co. Ltd. 10. Shapoorji Pallonji Finance Ltd. 11. Shapoorji Pallonji Power Co. Ltd. 12. United Motors (India) Ltd. 13. The Indian Hotels Co. Ltd.	<u>PUBLIC COMPANIES</u> 1. Atlas Copco (India) Ltd. 2. Fiora Services Ltd. 3. Forvol International Services Ltd. 4. Foods & Inns Ltd. 5. Nilkamal Plastics Ltd. 6. PCS Industries Ltd. 7. Prudential ICICI Asset Management Co. Ltd. 8. Tata Tea Ltd. 9. Welspun India Ltd. 10. Zuari Industries Ltd.	<u>PUBLIC COMPANIES</u> 1. Afcons Infrastructure Ltd. 2. Cyrus Investments Ltd. 3. Forvol International Services Ltd. 4. Gokak Textiles Ltd. 5. Shapoorji Pallonji & Co. Ltd. 6. Shapoorji Pallonji Infrastructure Capital Co. Ltd. 7. Shapoorji Pallonji Finance Ltd. 8. Shapoorji Pallonji Power Co. Ltd. 9. United Motors (India) Ltd.	<u>PUBLIC COMPANIES</u> 1. Forbes Bumi Armada Ltd. 2. Forbes Finance Ltd. 3. Forbes Sea Consortium Ltd. 4. Forbes Technosys Ltd. 5. SCI Forbes Ltd. 6. Volkart Fleming Shipping & Services Ltd.
Member of the Board Committees	1. <u>Share Transfer & Investor Relations Committee</u> United Motors (India) Ltd. 2. <u>Remuneration Committee</u> Forbes & Company Ltd.	1. <u>Share Transfer & Investor Relations Committee</u> Atlas Copco (India) Ltd. Tata Tea Ltd. Zuari Industries Ltd. 2. <u>Audit Committee</u> Atlas Copco (India) Ltd. Forbes & Company Ltd. Welspun India Ltd. Zuari Industries Ltd. 3. <u>Remuneration Committee</u> Atlas Copco (India) Ltd. Tata Tea Ltd.	1. <u>Share Transfer & Investor Relations Committee</u> Forbes & Company Ltd. 2. <u>Remuneration Committee</u> Forbes & Company Ltd. Shapoorji Pallonji Finance Ltd.	- -
No. of Shares held	NIL	385	NIL	NIL

For and on behalf of the
Board of Directors
Shapoor P. Mistry
Chairman

Mumbai, 31st July, 2008.

Registered Office:

Forbes Building, Charanjit Rai Marg, Mumbai 400 001

DIRECTORS' REPORT

To,
The Shareholders,
Your Directors submit their Report and the Audited Accounts of the Company for the year ended 31st March, 2008.

1. CHANGE OF NAME OF THE COMPANY:

As approved by the Shareholders earlier, the name of the Company has been changed from Forbes Gokak Limited, to Forbes & Company Limited, effective from 25th October 2007. Shareholders holding shares in the physical form have been sent stickers of the new name, which they can affix on the Share Certificates.

2. FINANCIAL RESULTS:

The results for the current year and those for the previous year are set out in this paragraph. The demerger of the Textile Undertaking of the Company into Gokak Textiles Limited, that the shareholders had approved earlier, became effective from 1st April 2007. Because of this demerger and consequent exclusion of data of the Textile Undertaking with effect from 1st April 2007, the results are not directly comparable. The table below provides an analysis:

(Rs. In Crores)

	For the year ended 31st March, 2008	For the year ended 31st March, 2007		
	Businesses continuing after demerger	Businesses continuing after demerger	Demerged Business	Total as reported for the year
01. Sales, Services and Other Income	274.96	301.00	353.18	654.18
02. Less: Expenditure	259.29	265.73	344.86	610.59
03. Profit after Interest and before Depreciation	15.67	35.27	8.32	43.59
04. Less: Depreciation	11.30	9.59	17.51	27.10
05. Profit after Depreciation	4.37	25.68	(9.19)	16.49
06. Less: Provision for Doubtful Loans and Advances and for diminution in value of Investments	0.47	0.39	-	0.39
07. Profit before prior period items (net)	3.90	25.29	(9.19)	16.10
08. Add / Less: Prior period items (net)	0.20	-	(0.09)	(0.09)
09. Profit before taxation and exceptional items	3.70	25.29	(9.10)	16.19
10. Less: Exceptional items	-	3.32	-	3.32
11. Profit before Taxation	3.70	21.97	(9.10)	12.87
12. Less: Deferred Tax Liability /Provision for Taxation	1.27	3.52	0.23	3.75
13. Profit after Taxation	2.43	18.45	(9.33)	9.12
14. Add: Balance brought forward	15.77	33.79	0.14	33.93
15. Total amount available for appropriation.	18.20	52.25	(9.20)	43.05
16. Less: Appropriations				
(a) Proposed Dividend	1.94	-	-	4.51
(b) Tax on Dividend Distribution	0.33	-	-	0.77
(c) General Reserve	0.12	-	-	22.00
(d) Sub Total	2.39	-	-	27.28
17. Balance carried to Balance Sheet	15.81	-	-	15.77

In accordance with the Scheme of Demerger, as approved by High Court, Bombay and High Court of Judicature in Karnataka at Bangalore,

the demerged Company, Gokak Textiles Limited has been transferred a net worth of Rs.107.39 crores, with a corresponding reduction, in the reserves and net worth of the Company; also the Borrowings, Fixed Assets, Current Assets, etc. assignable to the demerged business have been transferred to Gokak Textiles Limited. These render the Balance Sheet data of the current and previous years for the Company not strictly comparable.

The process of restructuring of business was continued. This has affected the results for the year in three ways, namely a lower inventory realisation for the restructured lines of business and products, an accelerated incidence of employee retiral and separation costs and continuance of related fixed costs, while the process of elimination of costs takes time. The results reflect the initial impact of this ongoing process.

3. DEMERGER AND GOKAK TEXTILES LIMITED:

In accordance with the Scheme of Demerger, the Shareholders of Forbes & Company Limited have been allotted one share of Gokak Textiles Limited, for every two shares held by them in Forbes & Company Limited on 28th September 2007, by way of additional entitlement (and not in lieu of their shareholding). The face value per share and the aggregate paid-up share capital of Forbes & Company Limited remain unchanged. The shares of Gokak Textiles Limited have been listed on Bombay Stock Exchange Limited effective from 19th March 2008.

4. DIVIDEND:

The Board of Directors of the Company at their meeting held on 7th July 2008, have recommended a dividend of 15% (*previous year 35%*), which, together with Corporate Dividend Tax, Surcharge and Education Cess, will mean an aggregate outgo of Rs. 2.26 crores (*previous year Rs.5.28 crores*).

5. REORGANISATION OF BUSINESSES:

As a part of process to create a growth oriented business, existing businesses have been now rationalized and organized under four main verticals namely, (a) Engineering (b) Logistics Solutions including Shipping related activity (c) Upmarket Brands (UMB) and (d) Others.

The Engineering Division now comprises Precision Tools, Business Automation, Coding Business, Motor Manufacturing, Measuring Instruments and Turbine Agency. The Logistics Solutions Division now comprises of two Container Freight Stations (CFS) at Veshvi and Mundra, MTO, Logistics, Liner Agencies, Tramp, Ship Broking and Chartering business. Upmarket Brands comprises retailing of Savile Row Brand products through own outlets and channel partners. Others include, Realty Division, which is recently formed to create value from the real estates owned by the Company at various locations.

6. MANAGEMENT DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITIONS:

Comments are set out in the following paragraphs

6.1 ENGINEERING:

1. In order to bring precision engineering skill in focus, we have now brought the precision tools, business automation, coding, motor manufacturing, measuring instruments and turbine agency businesses under one organizational command which has helped a sense of direction as well as has improved degree

of responsiveness to market expectations.

2. In the precision tools division, the process of continuous upgradation of technology has shown visible results in terms of our ability to fulfil expectations of our customers as well growth of revenue. However, with the intense competition, it has not always been possible to recoup the increased costs of raw material and other inputs with increased prices. Customers continue to demand better products, wider range, quicker deliveries but at lower unit prices. This has brought margins under pressure. However, this is being addressed by continuous review of costs, rationalization of products, use of better technology, outsourcing non-critical functions and reducing the supply-chain life cycle. We also intend to continue the process of upgradation of technology by having a tie-up with an overseas party.
3. In our report for the year ended 31st March 2007, we had advised that Forbes Energy System Division, which manufactured Vacuum Cleaners and other products on a contract basis, had been continuously yielding negative results, with no prospects of reversal of trend and, therefore, the company was in the process of rationalizing and restructuring this activity. During the year under review, the contract manufacturing at Perungudy and Bhimtal has been discontinued and the activity at Hosur has been rationalized which is now restricted to manufacture of motors. While the efforts to bring this activity to a profitable level continue, we are working on a time-bound plan to arrest the drain of this activity on the overall results of the Company. Tapering off of the gross revenue of this activity is reflected in the decrease in the overall gross income of the Company.
4. Business Automation and Coding Business continued to face competition from low technology, cheap products from other countries as well as the unorganized sector. Whilst gross revenue did show a marginal growth, the activity continues to absorb significant amount of working capital and makes an unimpressive impact on the bottom line. Improved product offering and several cost reduction measures are underway/ already implemented, which are expected to improve profitability of these businesses.
5. Turbine Agency business had suffered a setback for some time due to the inability of our Principals to commit deliveries as per the expectations of our customers. This position has now changed and not only were the results during the year positive, but further improvements are expected during the current year.
6. On the whole, our products cater to the industries that are experiencing growth and we have positioned ourselves to benefit therefrom. This should result in, both, top line and bottom line growth, going forward.

6.2 LOGISTICS SOLUTIONS AND SHIPPING RELATED ACTIVITY:

1. Highlight of this activity included full-year operations of the Container Freight Station (CFS) at Veshvi near JNPT, Mumbai and at Mundra, Gujarat. While the CFS at Veshvi has high capacity utilisation, we are experiencing some difficulty in the optimum utilization of the CFS at Mundra due to low port

throughput. Marketing of the CFS activity is being strengthened through a multi-pronged approach including long term tie ups with Principals and major customers.

2. Our wholly owned subsidiary based at Singapore, namely Forbes Container Line Pte. Limited, has become fully operational and has earned profits in the first full year of its operations. This would enhance opportunities for our business within and outside India.
3. Our Joint Venture with Shipping Corporation of India Limited, viz. SCI Forbes Limited, had, during the year, taken a chemical tanker on charter and gained experience, which will be valuable for its future activities when the four chemical tankers, currently on order, are delivered 2009 onwards.
4. Our other Joint Venture with Bumi Armada Berhad, Malaysia, viz., Forbes Bumi Armada Limited, is participating in tenders relating to offshore activities and we look forward to good prospects during the current year 2008-2009.
5. Our ability to offer door-to-door solutions and multi-skills has enabled our logistics solutions division to secure further prestigious heavy machinery transportation contracts from a number of heavy machinery manufacturers.
6. On the whole, our ability to offer door-to-door logistics solutions and provide entire range of services, and our pan-India presence, will be the cornerstones of our future growth and we expect to leverage this growth area further.

6.3 UPMARKET BRANDS:

This activity comprises retailing of Savile Row Brand products through a network of own outlets and through channel partners. This activity requires sizeable investment in working capital. Whilst this activity shows prospects of growth, it has yet to yield a positive contribution. As getting this business to an optimum level would entail huge investments in working capital and a significant gestation period for turnaround, a business review is currently underway and a decision on the future course of the business will be taken on the basis of this review.

6.4 OTHERS:

The Company has valuable real estates in Chennai, Mumbai and Delhi. Several options to create value from them are being explored for the long term benefit of the Company.

6.5 FINANCE AND CORPORATE:

1. The most significant development of the year has been the demerger of the Textile Undertaking of the Company into Gokak Textiles Limited, effective 1st April 2007. As a result of this, the Reserves and hence, the net worth of the Company, has decreased; on the other hand Borrowings, Fixed Assets and Current Assets of the Company have also decreased. Whereas, as a result of this, the size of the company may appear to have shrunk, the Company has emerged as a more focused entity with visible lines of growth businesses.
2. Growing needs of the operating departments for funds, emanating from their programme of upgradation of technology and infrastructure, as well as the need to invest in group companies continued to pose a challenge for mobilization of funds. In our fund mobilization endeavours, we have received support, help and understanding from our bankers and financial institutions and we wish to thank them for the same.

3. We have been able to restrict interest costs at less than 4% of gross revenue and equity debt ratio to 100: 130.84. We intend to improve upon this by a reduction in funds employed in inventory and receivables.

6.6 OUTLOOK FOR FUTURE AND POST BALANCE SHEET EVENTS:

1. With a rationalized product portfolio, streamlined organisation structure, visible priorities and alignment to market expectations, we are geared to benefit from the growing economy. The process of rationalization of businesses may entail restructuring costs to be incurred in the short-term, which may impact results, but these will be for the long-term benefit of the business. We have a long-term growth-oriented vision for the future.
2. After 31st March 2008, a portion of Inventory of our coding business warehoused at an outsourced factory at Thane, was damaged in fire. The material was fully insured and we have lodged an insurance claim for Rs. 2.50 crores, which is under process.

7. SUBSIDIARY COMPANIES:

1. Details of these companies are set out in the statement, pursuant to Section 212 of the Companies Act 1956. Full accounts of these subsidiaries are available to the shareholders of the holding company and other investors at any point of time on request and these are available for inspection to any investor, at the registered office of the Company and that of the subsidiary company concerned.
2. Eureka Forbes Limited and its subsidiaries continued improving on their already commendable performance. These companies show great promise of further growth and are a source of pride for us.
3. Forbes Campbell Holdings Limited and Warrior (Investment) Limited, two investment subsidiaries of the Company were amalgamated into another investment subsidiary namely, Forbes Finance Limited, effective from 1st June 2007.

8. OTHER ASSOCIATE COMPANIES:

1. Forbes Edumetry Limited and Edumetry Inc. U.S.A., which have commenced operations, are passing through a phase of gestation.
2. Ownership pattern of Forbes Infotainment Limited will undergo a change, consequent upon, increase in its paid-up share capital and induction of an investor into this company.
3. Assets of the Svadeshi Mills Company Limited continue to be in the hands of the Official Liquidator, High Court, Bombay. The Company would do everything possible to realize loan advanced to this company of Rs.44 crores, which is fully provided in the Accounts of the Company.
4. Next Gen Publishing Limited has increased the portfolio of its publications and is passing through a phase of gestation.

9. DIRECTORS:

1. Mr. Shapoor P. Mistry, Mr. D. B. Engineer and Mr. Pallonji S. Mistry are due to retire by rotation. The Board of Directors commends their reappointment as Directors of the Company.
2. Mr. K. C. Mehra retired as the Deputy Chairman & Managing

Director of the Company, effective from 31st March 2008. Over the period of his association with the Company, of more than 11 years, he has rendered valuable services to the Company and Board of Directors of the Company. The Board places on record their sincere appreciation of valuable services rendered by Mr. Mehra.

3. The Company has appointed Mr. Ashok Barat, who has been with the Company as the COO and CEO, as the Managing Director, effective from 1st April 2008. Mr. Ashok Barat brings with him a rich experience in operations, marketing and general management.

10. INTERNAL CONTROLS AND SYSTEMS:

The Company has time tested internal control systems developed over years which ensures that all transactions are satisfactorily recorded and reported and all assets are protected against loss from unauthorized use or otherwise. The Internal Control Systems are supplemented by an internal audit system carried out by independent firms of Chartered Accountants and a periodical review by the management. The Audit Committee of the Board meets at regular intervals and addresses significant issues raised by both the Internal Auditors and the Statutory Auditors. The process of internal control and systems, statutory compliance, risk analysis and its management and information technology are woven together, to provide a meaningful support to the managerial process.

11. CORPORATE GOVERNANCE:

The guiding principle of the Code of Corporate Governance is 'Harmony' i.e. balancing the need for transparency with the need to protect the interest of the Company and balancing the need for empowerment at all levels with the need for accountability. A detailed report on Corporate Governance is attached and 'Management Discussion and Analysis of Results of Operation' forms a part of this report.

12. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, the Directors, based on the representation received from the operating management, confirm -

- a. that in the preparation of the annual accounts, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- b. that they have selected such accounting policies and applied them consistently and made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- c. that they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. that they have prepared the annual accounts on a going concern basis.

13. AUDITORS AND AUDIT REPORT:

You are requested to appoint Auditors for the current year and authorise the Board to fix their remuneration. For historical reasons in the past, the Company had followed a practice of having Statutory

Auditors and Branch Auditors. As a measure of cohesive approach, it is now proposed that one firm of Statutory Auditors should cover the entire business of the Company. It is proposed that Messrs. Deloitte Haskins & Sells, Chartered Accountants are appointed the Statutory Auditors of the Company to hold office from the conclusion of the forthcoming Annual General Meeting of the Company to the following Annual General Meeting of the Company.

Auditors comments in their Report are self explanatory. The Auditors have observed upon value of certain investments held by the Company. The Company has a long term interest in these investments and no provision for a diminution in value of these investments is considered to be necessary. The Auditors have also referred to revaluation of certain properties of the Company. The Company has been advised that the basis adopted by the Company was in accordance with requirements. In any case, the relevant properties have been sold and therefore the qualification has ceased to be relevant.

14. CORPORATE SOCIAL RESPONSIBILITY:

Apart from running a charitable dispensary, the Company continued to support causes of public utility, both, directly and indirectly, in the field of education, medical relief, relief of poverty and promotion of sports and art.

15. CONCERNS AND RISK MANAGEMENT:

Risk management process includes identification of risk, its underlying dynamics, mitigation mechanism, prioritization of risk, measurement of key indicators and monitoring system. A Companywide awareness of risk management policies and practices is being inculcated to minimize the adverse effect of risks on the operating results and the subject of management of risks is being approached in a planned and co-ordinated manner. Elucidation of role clarity, understanding of level of authority and reporting system are expected to help this process significantly. It is realized that this is a continuous process, requiring continued updating, based on changing business conditions and that, risk management and performance improvement will go hand in hand.

16. HUMAN RESOURCE DEVELOPMENT AND INDUSTRIAL RELATIONS:

In the past few years, as the job markets have opened widely, the demand for talents has been continuously rising and continuous learning has, therefore, become inevitable. As such, the Company continued its thrust on Human Asset Management and Development activity. In order to cope up with this requirement for talent, apart from attracting and recruiting talent externally where necessary, the Company also focused on nurturing and developing its human capital.

- I. Briefly, following activities were undertaken in Training & Development area:
 - a. Advanced training module was administered for Junior and Middle Level Managers by clocking three training days.
 - b. There were 6 batches between June 2007 and November 2007 and each batch comprised of cross-functional teams from different divisions and locations.
 - c. Faculty chosen had a very good blend of industry as well as teaching experience.

II. Supervisory Development for Support Staff from Corporate Office and Branches was undertaken. Out of two training days, the first day was administered by internal faculty and the second day was conducted by external faculty.

III. For Senior Management comprising of General Managers and above (including Board of Management Members) a programme on Strategic Leadership was conducted with the help of faculty of IIM, Bangalore.

Apart from above, in order to infuse fresh blood, Management Trainees in various functions were inducted into a one-year Management training programme.

On the Industrial Relations front, a cordial relationship has been maintained with various Unions and there has not been any loss of man-hours in the manufacturing Units due to industrial unrest.

17. ACKNOWLEDGEMENT:

Your Company continues to occupy a place of respect amongst the many stakeholders it is associated with, most of all, our valued customers. The Directors commend the continued commitment and dedication of employees at all levels. The Directors also wish to acknowledge and thank all other stakeholders for their valuable sustained support and encouragement. Your Directors look forward to receiving similar support and encouragement from all stakeholders in the years ahead.

18. PARTICULARS AS PER SECTION 217 OF THE COMPANIES ACT 1956:

Following statements are attached and form a part of this report –

(a) The particulars of employees as required under Section 217(2A) read with the Companies (Particulars of Employees) Rules 1975, as amended, forms part of the Report. Having regard to the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts are being sent to the shareholders excluding the statement of particulars of employees under Section 217(2A) of the Companies Act, 1956. Any shareholder interested in obtaining a copy of the said statement may write to the Company Secretary at the Registered Office of the Company.

(b) Information relating to the Conservation of Energy, Technology Absorption and under Section 217(2A) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

19. SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 1997:

Persons constituting group coming within the definition of “Group” as defined in the Monopolies and Restrictive Trade Practices Act, 1969 include the following:

1. Sterling Investment Corporation Pvt.Ltd.
2. Abhipreet Trading Co.Pvt.Ltd.
3. Afcons (Overseas) Constructions and Investments Pvt.Ltd.
4. Afcons Arethusa Offshore Services Ltd.
5. Afcons BOT Construction Pvt.Ltd.
6. Afcons Dredging & Marine Services Ltd.
7. Afcons Infrastructure Ltd.
8. Archaic Properties Pvt.Ltd.
9. Bengal Shapoorji Business Parks Pvt.Ltd.
10. Bengal Shapoorji Infrastructure Development Pvt.Ltd.
11. Blue Riband Properties Pvt.Ltd.
12. Cama Properties Pvt.Ltd.
13. Chinsha Properties Pvt.Ltd.

14. Corporate Apparel U.S.A., Inc
15. Cyrus Chemicals Pvt.Ltd.
16. Cyrus Engineers Pvt.Ltd.
17. Cyrus Investments Ltd.
18. Delna Finance & Investments Pvt.Ltd.
19. Doris Properties Pvt.Ltd.
20. East View Estate Pvt.Ltd.
21. Euphoria Properties Pvt.Ltd.
22. First Future Properties Pvt.Ltd.
23. Firstrock Infrastructure Pvt.Ltd.
24. Flooraise Developers Pvt.Ltd.
25. Floral Finance Pvt.Ltd.
26. Floreat Investments Ltd.
27. Flotilla Finance Pvt.Ltd.
28. Forvol International Services Ltd.
29. Gokak Textiles Ltd.
30. Gossip Properties Pvt.Ltd.
31. Grand View Estate Pvt.Ltd.
32. Hazarat & Company Pvt.Ltd.
33. Highstreet Developers Pvt.Ltd.
34. Khajrana Ganesh Properties Pvt.Ltd.
35. Lucrative Properties Pvt.Ltd.
36. Magpie Finance Pvt.Ltd.
37. Manjri Developers Pvt.Ltd.
38. Manjri Horse Breeders Farm Pvt.Ltd.
39. Manjri Stud Farm Pvt.Ltd.
40. Mazsons Builders & Developers Pvt.Ltd.
41. Meriland Estates Pvt.Ltd.
42. Mileage Properties Pvt.Ltd.
43. Neil Properties Pvt.Ltd.
44. Palchin Real Estates Pvt.Ltd.
45. Precaution Properties Pvt.Ltd.
46. Ramili Investments Pvt.Ltd.
47. Relationship properties Pvt.Ltd.
48. S.C.Impex Pvt.Ltd.
49. Shachin Real Estate Pvt.Ltd.
50. Shapoorji & Co.Pvt.Ltd.
51. Shapoorji Data Processing Pvt.Ltd.
52. Shapoorji Drilling Enterprises Pvt.Ltd.
53. Shapoorji Hotels Pvt.Ltd.
54. Shapoorji Pallonji Infrastructure Capital Co.Ltd.
55. Shapoorji Pallonji (Gwalior) Pvt.Ltd.
56. Shapoorji Pallonji Biotech Park Pvt.Ltd.
57. Shapoorji Pallonji Finance Ltd.
58. Shapoorji Pallonji Ports Pvt.Ltd.
59. Shapoorji Pallonji Power Co.Ltd.
60. Sharus Building Services Pvt.Ltd.
61. Shatranj Properties Pvt.Ltd.
62. SP Agri Management Services Pvt.Ltd.
63. SP Aluminium Systems Pvt.Ltd.
64. SP Architectural Coatings Ltd.
65. SP Bioscience Pvt.Ltd.
66. SP Fabricators Pvt.Ltd.
67. SP Infocity Developers Pvt.Ltd.
68. SSS Electricals (India) Ltd.
69. Sterling Generators Pvt.Ltd.
70. Sunny View Estates Pvt.Ltd.
71. Think Ahead Properties Pvt.Ltd.
72. United Motors (India) Ltd.

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

Mumbai, 31st July, 2008

Information as required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.**(A) Conservation of Energy:**

Measures taken during the year include the following:

(a) ENERGY CONSERVATION MEASURES TAKEN:

- 1 By changing the peripheral lighting around the factory building with Solar System with LED lamps to save energy.
- 2 By replacing exhaust fans in factory roof with wind operated fans to save energy consumption.
- 3 Energy Audit conducted for Chandivali factory.
- 4 Installation of capacitors to improve power factor.

(b) ADDITIONAL INVESTMENT PROPOSALS:

- 1 HSS Tap Special CNC Flute Grinder and Chamfer grinder to enhance capacity and improve quality.
- 2 Tungsten carbide burr grinding machine to enhance capacity.
- 3 Vedio Profile Grinder for solid carbide tools.
- 4 SMT Centerless Blank Grinder for HSS Taps.
- 5 Installation of High Performance Electronic Ballast, Electronic attachment for Air-conditioners to avoid wasteful energy Consumption and other possibilities are being investigated.

(c) Impact of measures taken at (a) and (b) above for reduction of energy consumption and impact on cost of goods:

- 1 The Company's operations involve low energy consumption. Efforts to conserve and optimise use of energy through operational methods will continue.
- 2 Company is saving approx. Rs.50,000/- p.a. due to the measure in operation at (a)(4) above.
- 3 Company is expecting to get continuous savings on Lightings and Air-Conditioners consumption due to the measure taken at (b) (5) above.

(B) Technology Absorption :

Required details are set out in Form 'B'

(C) Foreign Exchange earnings and outgo:**(Rs. Crores)****(a) Foreign exchange earnings:**

1	Exports	17.54
2	Commission	3.09
3	Freight and Insurance recoveries	0.40
4	Dividend	5.79
5	Interest	0.08
	Total	26.90

(Rs. Crores)**(b) Foreign exchange outgo:**

1	Imports calculated on CIF basis - raw material	2.62
2	Imports calculated on CIF basis - components	3.84
3	Imports calculated on CIF basis - stores, spares and tools	0.86
4	Imports calculated on CIF basis - capital goods	6.72
5	Imports calculated on CIF basic-Purchase for re-sale	13.11
6	Commission to overseas agents	0.18
7	Foreign travel	0.55
8	Royalty	0.36
9	Interest paid on loans	0.01
10	Others	0.45
	Total	28.70

FORM B
(See Rule 2)

Form for disclosure of particulars with respect to Technology Absorption

(A) Research and Development (R & D)

1. Specific areas in which R & D carried out : This includes -
by the Company
- a) Development of new products and processes for Marking systems. Improvement and cost reduction of existing products and import substitution.
 - b) The Company has a Research and Development Department at the Thane Works which has been recognised by the Department of Science & Technology. The Research and Development Department continues its efforts in development of new products in the field of Marking Systems and indigenisation of imported components in existing products .
 - c) Development of geared and non-geared special purpose FHP motors and continued catering to power sector and power tool industries.
 - d) Value engineering and cost reduction exercises
 - e) Peripheral and Involute low VCL Wet & Dry motors.
 - f) Diaphragm pumps for RO water pumps.
 - g) DC permanent magnet motors.
 - h) Single stage high efficiency motors for Vacuum cleaners.
2. Benefits derived as a result of the above R & D : a) New products developed by R&D have been commercialised.
- b) Leading supplier of FHP motors for Power Sector and Power Tool Industry.
 - c) Contract manufacturing business established with overseas motor manufacturers.
 - d) On going R & D efforts in the aforesaid fields are bringing about new products, which is expected to increase the range of models as well as customer base in various sectors.

FORM B
(See Rule 2)

3. Future course of action :
- a) Development of products and processes, cost reduction and import substitution;
 - (i) Expand range of Marking Systems.
 - (ii) The Company is in the process of installing CNC Engraving Machine to improve upon the lead time of Marking products and to expand the range of new products for the similar applications.
 - b) To develop special purpose motors for new requirements of power industries, power tools, automobile, appliances and other applications.
 - c) To acquire and enhance the expertise and to build infrastructure in order to diversify into sub fractional HP motors in PMDC, BLDC, AC/DC versions, SRMS and induction motors for domestic and industrial applications.
 - d) To explore the possibility of diversifying into other kinds of motors and enter into techno commercial arrangement with world renowned motor manufacturers.

(Rs.in Lakhs)

4.	Expenditure on R & D	:	
	a) Capital		-
	b) Recurring		18.24
	c) Total		18.24
	d) Total R & D expenditure as percentage of total turnover		0.07%


FORM B
(See Rule 2)

(B) Technology Absorption, Adaptation and Innovation :

1. Efforts, in brief, made towards technology absorption, adaptation and innovation.
 - a) Installed Kirner Dressing Machine.
 - b) Installed Fume extraction for mist elimination.
 - c) Technology improvement and cost reduction on all types of motors.
 - d) Development activities undertaken for power tools, DC motors/AC motors.
 - e) As a result of technology adaptation and innovation, many of our products are fully indigenous and in other cases imports are gradually reduced.

2. Benefits derived as result of the above :
 - a) The Company has witnessed another successful year of growth in domestic as well as export sales. The growth is attributed to buoyancy in automobile and engineering industries and timely modernisation of our plants for quality and capacity. However, increase in raw material cost is not fully supported by sales realisation.
 - b) Installation of CNC grinding machines for manufacture of Solid Carbide Cutting Tools has boost sales of solid carbide tools resulting in higher realisation with the technological help of our partners from US.
 - c) Company is also making investments in customised tools for HSS Taps and High Performance Tools.
 - d) By addition of latest state of art CNC machines, the Company established quality of Tungsten Carbide Rotary Burrs equivalent to the leading global manufacturers.
 - e) On Export front, Company has entered into new markets like Vietnam, Poland and Turkey.
 - f) The modernisation of plants is continued with addition of further CNC / NC machines, to compete with international brands, in quality.
 - g) Development of Metal Marking Devices has resulted in substantial import substitution.
 - h) New market potential for motors created in both Domestic and Overseas markets.

3. In case of import of technology (imported during the last 5 years reckoned from the beginning of the financial year) the following information may be furnished.

<ol style="list-style-type: none"> a) Technology imported b) Year of import c) Has technology been fully absorbed d) If not fully absorbed, areas where this has not taken place, reasons therefor and future plan of action. 		<p>Nil</p>
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ANNEXURE 'A'

Annexure forming part of Directors' Report for the year ended 31st March, 2008**Note: Position indicated is as at the end of the year i.e. 31st March, 2008, unless otherwise indicated.****Report on Corporate Governance**

PARTICULARS	COMPLIANCE
1. Brief statement on company's philosophy on code of governance	<p>The Company's philosophy on the Code of Governance is that the Company should follow contemporary corporate practices as followed by other companies similarly placed and the guiding principle of the Code of Governance of the Company is HARMONY i.e. –</p> <p>(a) Balancing need for transparency with the need to protect the interests of the Company.</p> <p>(b) Balancing the need for empowerment at all levels with the need for accountability and</p> <p>(c) Interaction with all stakeholders including shareholders, employees, lenders and regulatory authorities.</p>
2. Board of Directors :	
a. Composition and Category of directors i.e. break-up of the Directors into the following:	At the end of the year i.e. 31st March, 2008 See Annexure AA
i. Promoter Directors	3
ii. Managing/Executive Directors	2
iii. Non-Executive Directors	8 (including 3 included in (i) above)
iv. Independent Non-Executive Directors	4 (included in (iii) above)
v. Nominee Directors	None
vi. Institutional Director- in which capacity – Lender or equity investor.	None and Not Applicable.
	Non-Executive Directors are more than 50% of total directors. The Chairman is non-executive and the number of independent directors is more than 1/3rd of the Board.
b. Attendance of each director at the Board of Directors meeting and last Annual General Meeting	See Annexure AA
c. Mention about other Board of Directors or Board Committee in which each director is a member or Chairperson.	See Annexure AB
d. Number of Board Meetings held – dates on which held	9 Board Meetings were held on the following dates - 30.04.2007 27.12.2007 31.07.2007 31.01.2008 21.08.2007 28.02.2008 28.09.2007 27.03.2008 31.10.2007 The gap between two consecutive Board Meetings was not more than four months.
e. Details of Directors whose re-appointment/appointment is proposed at the forthcoming Annual General Meeting.	See Annexure AC.

	<p>Code of Conduct for Board of Directors and Senior Management :</p> <p>The Company has adopted a Code of Conduct for Board of Directors and Senior Management (the Code). The Code has been communicated to the Directors and the members of the Senior Management. The Code has also been posted on the Company's website www.forbes.co.in All Board Members and senior management have confirmed compliance with the Code for the year ended 31st March, 2008. The Annual Report contains a declaration to this effect signed by the Managing Director.</p> <p>CEO/CFO Certification</p> <p>As required by the revised Clause 49 of the Listing Agreement, the Certificate from Mr. Ashok Barat, Managing Director and Mr. C. G. Shah, Executive Director (Finance) was placed before the Board of Directors at their meeting held on 7th July, 2008.</p>		
3. Audit Committee			
i. Brief description of terms of reference of Audit Committee.	<p>Terms of reference of the Audit Committee include –</p> <ul style="list-style-type: none"> – Review of the Company's financial reporting process, the financial statements and financial/risk management policies. – Review of the adequacy of the internal control systems and functioning of the Internal Audit team – Discussions with the management and the external auditors, the audit plan for the financial year and a joint post-audit review of the same. 		
ii. Composition, name of members and Chairperson iii. meetings and attendance during the year.	Name	No. of Meetings held during his tenure	No. of Meetings attended by him
	* Mr. D. S. Soman (Chairman)	5	5
	* Mr. D. B. Engineer	5	3
	* Mr. R. N. Jha	5	4
	** Mr. C. G. Shah	5	5
	* Non Executive Independent Director		
	** Executive Director		
	All members are financially literate and one member has Accounting expertise. Mr. A. T. Shah, the Company Secretary, acts as the Secretary of the Committee.		
iv. Number of Audit Committee meetings held- dates on which held	5 Audit Committee meetings were held on the following dates -		
	28.04.2007	31.10.2007	
	31.07.2007	31.01.2008	
	21.08.2007		
	The gap between two consecutive Audit Committee Meetings was not more than four months.		
4. Remuneration Committee			
i. Brief description of terms of reference	The Remuneration Committee is responsible for determining the compensation payable to the Managing Director and Whole-time Directors based on industry practice and performance of the individuals.		
	Name	No. of Meetings held	No. of Meetings attended by him
ii. Composition, name of members and Chairperson.	Mr. Pallonji S. Mistry (Chairman)	1	1
iii. Meeting and attendance during the year.	Mr. D. S. Soman	1	1
	Mr. R. N. Jha	1	1
	Mr. Shapoor P. Mistry	1	1
	Mr. N. D. Khurody	1	1

iv. Remuneration Policy	The Remuneration Committee determines and recommends to the Board the compensation of the Managing and Whole-time Directors. The Remuneration Committee makes regular appraisal of their performance. The compensation policy and strategy of the Company is to be competitive, by following bench-marking for determining performance and compensation structure. The Company does not have stock options. The other details are as under :				
v. A. Details of remuneration to Whole-time directors as per the format listing out the following :	<u>Mr. K. C. Mehra</u> Rs.		<u>Mr. C. G. Shah</u> Rs.		
(a) Salary and allowance	62,96,716		38,64,008		
(b) Benefits and perquisites	13,46,791		1,48,641		
(c) Bonus/Commission	3,00,000		15,00,000		
(d) Pension-contribution to PF & Superannuation Fund	9,23,400		5,50,800		
Break-up of fixed components and performance linked incentives with performance criteria	Item (c) is Performance Linked, others are fixed. Performance criteria include level of the profits, reduction of costs, improvement of liquidity, steps taken for growth of business relating to, both, the Company and its subsidiaries.		Item (c) is Performance Linked, others are fixed. Performance criteria include level of the profits, reduction of costs, improvement of liquidity, steps taken for growth of business relating to, both, the Company and its subsidiaries.		
Service Contract	1.4.2007 to 31.3.2012 @		1.4.2007 to 31.3.2012 @		
	@ Subject to retirement policy of the Company				
Notice Period	Six months		Six months		
Severance fees	Nil		Nil		
Stock Options details (if any):	Nil		Nil		
	Name	No. of shares	Directors' fees Rs.	Commission paid* Rs.	Total Rs.
v. B. Details of remuneration paid to Non-Wholetime Directors and number of shares held by them in the Company	Mr. Pallonji S. Mistry	Nil	60,000	2,00,000	2,60,000
	Mr. Shapoor P. Mistry	Nil	80,000	2,50,000	3,30,000
	Mr. D. B. Engineer	385	80,000	1,55,000	2,35,000
	Mr. D. S. Soman	Nil	1,40,000	1,55,000	2,95,000
	Mr. R. N. Jha	Nil	1,30,000	1,55,000	2,85,000
	Mr. Cyrus P. Mistry	Nil	40,000	1,85,000	2,25,000
	Mr. N. D. Khurody	Nil	90,000	1,55,000	2,45,000
	Mr. S. L. Goklaney	Nil	90,000	1,45,000	2,35,000
	* Commission relates to the financial year ended 31 st March, 2007 which was paid during the financial year under review. The remuneration by way of commission to the Non-wholetime Directors is decided by the Board of Directors and distributed to them based on their contribution and attendance at the Board and certain committee meetings as well as time spent on operational matters other than at the meetings. The Members had, at the Annual General Meeting held on 25.8.2003 approved the payment of remuneration by way of commission to the Non-wholetime Directors of the Company, of a sum not exceeding 1% p.a. of the net profits of the Company, calculated in accordance with the provisions of the Act, for a period of 5 years commencing 1.4.2003. The said commission is distributed amongst the said Directors in accordance with the directives given by the Board.				

5. Shareholders Committee :																			
i. Name of non-executive director heading the committee	Mr. Pallonji S. Mistry (Chairman)																		
ii. Name and designation of Compliance Officer	Mr. A. T. Shah (Company Secretary)																		
iii. No. of Shareholders complaints received.	<table border="1"> <thead> <tr> <th></th> <th style="text-align: right;"><u>Total</u></th> <th style="text-align: right;"><u>Of which Court Cases</u></th> </tr> </thead> <tbody> <tr> <td>Pending as on 1.4.2007 *</td> <td style="text-align: right;">10</td> <td style="text-align: right;">10</td> </tr> <tr> <td>Add: Received</td> <td style="text-align: right;"><u>6</u></td> <td style="text-align: right;"><u>1</u></td> </tr> <tr> <td>iv. No. of complaints not solved to the satisfaction of the shareholders.</td> <td style="text-align: right;">16</td> <td style="text-align: right;">11</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>4</u></td> <td style="text-align: right;"><u>-</u></td> </tr> <tr> <td style="text-align: right;">Balance</td> <td style="text-align: right;"><u><u>12</u></u></td> <td style="text-align: right;"><u><u>11</u></u></td> </tr> </tbody> </table>		<u>Total</u>	<u>Of which Court Cases</u>	Pending as on 1.4.2007 *	10	10	Add: Received	<u>6</u>	<u>1</u>	iv. No. of complaints not solved to the satisfaction of the shareholders.	16	11		<u>4</u>	<u>-</u>	Balance	<u><u>12</u></u>	<u><u>11</u></u>
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	<u>4</u>	<u>-</u>																	
Balance	<u><u>12</u></u>	<u><u>11</u></u>																	
	* There are 11 pending Court cases which remain pending as at 31 st March, 2008.																		
v. No. of pending share transfer.	There was no pending share transfer for approval as on 31.3.2008.																		
6. General Body Meetings																			
i. Location and time where last three AGMs were held	<table border="1"> <tbody> <tr> <td>AGM on Thursday, the 24th August, 2005 at 4.00 p.m. at 'Centrum', 1st floor, World Trade Centre Complex, Centre 1 Building, Cuffe Parade, Mumbai 400005.</td> <td>AGM on Monday, the 11th September, 2006 at 4.00 p.m. at M. C. Ghia Hall, Bhogilal Hargovindas Building, 2nd floor, 18/20, Kaikhushru Dubash Marg, (Behind Prince of Wales Museum), Mumbai 400001.</td> <td>AGM on Friday, the 28th September, 2007 at 4.00 p.m. at 'Centrum', 1st Floor, World Trade Centre Complex, Centre 1 Building, Cuffe Parade, Mumbai 400005.</td> </tr> </tbody> </table>	AGM on Thursday, the 24 th August, 2005 at 4.00 p.m. at 'Centrum', 1 st floor, World Trade Centre Complex, Centre 1 Building, Cuffe Parade, Mumbai 400005.	AGM on Monday, the 11 th September, 2006 at 4.00 p.m. at M. C. Ghia Hall, Bhogilal Hargovindas Building, 2 nd floor, 18/20, Kaikhushru Dubash Marg, (Behind Prince of Wales Museum), Mumbai 400001.	AGM on Friday, the 28 th September, 2007 at 4.00 p.m. at 'Centrum', 1 st Floor, World Trade Centre Complex, Centre 1 Building, Cuffe Parade, Mumbai 400005.															
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ii. Details of Special Resolutions passed in the previous 3 AGMs	<p>(1) <u>AGM – 24th August, 2005 :</u></p> <p>a) Payment of remuneration from 1st April, 2005 to 31st March, 2007 to Mr. K. C. Mehra, subject to prior approval of the Central Government, in excess of the applicable ceiling limits in Part II of Schedule III to the Companies Act, 1956.</p> <p>b) Authority pursuant to Section 163 of the Companies Act, 1956, to keep Register and Index of Members and Debentureholders and Annual Return etc. at a place other than the registered office of the Company.</p> <p>(2) <u>AGM – 11th September, 2006 :</u></p> <p>a) Payment of minimum remuneration from 1st April, 2007 to 31st March, 2010 to Mr. K. C. Mehra calculated in the manner provided in Part II of the Schedule XIII of the Companies Act, 1956.</p> <p>b) Payment of minimum remuneration from 1st April, 2007 to 31st March, 2010 to Mr. C. G. Shah calculated in the manner provided in Part II of the Schedule XIII of the Companies Act, 1956.</p> <p>Note: In addition at a meeting held on 20th March, 2007, under the direction of the High Court of Judicature at Mumbai, the Shareholders have approved demerger of Textile Undertaking of the Company, into another company, namely GOKAK TEXTILES LIMITED, effective from 1st April, 2007.</p> <p>(3) <u>AGM – 28th September, 2007 :</u></p> <p>a) Authority pursuant to Section 21 of the Companies Act, 1956, to change the name of the Company to "Forbes & Company Limited" or such other name as may be approved by the Central Government and accepted by the Board of Directors of the Company.</p>																		

iii. Whether special resolutions were put through postal ballot last year, details of voting pattern.	No special resolution was put through postal ballot during the year ended 31.3.2008.
iv. Persons who conducted the postal ballot exercise.	Not Applicable
v. Procedure for postal ballot	Not Applicable
vi. Whether any special resolution is proposed to be conducted through postal ballot.	No
7. Disclosures :	
i. Materially significant related party transactions that may have potential conflict with the interests of the Company at large.	Materially significant related party transactions are disclosed as a part of the Annual Accounts as required under the Accounting Standard 18 relating to Related Party Disclosure.
ii. Details of non-compliance by the company, penalties strictures imposed on the company by the Stock Exchange or SEBI or any authority on any matter related to capital market during the last 3 years.	The Company has ensured necessary compliance with the requirements of the Stock Exchange, SEBI and other authorities related to capital market and the details of non-compliance and penalties are not applicable.
iii. Whistle Blower policy affirmation that no person has been denied access to the Audit Committee.	No person has been denied access to the Audit Committee.
iv. Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of this clause.	All mandatory requirements have been complied with on or before 31.12.2005. The Company will adopt any or all non-mandatory requirements as the Board deems necessary and advisable from time to time.
8. Means of Communications :	
i. Quarterly results.	The Quarterly results are published in newspapers.
ii. In which newspapers quarterly results are normally published .	Quarterly Results are normally published in Navshakti and The Free Press Journal.
iii. Any Website where results or Official news & are displayed.	(a) Results are made available on the Website belonging to the Company being www.forbes.co.in and are made available to the Bombay Stock Exchange Ltd. in the form which would enable them to place them on their website i.e. www.bseindia.com.
iv. The presentation made to institutional investors or to the analysts.	(b) The Company also files quarterly financial reports, shareholding pattern and segment revenue, results and capital employed on Electronic Data Information Filing and Retrieval (EDIFAR) website in accordance with Clause 51 of the Listing Agreement with Bombay Stock Exchange Ltd., Mumbai.
vi. Whether Management Discussion and Analysis is a part of Annual Report or not.	The Company does not have a practice of making presentation to institutional investors and analysts. Management Discussion and Analysis is a part of Annual Report.

9. General Shareholders Information :

i. AGM – Date, time and venue

Next AGM of the Company is scheduled on Wednesday, the 27th August, 2008 at 4.00 p.m. at Indian Merchants' Chambers, Walchand Hirachand Hall, IMC Building, IMC Marg, Churchgate, Mumbai 400020.

ii. Financial Year

Financial year of the Company ends on 31st March, each year and the last year has ended on 31st March, 2008.

iii. Book Closure Date

The Register of Members and the Share Transfer Books of the Company will remain closed from Thursday, the 14th August, 2008 to Wednesday, the 27th August, 2008, for the purpose of payment of dividend.

iv. Dividend Payment date

The dividend, when declared, will be payable on and after Monday, the 1st September, 2008 to those shareholders, whose names appear on the Register of Members on 27th August, 2008. In respect of shares held in dematerialised form in the depository system, the dividend will be paid to the beneficial owners as per the list provided by the depositories.

v. Listing on Stock Exchange

Shares of the Company are listed on Bombay Stock Exchange Ltd., Mumbai.

vi. Stock Code

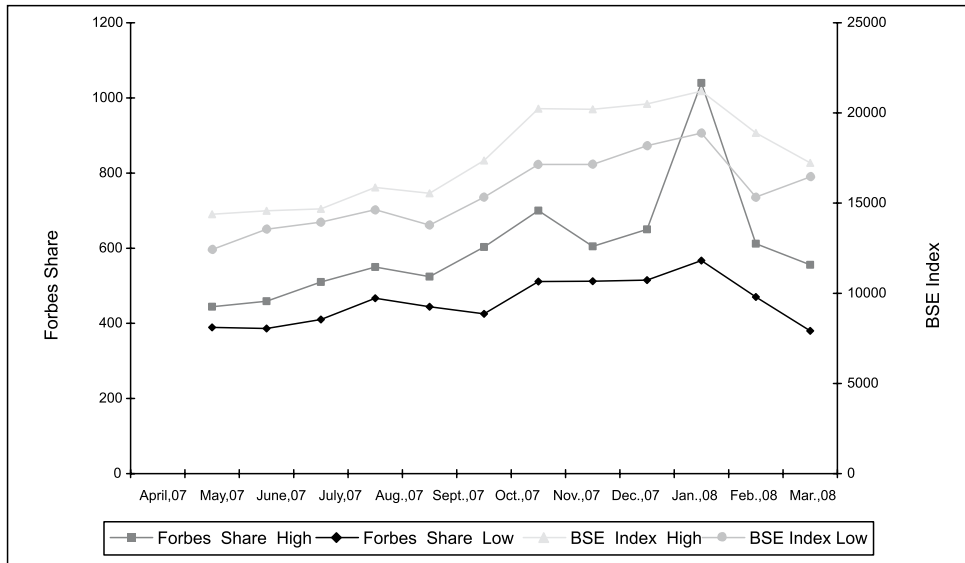
Stock Code of the Company, allotted by Bombay Stock Exchange Ltd., Mumbai is 502865 and ISIN allotted under the dematerialisation procedure is INE518A01013.

vii. Market Price Data – High/Low during the each month of the Financial Year.

Market price data for the share of face value Rs.10 each are as under:

Month	Forbes Share High	Forbes Share Low	No. of shares	BSE Index High	BSE Index Low	BSE 500 High	BSE 500 Low
April, 2007	444.00	389.10	50754.00	14383.72	12425.52	5451.33	4732.43
May, 2007	459.00	386.15	68820.00	14576.37	13554.34	5674.28	5230.35
June, 2007	510.00	401.00	67515.00	14683.36	13946.51	5783.39	5417.54
July, 2007	550.00	467.00	365646.00	15868.85	14638.88	6212.40	5785.60
Aug., 2007	524.40	444.00	41358.00	15542.40	13779.88	6077.57	5390.71
Sept., 2007	603.00	425.25	128649.00	17361.47	15323.05	6788.10	5961.64
Oct., 2007	700.00	511.40	93498.00	20238.16	17144.58	7842.22	6655.49
Nov., 2007	605.00	512.00	38738.00	20204.21	18182.83	8057.52	7296.63
Dec., 2007	650.00	515.00	69105.00	20498.11	18886.40	8616.65	7907.29
Jan., 2008	1039.70	567.20	221329.00	21206.77	15332.42	8991.42	6124.82
Feb., 2008	612.00	470.00	87018.00	18895.34	16457.74	7589.57	6603.60
Mar., 2008	555.80	380.00	88135.00	17227.56	14677.24	6991.67	5773.51

viii. Performance of FORBES Share Price in Comparison to BSE Index



ix. Registrars and Share Transfer Agents and Share Transfer System.
x.

- (a) Shares of the Company held in physical form can be transferred by lodging Transfer Deeds and Share Certificates with Registrars and Share Transfer Agents, TSR Darashaw Ltd. 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr.E.Moses Road, Mahalaxmi, Mumbai 400011. Alternatively, these can be sent to the Company Secretary, Forbes & Company Ltd., Forbes Building, Charanjit Rai Marg, Mumbai 400001.
- (b) Shares sent for transfer in physical form are registered and returned within a maximum period of 30 days from the date of receipt of documents provided, all documents are valid and complete in all respects.
The Company has constituted Share Transfer and Shareholders' Grievance Committee of the Board of Directors of the Company.
The Shareholders have option of converting their holding in dematerialised form and effecting the transfer in dematerialised mode.

xi a. Distribution of Shareholding.
(As on 31.3.2008)

- Distribution by category

Category	No.of Shares	%
Promoters	94,61,691	73.35
Central/State Government Institutions	1,10,343	0.86
Nationalised Banks	20,222	0.16
Nationalised Insurance Companies & Mutual Funds	8,60,653	6.67
FII & NRI / FBC	91,340	0.71
Public	23,54,367	18.25
Total	1,28,98,616	100.00

- Distribution by size of holding

Holding	No. of Shareholders	No. of Shares	%
1 to 25	3,490	43,617	0.34
26 to 50	3,250	1,34,675	1.04
51 to 100	3,509	2,60,567	2.02
101 to 500	1,950	4,64,123	3.60
501 to 1000	330	2,41,118	1.87
1001 to 5000	205	4,27,308	3.31
5001 to 10000	28	1,86,139	1.44
10001 & above	23	1,11,41,069	86.38
Total	12,785	1,28,98,616	100.00

xii. b. Dematerialisation of shares & liquidity (As on 31.3.2008)	Status of dematerialisation of shares and liquidity as on 31.3.2008			
	Details	No. of shares	% of Share Capital	No. of Accounts
	National Securities Depository Ltd.	1,13,75,428	88.19	5,405
	Central Depository Services (India) Ltd.	7,99,784	6.20	1,331
	Total dematerialized	1,21,75,212	94.39	6,736
	Physical	7,23,404	5.61	6,049
	Total	1,28,98,616	100.00	12,785
xiii. Outstanding GDR/ADR/Warrants or any Convertible instruments, Conversion date and likely Impact on equity	The Company has not issued any of these instruments so far.			
xiv. (a) Plant locations	Factories: 1. Chandivali Estate, Saki Powai Road, Mumbai - 400 072 2. A7, MIDC Area, Chikalthana, Aurangabad - 431 210 (Maharashtra) 3. Plot No. C-17/18, Road No. 16, Wagle Industrial Estate, Thane- 400 604 (Maharashtra) 4. Plot No.52, SIPCOT Industrial Complex, Hosur – 635 126, Krishnagiri Dist., Tamil Nadu.			
(b) Container Freight Stations:	1. Veshvi, Post - Dighode, Taluka - Uran, Dist. Raigad 2. Bharat CFS Zone 1, Old Port Road MP and SEZ, Mundra - 370 421			
xv. Address for Correspondence	Investors are requested to please direct all transfer requests, correspondence, queries, to Registrars and Share Transfer Agents at the following address : TSR Darashaw Ltd. Tel. : 91 22 6656 8484 Unit: Forbes & Company Ltd. Fax : 91 22 6656 8494 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr.E.Moses Road, (Monday to Friday) Mahalaxmi, E-mail: csg-unit@tsrdarashaw.com Mumbai 400 011 Website : www.tsrdarashaw.com			

For and on behalf of the
Board of Directors

SHAPOOR P. MISTRY
Chairman

Mumbai, 31st July, 2008

DECLARATION

As provided under Clause 49 of the Listing Agreement with the Bombay Stock Exchange Limited, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct for Board of Directors and Senior Management for the year ended 31st March, 2008.

For FORBES & COMPANY LIMITED

ASHOK BARAT
Managing Director.

Mumbai, 7th July, 2008

ANNEXURE 'AA'

Annexure forming part of Directors' Report for the year ended 31st March, 2008

Attendance of each Director at the Board of Directors meetings and at the last Annual General Meeting.

Directors during the Year		Category	No. of Board Meetings held	No. of Board Meetings attended	Attendance at the last Annual General Meeting
1.	Mr. Pallonji S. Mistry	Non-Executive Promoter	9	5	No
2.	Mr. Shapoor P. Mistry	Non-Executive Promoter	9	7	Yes
3.	Mr. K. C. Mehra	Executive	9	9	Yes
4.	Mr. D. B. Engineer	Non-Executive Independent	9	5	No
5.	Mr. D. S. Soman	Non-Executive Independent	9	8	Yes
6.	Mr. C. G. Shah	Executive	9	9	Yes
7.	Mr. R. N. Jha	Non-Executive Independent	9	8	Yes
8.	Mr. Cyrus P. Mistry	Non-Executive Promoter	9	4	Yes
9.	Mr. N. D. Khurody	Non-Executive Independent	9	8	Yes
10.	Mr. S. L. Goklaney	Non-Executive Non-Independent	9	9	Yes

ANNEXURE 'AB'

Members of the other Boards of Directors or Board Committees in which the Director being a Director as at 31st March, 2008 is Chairman/a Member (excluding private companies, foreign companies and companies registered under Section 25 of the Companies Act, 1956, and also excluding Committee positions other than Audit Committee and Shareholders' Grievance Committee in accordance with Clause 49 (IV) (B) of the Listing Agreement) is as follows :

Name of the Director	No. of Directorships in other Boards	No. of other Committees (other than Forbes & Company Ltd.) in which Chairman/Member	
		Chairman	Member
Mr. Pallonji S. Mistry	9	Nil	Nil
Mr. Shapoor P. Mistry	13	Nil	2
Mr. K. C. Mehra	8	1	3
Mr. D. B. Engineer	10	3	3
Mr. D. S. Soman	1	1	1
Mr. C. G. Shah	6	Nil	1
Mr. R. N. Jha	2	Nil	Nil
Mr. Cyrus P. Mistry	10	Nil	2
Mr. N. D. Khurody	8	Nil	3
Mr. S. L. Goklaney	5	Nil	Nil

The number of directorships and the positions held on Board Committees by the directors are in conformity with the limits on the number of Directorships and Board Committee positions as laid down in the Companies Act and the Listing Agreement.

**Details of Directors whose re-appointment/appointment is proposed at the forthcoming Annual General Meeting
(Pursuant to Clause 49 of the Listing Agreement)**

Name of the Director	Mr. Shapoor P. Mistry	Mr. D. B. Engineer	Mr. Pallonji S. Mistry	Mr. Ashok Barat
Date of Birth	6 th September, 1964	2 nd May, 1933	1 st June, 1929	5 th December, 1956
Date of first Appointment	3 rd September, 2001	28 th September, 1992	20 th February, 2002	4 th September, 2006
Qualification	B.A. (England) – Business & Economics	Solicitor	Inter Arts	F.C.A., A.C.S.
Relationships between Directors inter - se	Promoter Director. Related to Mr. P. S. Mistry and Mr. C. P. Mistry	Not related to any Director of the Company	Promoter Director. Related to Mr. S. P. Mistry and Mr. C. P. Mistry	Not related to any Director of the Company
Expertise in specific functional areas	Mr. Shapoor P. Mistry is the Chairman of Eureka Forbes Ltd. and Managing Director of Shapoorji Pallonji & Co. Ltd. He is also a Director of several public limited companies. His expertise includes formulation of business plans, risk evaluation, business investment strategy and funds management, and property development.	Mr. D. B. Engineer is a Senior Partner of Crawford Bayley & Co., Solicitors and Advocates. Mr. Engineer is also a Director of many reputed companies.	Mr. Pallonji S. Mistry is the Chairman of Shapoorji Pallonji Group. He is also a Director of several public limited companies. His expertise includes formulation of business plans, risk evaluation, business investment strategy and property and infrastructure development.	Mr. Ashok Barat has worked in India and abroad with leading FMCG companies and has a rich experience in the corporate world including MNC, in different fields. He is a visiting faculty member of the Indian Institute of Management and a Member of several Committees of Trade Associations.
List of Companies in which Directorship held as on 31 st March, 2008	<u>PUBLIC COMPANIES</u> 1. Afcons Infrastructure Ltd. 2. Cyrus Investments Ltd. 3. Eureka Forbes Ltd. 4. Forbes Bumi Armada Ltd. 5. Forbes Infotainment Ltd. 6. Forvol International Services Ltd. 7. Gokak Textiles Ltd. 8. Shapoorji Pallonji & Co. Ltd. 9. Shapoorji Pallonji Infrastructure Capital Co. Ltd. 10. Shapoorji Pallonji Finance Ltd. 11. Shapoorji Pallonji Power Co. Ltd. 12. United Motors (India) Ltd. 13. The Indian Hotels Co Ltd.	<u>PUBLIC COMPANIES</u> 1. Atlas Copco (India) Ltd. 2. Fiora Services Ltd. 3. Forvol International Services Ltd. 4. Foods & Inns Ltd. 5. Nilkamal Plastics Ltd. 6. PCS Industries Ltd. 7. Prudential ICICI Asset Management Co. Ltd. 8. Tata Tea Ltd. 9. Welspun India Ltd. 10. Zuari Industries Ltd.	<u>PUBLIC COMPANIES</u> 1. Afcons Infrastructure Ltd. 2. Cyrus Investments Ltd. 3. Forvol International Services Ltd. 4. Gokak Textiles Ltd. 5. Shapoorji Pallonji & Co. Ltd. 6. Shapoorji Pallonji Infrastructure Capital Co. Ltd. 7. Shapoorji Pallonji Finance Ltd. 8. Shapoorji Pallonji Power Co. Ltd. 9. United Motors (India) Ltd.	<u>PUBLIC COMPANIES</u> 1. Forbes Bumi Armada Ltd. 2. Forbes Finance Ltd. 3. Forbes Sea Consortium Ltd. 4. Forbes Technosys Ltd. 5. SCI Forbes Ltd. 6. Volkart Fleming 7. Shipping & Services Ltd.
Member of the Board Committees	<u>Share Transfer & Investor Relations Committee</u> 1. United Motors (India) Ltd. <u>Remuneration Committee</u> 1. Forbes & Company Ltd.	<u>Share Transfer & Investor Relations Committee</u> 1. Atlas Copco (India) Ltd. 2. Tata Tea Ltd. 3. Zuari Industries Ltd. <u>Audit Committee</u> 1. Atlas Copco (India) Ltd. 2. Forbes & Company Ltd. 3. Welspun India Ltd. 4. Zuari Industries Ltd. <u>Remuneration Committee</u> 1. Atlas Copco (India) Ltd. 2. Tata Tea Ltd.	<u>Share Transfer & Investor Relations Committee</u> 1. Forbes & Company Ltd. <u>Remuneration Committee</u> 1. Forbes & Company Ltd. 2. Shapoorji Pallonji Finance Ltd.	-
No. of shares held	Nil	385	Nil	Nil

**CERTIFICATE OF COMPLIANCE OF CONDITIONS
OF CORPORATE GOVERNANCE**

TO
THE MEMBERS OF
FORBES & COMPANY LIMITED

I have examined the compliance of conditions of corporate governance by FORBES & COMPANY LIMITED for the year ended 31st March, 2008 as stipulated in clause 49 of the Listing Agreement of the said Company with Bombay Stock Exchange Ltd., Mumbai

The compliance of conditions of corporate governance is the responsibility of the Management. My examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me and the representations made by the Directors and the Management, I certify that the Company has generally complied with the conditions of corporate governance as stipulated in the abovementioned Listing Agreement.

I have also to state that one investor grievance was pending against the company for a period exceeding one month, pending receipt of required information, as per the information furnished by the Company's Registrars, other than those which are a subject matter of litigation. This was subsequently resolved.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Mumbai, 31st July, 2008.

A.D.GUPTE
COMPANY SECRETARY IN WHOLETIME – PRACTICE
FCS 300 – Certificate of Practice No.1210

SUMMARISED BALANCE SHEET

(Rupees in Lakhs)

Year/ Period	Subscribed Capital	Reserves and Surplus	Bank Borrowings, Acceptance and Loans	Current Liabilities and Provisions	Total	Gross Block	Less: Total Depre- ciation	Net Block	Invest- ments	Current Assets	Loans and Advances	Cash and Bank Balances	Miscel- laneous Expendi- ture to the extent not written off
1988-89**	652.28	1911.59	2636.74	1800.76	7001.37	4086.54	1719.65	2366.89	1242.62	2406.67	923.84	61.35	—
1989-90	652.28	2596.15	3556.43	1972.33	8777.19	5430.29	2027.18	3403.11	1406.78	3150.40	752.95	63.95	—
1990-91	652.28	3691.06	4462.98	2814.90	11621.22	6715.03	2476.31	4238.72	1749.25	4309.52	1236.53	87.20	—
1991-92\$	822.27	7785.97	8134.93	4864.78	21607.95	12453.64	4350.81	8102.83	2677.51	8774.47	1548.80	504.34	—
1992-93	822.27	8604.31	10144.63	4156.44	23727.65	13833.61	5252.11	8581.50	2896.27	9232.66	2231.84	785.38	—
1993-94	1245.34	12198.11	8002.16	4965.38	26410.99	16298.28	6289.91	10008.37	3558.57	10119.34	2347.20	377.51	—
1994-95	1245.34	14234.61	10747.30	8299.22	34526.47	19630.64	7392.61	12238.03	3322.54	14824.15	3422.37	719.38	—
1995-96	1245.34	14462.84	10482.11	7656.38	33846.70	22221.95	8680.95	13541.00	3478.16	12444.80	3509.95	872.79	—
1996-97	1245.34	15329.20	8863.90	10320.65	35759.09	23855.79	10028.62	13827.17	3726.64	13282.05	3595.29	1327.94	—
1997-98	1245.34	16397.96	8621.49	12265.76	38530.55	24929.57	11521.00	13408.57	4000.08	16169.33	3959.15	894.03	99.39
1998-99	1245.34	16690.70	7578.63	10447.18	35961.85	25241.14	13027.40	12213.74	3776.47	13023.41	5197.88	766.75	983.60
1999-2000	1245.34	18419.05	9289.91	12276.65	41230.95	25376.00	14071.85	11304.15	7403.75	13885.41	6566.31	859.88	1211.45
2000-2001	1245.34	18720.32	11066.19	9718.86	40750.71	26803.39	14861.07	11942.32	7694.02	13040.12	6258.16	917.23	898.86
2001-2002	1245.34	17946.01	11695.39	10221.06	41107.80	27034.05	16274.65	10759.40	8226.02	13437.13	6669.07	696.34	1319.84
2002-2003	1245.34	18714.10	11145.45	10849.07	41953.96	27460.97	17582.43	10074.92	9245.13	15491.47	5292.31	835.72	1014.41
2003-2004 ^{\$\$}	1245.34	17274.58	17518.26	15677.80	51715.98	36551.91	20543.87	16008.04	8482.28	29182.30	3888.37	1281.20	73.79
2004-2005	1245.34	19053.16	17575.94	19791.97	57666.41	39525.07	22191.80	17333.27	10072.88	20807.71	7343.00	1965.15	144.40
2005-2006 ^{\$\$\$}	1289.86	29069.25	26114.62	26606.47	83080.20	57164.99	26559.53	30605.46	12974.54	24750.55	11449.69	2666.68	633.32
2006-2007	1289.86	27914.69	31135.18	21528.17	81867.90	60175.79	*28322.54	31853.25	13224.03	21409.95	12791.73	2589.14	—
2007-2008	1289.86	18157.06	14863.16	13505.71	47815.79	21308.84	6928.99	14379.85	13365.49	9452.46	8557.98	2060.02	—

** 9 months

\$ After amalgamation of Forbes Forbes Campbell & Company Limited with the Company.

\$\$ After amalgamation of Bradma of India Ltd., and Campbell Knitwear Ltd. with the Company.

\$\$\$ After amalgamation of FAL Industries Ltd. with the Company.

* Includes impairment loss of Rs. 82.64 lakhs.

SUMMARISED PROFIT AND LOSS ACCOUNT

(Rupees in Lakhs)

Year/ Period	Raw Materials, Stores, Fuel and Power etc. after adjustment of Stocks	Payments to and Provisions for Employees including VRS	Other expenses	Interest	Deprec- iation	Taxation	Profit/ (Loss) after Taxation	Sales and Other Income	Total (Gross) Dividend Amount	Dividend per share (Rupees)	Earnings per share (Rupees)	Net Worth per share (Rupees)	Miscel- laneous Expendi- ture to the extent not written off
1988-89**	4434.11	971.03	497.43	144.19	214.31	25.00	391.00	6677.07	130.46	2.00	6.00	39.31	—
1989-90	6299.09	1502.41	825.69	285.35	369.73	280.00	893.29	10455.56	208.73	3.20	13.69	49.80	—
1990-91	6744.94	1800.10	1130.46	322.87	483.58	520.00	1335.93	12337.88	241.35	3.70	20.48	66.59	—
1991-92\$	9577.30	2224.04	2072.38	703.89	698.69	920.00	1307.05	17503.35	319.03	4.50	15.90	104.69	—
1992-93	11970.50	3272.40	4688.87	1394.27	973.40	855.00	1188.37	24342.81	370.02	4.50	14.45	114.64	—
1993-94	13704.14	3510.54	4046.92	1007.86	1145.56	765.00	1145.11	25325.13	512.81	4.50	@10.05	@@107.95	—
1994-95	16194.42	3782.99	4549.35	949.30	1170.02	1550.00	2596.93	30793.01	560.40	4.50	20.86	124.30	—
1995-96	19727.32	4357.71	4444.71	1259.83	1338.29	10.00	539.59	31677.45	311.34	2.50	4.33	126.14	—
1996-97	20955.10	4770.45	5866.48	1515.71	1462.25	900.00	1277.34	36747.33	373.60	3.00	10.26	133.09	—
1997-98	22192.06	5572.23	6441.16	1404.68	1559.95	649.63	1479.72	39299.73	373.60	3.00	11.88	141.67	983.60
1998-99	25197.81	5556.06	5469.69	1266.64	1560.88	4.00	500.09	39555.17	186.60	1.50	4.02	144.03	1211.45
1999-2000	22193.57	5472.17	11127.07	1110.24	1573.40	900.00	3110.67	45487.12	1245.34	10.00	24.98	157.90	898.86
2000-2001	20850.80	5443.69	6609.41	1132.25	1683.61	190.08	712.98	36622.82	373.60	3.00	5.73	160.32	1319.84
2001-2002	18750.38	4842.65	5365.89	945.63	1515.12	(130.70)	958.03	32247.63	249.07	2.00	7.69	154.11	—
2002-2003	19266.79	4928.45	5202.47	565.87	1585.41	(165.00)	1119.32	32503.31	311.33	2.50	8.99	160.27	73.79
2003-2004 ^{SS}	25394.74	5961.58	8173.57	752.70	1622.72	214.43	1575.04	43694.78	498.14	4.00	12.65	148.71	144.40
2004-2005	28343.67	5974.90	9009.00	1023.53	2101.84	145.47	2494.56	49092.97	622.67	5.00	20.03	163.00	633.32
2005-2006 ^{SSS}	36711.86	7262.42	11363.81	1263.66	2350.92	444.02	2160.09	61556.78	644.93	5.00	16.75	225.00	—
2006-2007	38680.58	7614.50	11976.23	1733.59	2710.14	375.15	911.95	64002.14	451.45	3.50	7.07	216.00	—
2007-2008	13191.74	3894.53	7861.77	1047.75	1130.15	127.38	242.65	27495.97	193.48	1.50	1.88	150.77	—

** 9 Months

\$ After amalgamation of Forbes Forbes Campbell & Company Limited with the Company.

\$\$ After amalgamation of Bradma of India Ltd. and Campbell Knitwear Ltd. with the Company.

@ Calculated on the weighted average Share Capital enhanced by Rights Shares allotted on 1st July, 1993.

@@ After the Rights Issue.

\$\$\$ After amalgamation of FAL Industries Ltd. with the Company.

AUDITORS' REPORT TO THE MEMBERS OF FORBES & COMPANY LIMITED

1. We have audited the attached Balance Sheet of **FORBES & COMPANY LIMITED (formerly known as FORBES GOKAK LIMITED)** as at 31st March, 2008, the Profit and Loss Account and Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We did not audit the financial statements of two divisions of the Company, which reflect total assets (i.e. the aggregate of fixed assets and net current assets) of Rs. 31,97,77,668 as at 31st March, 2008, total revenue (i.e. the aggregate of sales and other income) of Rs. 114,63,75,896 and net cash outflows amounting to Rs. 14,09,812 for the year then ended. The financial statement and other financial information of these divisions have been audited by branch auditors whose reports have been furnished to us and our opinion is based solely on the report of the other auditors.
3. We conducted our audit in accordance with standards on auditing generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
4. As required by the Companies (Auditor's Report) Order, 2003, (the Order) issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable to the Company.
5. *Attention is invited to our comments in paragraph (iv)(b) of the Annexure to our report, insofar as they relate to the loans given to The Svadeshi Mills Company Limited and Coromandel Garments Limited, arising inter alia from our inquiry under Section 227(1A)(a) of the Companies Act, 1956. Our report on the financial statements for the year ended 31st March 2007 contained a similar modification.*
6. Without qualifying our report, we invite attention to Note no. 18 of Schedule 10 to the financial statements regarding managerial remuneration which is paid in excess of the limits specified in Schedule XIII of the Companies Act, 1956 and is subject to the approval of the shareholders and Central Government.
7. *The Company has significant exposure by way of investments of Rs. 7,67,97,000, Loans of Rs. 12,19,85,612, and Guarantees of Rs. 12,00,00,000 given on behalf of three joint venture companies namely Forbes Infotainment Limited, Edumetry Inc. and Forbes Edumetry Limited, which have incurred losses significantly in excess of their paid-up capital. In the absence of adequate information regarding the revival plans of the above entities, we are unable to form an opinion regarding the erosion in the value of the investment and the devolvement of guarantees issued on behalf of the joint ventures. Our report on the financial statements for the year ended 31st March 2007 contained a similar modification.*
8. *Attention is invited to Note no. 25 of Schedule 10 to the financial statements, wherein the Management has explained the accounting treatment given to profit arising from sale of land & buildings which were revalued on a "Selective" basis in an earlier year. In our opinion "Selective" revaluation of assets is not in accordance with the Accounting Standard (AS-10) on "Accounting for Fixed Assets" notified under the Companies (Accounting Standards) Rules, 2006. Our report on the financial statements as at/for the year ended 31st March, 2007 was similarly modified.*
9. Further to our comments in the Annexure referred to in paragraph 4 above:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit, except as stated in paragraph 7 above.
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.
 - c) The Balance Sheet, the Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account and with the audited returns received from the branches.
 - d) The reports of the auditors of the branches have been submitted to us and the same have been considered by us in preparing this report.
 - e) In our opinion, and subject to our comments in paragraph 8 above, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;

- f) *Subject to the matters referred to in paragraphs 7 and 8 above and their consequential effect on profits, reserves, assets and liabilities, in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:*
- i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2008;
 - ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
10. On the basis of the written representations from the directors as on 31st March, 2008, as taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For S. B. BILLIMORIA & CO.
Chartered Accountants

M. Ramachandran
Partner
(Membership No. 16399)

KOCHI, 7th July, 2008

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 4 of our report of even date)

- (i) The nature of the Company's business / activities / result during the year is such that clauses (xiii), and (xiv) of the Order are not applicable to it.
- (ii) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of most of its fixed assets.
 - (b) Some of the fixed assets were physically verified during the year by the Management. According to the information and explanations given to us, no material discrepancies were noticed on such verification. In our opinion the Management has to draw up a programme of physical verification of all assets at a reasonable intervals.
 - (c) The fixed assets disposed off during the year, in our opinion, do not constitute substantial part of fixed assets of the Company and such disposal in our opinion, has not affected the going concern status of the Company.
- (iii) In respect of its inventories:
 - (a) As explained to us, inventories (other than stocks lying with third parties, in respect of which, confirmations have been obtained in most cases) were physically verified during the year by the Management at reasonable intervals.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business except for stocks lying with third parties (in respect of which, confirmations have been obtained in most cases), which needs to be verified periodically, by the management.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iv) We draw attention to Note no. 28 in Schedule 10 to the financial statements in respect of loans, secured or unsecured granted by the Company to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956, according to the information and explanations to us:
 - (a) The Company has granted loans aggregating Rs. 47,16,03,005 to two parties. At the year end, the outstanding balances of such loans granted aggregate Rs. 47,16,03,005 and maximum amounts involved during the year were Rs. 47,16,03,005.
 - (b) The Company has given interest-free loans and advances in the nature of loans (on which no interest is accrued) amounting to

Rs. 43,91,03,005 to The Svadeshi Mills Company Limited and Rs. 3,25,00,000 to Coromandel Garments Limited, in which the Company has substantial interest. Other than these, in our opinion, the rate of interest and other terms and conditions of such loans are, *prima facie*, not prejudicial to the interest of the Company.

- (c) No repayments of principal amounts and interest, on loans and advances in the nature of loans made to The Svadeshi Mills Company Limited and Coromandel Garments Limited referred to in paragraph (b) above, have been received by the Company during the year from the borrowers.
- (d) According to the information and explanation given to us, the Company has not taken any secured or unsecured loan from companies, firms or other parties covered by the register maintained under section 301 of the Companies Act, 1956. Therefore, the provisions of clauses (iii) (e) to (iii) (g) of the Order are not applicable to the Company.
- (v) In our opinion and according to the information and explanations given to us, having regard to the explanation that some of the items purchased are of special nature and suitable alternative sources do not exist for obtaining comparable quotation, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. We have not observed any continuing failure to correct major weaknesses in such internal control system.
- (vi) In respect of contracts or arrangements entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
- (a) the particulars of contracts or arrangements referred to in Section 301 have been entered in the register required to be maintained under that section.
- (b) in our opinion and having regard to our comments in paragraph (v) above, the transactions exceeding the value of Rupees five lacs in respect of any party during the year, have been made at prices which are, *prima facie*, reasonable having regard to the prevailing market prices at the relevant time, where such market prices are available.
- (vii) According to the information and explanations given to us:
- (a) during the year the Company has not accepted any new deposits from the public within the purview of Sections 58A and 58AA of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975.
- (b) the deposits unpaid as at the year end are in the nature of unclaimed deposits; and
- (c) no Order under the aforesaid sections has been passed by the Company Law Board or National Company Law Tribunal or the Reserve Bank of India or any court or any other Tribunal in these respects.
- (viii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and the nature of its business except in case of Company's 'contract manufacturing division' where the division needs to strengthen the internal audit system.
- (ix) We have relied on the Branch auditors' report regarding review of cost records of electrical motors, maintained at the Company's contract manufacturing division. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records for any other products of the Company.
- (x) In respect of statutory dues, according to the information and explanations given to us:
- (a) The Company has generally been regular in depositing undisputed statutory dues relating to Provident Fund, Investor's Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Value Added Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and any other material statutory dues with appropriate authorities, except for the following dues, which are in arrears for a period of more than six months as at 31st March, 2008.

Name of the Statute	Nature of dues	Amount (Rs.)	Due Date
Companies Act, 1956	Investor Education & Protection Fund	50,956	May, 2006

- (b) The details of disputed Sales Tax, Income Tax, Customs Duty, Wealth Tax, Excise Duty and Cess which have not been deposited as on 31st March, 2008 on account of any dispute are given below:

Name of the Statute	Nature of dues	Amount (Rs.)	Period to which it relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	6,81,54,949	Assessment Years: - 2000-2001, 2001-2002, 2002-2003 and 2003-2004	Income tax appellate tribunal
		8,28,99,186	Assessment Years: - 1989-90, 1990-91, 1991-92, 1992-93, 1995-96, 1996-97, 1998-99, 2004-05, 2005-06	Commissioner of Income Tax (Appeals)
Wealth Tax Act, 1957	Wealth Tax	19,74,579	Assessment Years:- 1996-97, 1997-98, 1998-99, 1999-00, 2000-01	Commissioner of Wealth Tax (Appeals)

Sales Tax Laws	Sales Tax (including interest and penalty)	8,64,219	2004-05	Commercial Tax Officer, Chennai
		87,75,000	1998-99, 1999-00	Madras High Court
		3,86,63,000	1989-90	Madras High Court
		3,76,000	1992-1993	Sales Tax Appellate Tribunal, Cuttack
		45,66,000	1990-1991, 1991-1992, 1992-1993, and 1993-1994	Sales Tax Appellate Tribunal, Patna
		4,39,92,657	1994 to 2002	Sales Tax Appellate Tribunal
		16,27,440	2004-05	Deputy Commissioner of Sales Tax (Appeals)
The Central Excise Act, 1944	Excise Duty	53,88,939	1992 to 2004	Appellate Authority-from various levels up to Commissioner.
		54,98,855	2000 to 2003	Additional Commissioner of Central Excise
		42,16,94,000	2003 to 2007	Custom Excise & Service Tax Appellate Tribunal, New Delhi
		9,38,000	1995-96	Custom Excise & Service Tax Appellate Tribunal, Chennai
		1,92,768	2000 to 2004	Assistant Commissioner of Central Excise

- (xi) The Company does not have any accumulated losses. The Company has not incurred cash losses during the financial year covered by our audit and in the immediate preceding financial year.
- (xii) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions and / or banks except in the case of repayment of certain loan installments to Federal Bank Limited as given herein.

Amount (Rs.)	Due Date	Date Paid	Delay in days
3,750,000	26.02.2008	03.03.2008	7 days
9,375,000	11.12.2007	17.12.2007	6 days
9,375,000	11.03.2008	12.03.2008	1 day

- (xiii) In our opinion and according to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of clause 4(xii) of the Order are not applicable to the Company.
- (xiv) In our opinion and according to the information and explanations given to us, the terms and conditions of guarantees given by the Company for loans taken by others from banks are not, *prima facie*, prejudicial to the interests of the Company except for amounts referred to in Paragraph 7 of the Auditor's Report.
- (xv) To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, term loans availed by the Company were, *prima facie*, applied by the Company for the purposes for which the loans were obtained, other than temporary deployment pending application.
- (xvi) According to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, funds raised on short-term basis have, *prima facie*, not been used during the year for long-term investments.
- (xvii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares during the period covered by our audit.
- (xviii) According to the information and explanations given to us, there are no amounts outstanding in respect of secured debentures as at the year end. Therefore, the provisions of clause 4(xix) of the Order are not applicable to the Company.
- (xix) According to the information and explanations given to us, the Company has not raised any money through public issue during the period covered by our audit.
- (xx) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For **S. B. BILLIMORIA & CO.**
Chartered Accountants
M. Ramachandran
Partner
(Membership No.16399)

BALANCE SHEET AS AT 31ST MARCH, 2008

	Schedule No.	Rupees	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
SOURCES OF FUNDS :				
1. SHARE CAPITAL	"1"	12,89,86,160		12,89,86,160
2. RESERVES AND SURPLUS.....	"2"	181,57,05,880		279,14,69,272
3. TOTAL SHAREHOLDERS' FUNDS.....			194,46,92,040	292,04,55,432
4. DEFERRED GOVERNMENT GRANT			-	1,64,500
5. LOANS:				
(a) Secured.....	"3"	109,41,01,333		269,68,07,907
(b) Unsecured	"4"	39,22,15,460		35,98,40,395
			148,63,16,793	305,66,48,302
6. DEFERRED TAX LIABILITY (Net) (see Note no.11 in Schedule 10).....			-	5,68,69,946
7. TOTAL			3,43,10,08,833	603,41,38,180
APPLICATION OF FUNDS:				
8. FIXED ASSETS:	"5"			
(a) Gross Block.....		208,95,72,581		579,80,89,791
(b) Less: Total Depreciation/Amortisation		69,28,98,737		282,39,89,639
(c) Less: Total Impairment		-		82,63,717
(d) Net Block		139,66,73,844		296,58,36,435
(e) Capital work-in-progress including Advances for capital expenditure.....		4,13,10,718		21,94,88,741
			143,79,84,562	318,53,25,176
9. INVESTMENTS	"6"		133,65,48,561	132,24,03,351
10. DIFFERED TAX ASSETS (see Note no.11 in Schedule 10)			3,91,81,000	-
11. CURRENT ASSETS, LOANS AND ADVANCES	"7"			
(a) Inventories.....		39,24,34,454		129,61,50,158
(b) Sundry Debtors		52,83,53,847		82,39,73,935
(c) Cash and Bank Balances.....		20,60,02,230		25,89,13,289
(d) Other Current Assets		2,44,58,465		2,08,71,255
(e) Loans and Advances		81,66,16,830		127,91,73,111
		196,78,65,826		367,90,81,748
12. Less: CURRENT LIABILITIES AND PROVISIONS	"8"			
(a) Liabilities		117,41,10,215		188,60,18,987
(b) Provisions.....		17,64,60,901		26,66,53,108
		135,05,71,116		215,26,72,095
13. NET CURRENT ASSETS			61,72,94,710	152,64,09,653
14. TOTAL			3,43,10,08,833	603,41,38,180
Notes to the Accounts	"10"			

Schedules referred to above form an integral part of the Balance Sheet and should be read in conjunction therewith.

In terms of our Report of even date.
For **S. B. BILLIMORIA & CO.**
Chartered Accountants

M. RAMACHANDRAN
Partner
Kochi, 7th July, 2008

PALLONJI S. MISTRY
SHAPOOR P. MISTRY
ASHOK BARAT
C. G. SHAH
CYRUS P. MISTRY
D. B. ENGINEER
D. S. SOMAN
N. D. KHURODY
R. N. JHA
S. L. GOKLANEY
A. T. SHAH
Mumbai, 7th July, 2008

Chairman Emeritus
Chairman
Managing Director
Executive Director (Finance)

Directors

Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

	Rupees	Rupees	Year ended 31st March, 2008 Rupees	Year ended 31st March, 2007 Rupees
1. INCOME:				
(a) GROSS SALES			217,79,16,936	576,92,88,983
Less: Excise			19,07,86,540	23,91,46,705
NET SALES			198,71,30,396	553,01,42,278
(b) SERVICES AND OTHER INCOME:				
(i) Income from Services rendered - (Gross) (Tax deducted at sources Rs.1,05,56,193; <i>Previous Year Rs.70,36,005</i>).....		36,43,53,385		47,67,73,628
(ii) Interest on Investments - Other than Trade				
- Current investment	2,54,89,274			1,90,47,495
- Long term investment	-			3,558
(iii) Dividend on Long Term Investments:				
- Other than Trade	94,91,134			79,68,013
- From Subsidiary Companies	<u>14,30,90,000</u>			<u>9,51,54,000</u>
		17,80,70,408		<u>12,21,73,066</u>
(iv) Rent		2,41,04,096		1,58,68,180
(v) Miscellaneous Income				
(including excess provisions written back Rs.16,98,461; <i>Previous year Rs.1,49,66,647</i> and credit balances written back Rs.21,90,724; <i>Previous year Rs.26,83,141</i>)		9,68,33,003		14,40,67,926
(vi) Profit on Sale of Fixed Assets (net) (includes Capital Profit Rs.4,30,03,609; <i>Previous year Rs.2,02,55,079</i>).....		3,95,94,219		2,30,04,343
(vii) Bad Debts previously written off now recovered		-		2,08,474
(viii) Provision for Doubtful Debts, no longer required written back		2,24,501		17,66,759
(ix) Provision for Doubtful Advances, no longer required written back		9,13,975		2,56,000
(x) Profit on sale of long term Investments		5,73,08,760		8,20,35,197
(xi) Gains arising on foreign currency translation (Net)		<u>10,64,331</u>		<u>39,18,236</u>
			76,24,66,678	87,00,71,809
			274,95,97,074	640,02,14,087
2. EXPENDITURE:				
Manufacturing, Trading and Other Expenses (Per Schedule 9).....		248,17,98,490		579,09,52,659
Interest (see Note no.5 in Schedule 10)		<u>10,47,74,654</u>		<u>17,33,58,758</u>
			258,65,73,144	596,43,11,417
Voluntary Retirement Compensation amortised			16,30,23,930	43,59,02,670
			62,35,000	-
			15,67,88,930	43,59,02,670
DEPRECIATION (Per Schedule 5)			11,30,15,260	27,10,13,861
Balance			4,37,73,670	16,48,88,809
PROVISION FOR DOUBTFUL LOANS & ADVANCES AND DIMINUTION IN THE VALUE OF INVESTMENTS				
Doubtful Loans & Advances		47,38,624		25,15,054
Diminution in the value of Investments		-		13,63,841
			47,38,624	38,78,895
PROFIT BEFORE PRIOR PERIOD ITEMS			3,90,35,046	16,10,09,914
Balance Carried Forward			3,90,35,046	16,10,09,914

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008 (Contd.)

	Rupees	Rupees	Year ended 31st March, 2008 Rupees	Year ended 31st March, 2007 Rupees
Balance brought forward			3,90,35,046	16,10,09,914
PRIOR PERIOD ITEMS:				
Less: Prior Period adjustment (see Note 8 in Schedule 10)			20,31,341	(9,42,806)
PROFIT BEFORE TAXATION AND EXCEPTIONAL ITEMS			3,70,03,705	16,19,52,720
EXCEPTIONAL ITEMS			-	3,32,42,437
3. PROFIT BEFORE TAXATION			3,70,03,705	12,87,10,283
4. PROFIT BEFORE TAX/(LOSS) FROM CONTINUING OPERATIONS	6,27,14,614			18,59,96,304
Less: PROVISION FOR TAXATION				
- for Income-Tax				
Current Year				1,61,00,000
(Reversal) / Provision relating to previous year	(1,89,27,742)			-
Fringe Benefit Tax (including for previous year Rs. 5,65,000)	86,31,207			96,48,987
	(1,02,96,535)			2,57,48,987
for Wealth - Tax	16,85,448			13,75,435
for Deffered - Tax	2,13,49,891			(1,63,87,770)
	1,27,38,804			1,07,36,652
PROFIT AFTER TAX/(LOSS) FROM CONTINUING OPERATIONS		4,99,75,810		17,52,59,653
PROFIT BEFORE TAX/(LOSS) FROM DISCONTINUING OPERATIONS	(2,57,10,909)			(5,72,86,021)
Less: PROVISION FOR TAXATION				
- for Income-Tax				
Current Year				
(Reversal) / Provision relating to previous year				
Fringe Benefit Tax (including for previous year Rs.Nil)				33,51,013
				33,51,013
for Wealth - Tax				39,565
for Deffered - Tax				2,33,87,770
				2,67,78,348
PROFIT AFTER TAX/(LOSS) FROM DISCONTINUING OPERATIONS		(2,57,10,909)		(8,40,64,370)
5. PROFIT AFTER TAXATION			2,42,64,901	9,11,95,283
6. Add: BALANCE BROUGHT FORWARD FROM LAST YEAR			15,76,53,235	33,92,75,528
7. TOTAL AMOUNT AVAILABLE FOR APPROPRIATION			18,19,18,136	43,04,70,811
8. Less: APPROPRIATIONS:				
(a) Proposed Dividend		1,93,47,924		4,51,45,156
(b) Additional tax on Dividend		32,88,180		76,72,420
(c) General Reserve		12,14,000		22,00,00,000
			2,38,50,104	27,28,17,576
9. BALANCE CARRIED TO BALANCE SHEET			15,80,68,032	15,76,53,235
Basic and diluted earnings per share of				
face value of Rs.10 each			Rs. 1.88	Rs. 7.07
Notes to the Accounts "10"				

Schedules referred to above form an integral part of the Profit and Loss Account and should be read in conjunction therewith.

In terms of our Report of even date.
For **S. B. BILLIMORIA & CO.**
Chartered Accountants

M. RAMACHANDRAN
Partner
Kochi, 7th July, 2008

PALLONJI S. MISTRY
SHAPOOR P. MISTRY
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S. L. GOKLANEY
A. T. SHAH
Mumbai, 7th July, 2008

Chairman Emeritus
Chairman
Managing Director
Executive Director (Finance)

Directors

Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008

	2007-2008 Rupees	<i>2006-2007</i> <i>Rupees</i>
NET PROFIT BEFORE TAX AND EXTRA-ORDINARY ITEMS	3,70,03,705	<i>12,87,10,283</i>
Adjusted for -		
Depreciation	11,30,15,260	<i>27,10,13,861</i>
Provision for Diminution in Value of Investment written back	-	-
Profit on Sale of long term Investments	(5,73,08,760)	<i>(8,20,35,197)</i>
Loss on Sale of Investment (Net of Provision)	-	-
Investment Income	(17,80,70,408)	<i>(12,21,73,066)</i>
Profit on Sale of Fixed Assets	(3,95,94,219)	<i>(2,30,04,343)</i>
Interest and Other Finance Charges	10,47,74,654	<i>17,33,58,758</i>
Provision for diminution in the value of Investments	-	<i>13,63,841</i>
Profit on Exchange Variation	40,227	<i>(1,11,83,136)</i>
	(5,71,43,246)	<i>20,73,40,718</i>
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	(2,01,39,541)	<i>33,60,51,001</i>
Changes in -		
Trade and Other Receivables	6,11,82,017	<i>47,90,42,485</i>
Inventories	13,31,26,455	<i>(57,75,581)</i>
Trade Payables and Others	(21,41,81,541)	<i>(65,64,51,817)</i>
	(1,98,73,069)	<i>(18,31,84,913)</i>
CASH GENERATED FROM OPERATIONS	(4,00,12,610)	<i>15,28,66,088</i>
Demerge Expenses Paid	(1,04,24,156)	<i>(14,30,710)</i>
Direct Taxes Paid	(4,62,82,404)	<i>(4,09,89,512)</i>
NET CASH FROM OPERATING ACTIVITIES -		
Discontinuing Operations	6,29,55,347	<i>61,65,05,357</i>
NET CASH FROM OPERATING ACTIVITIES -		
Continuing Operations	(15,96,74,517)	<i>(50,60,59,491)</i>
(a) NET CASH FROM OPERATING ACTIVITIES	(9,67,19,170)	<i>11,04,45,866</i>
CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets (including adjustments on account of capital work-in-progress and capital advances)	(21,88,54,747)	<i>(111,44,45,510)</i>
Sale of Fixed Assets	13,98,51,363	<i>75,22,34,061</i>
Purchase of Investments	(44,62,96,028)	<i>(71,81,05,285)</i>
Sale of Investments	48,94,58,578	<i>77,38,27,347</i>
Inter Corporate Deposits Placed	(9,89,46,320)	<i>(36,07,47,004)</i>
Inter Corporate Deposits Refunded	13,47,89,295	<i>7,79,12,972</i>
Interest Received	2,19,02,064	<i>5,05,71,279</i>
Dividend Received	15,25,81,134	<i>10,71,21,136</i>
NET CASH USED IN INVESTING ACTIVITIES -		
Discontinuing Operations	4,01,22,034	<i>(68,59,62,157)</i>
NET CASH USED IN INVESTING ACTIVITIES -		
Continuing Operations	13,43,63,305	<i>25,43,31,153</i>
(b) NET CASH USED IN INVESTING ACTIVITIES	17,44,85,339	<i>(43,16,31,004)</i>

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008 (Contd.)

	2007-2008 Rupees	2006-2007 Rupees
CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Borrowings	26,88,63,000	87,90,87,600
Repayment of Borrowings	(2,46,68,637)	(68,63,16,727)
Increase/(Decrease) in Cash credit and Demand Loan	(21,54,77,401)	39,02,76,301
Interest Paid	(10,45,89,388)	(24,26,29,553)
Dividend and taxes there on Paid	(5,28,17,576)	(7,35,38,234)
NET CASH (USED IN)/FROM FINANCING ACTIVITIES- Discontinuing Operations	(10,61,74,904)	5,72,38,269
NET CASH (USED IN)/FROM FINANCING ACTIVITIES- Continuing Operations	(2,25,15,098)	20,96,41,118
(c) NET CASH (USED IN)/FROM FINANCING ACTIVITIES	(12,86,90,002)	26,68,79,387
(d) NET INCREASE IN CASH AND CASH EQUIVALENTS (a) + (b) + (c)	(5,09,23,833)	(5,43,05,751)
CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE YEAR, COMPRISING:		
(see Note no.26 (c) in Schedule 10)		
Cash, Cheques on hand and remittances in transit	24,37,628	31,80,976
Balances with scheduled banks on current accounts	17,67,43,344	23,03,05,747
	<u>17,91,80,972</u>	<u>23,34,86,723</u>
CASH AND CASH EQUIVALENTS TRANSFER ON ACCOUNT OF DEMERGE		
Cash, Cheques on hand and remittances in transit	(6,92,253)	-
Balance with scheduled banks on current accounts	(79,10,649)	-
	<u>(8,602,902)</u>	<u>-</u>
	17,05,78,070	23,34,86,723
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR, COMPRISING:		
Cash, Cheques on hand and remittances in transit	10,07,689	24,37,628
Balance with scheduled banks on current accounts	11,86,46,548	17,67,43,344
	<u>11,96,54,237</u>	<u>17,91,80,972</u>
INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS	(5,09,23,833)	(5,43,05,751)
Cash and Cash Equivalents as above	11,96,54,237	17,91,80,972
Add: Restricted Bank Balances	41,24,525	48,50,833
Margin Deposits and others	8,22,23,468	7,48,81,484
Cash & Bank Balance as per Balance Sheet	20,60,02,230	25,89,13,289

In terms of our Report of even date.
For **S. B. BILLIMORIA & CO.**
Chartered Accountants

M. RAMACHANDRAN
Partner
Kochi, 7th July, 2008

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A. T. SHAH
Mumbai, 7th July, 2008

Chairman Emeritus
Chairman
Managing Director
Executive Director (Finance)

Directors

Company Secretary

SCHEDULE "1" TO "10" ANNEXED TO AND FORMING PART OF THE ACCOUNTS**SCHEDULE "1" - SHARE CAPITAL**

	As at 31st March, 2008 Rupees	<i>As at 31st March, 2007 Rupees</i>
1. AUTHORISED:		
1,50,00,000 Shares of Rs.10 each	15,00,00,000	<i>15,00,00,000</i>
2. ISSUED, SUBSCRIBED AND PAID-UP :		
1,28,98,616 Equity Shares; (<i>Previous year 1,28,98,616</i>) of Rs.10 each fully paid-up	12,89,86,160	<i>12,89,86,160</i>
of the above shares :-		
(a) 3,89,640 (<i>Previous year 3,89,640</i>) shares of Rs.10 each were allotted as fully paid-up, pursuant to a contract without payment being 'received in cash;		
(b) 51,22,860 (<i>Previous year 51,22,860</i>) shares of Rs.10 each were allotted as fully paid-up, by way of Bonus Shares by capitalisation of Reserves and Securities Premium Account;		
(c) 7,65,450 (<i>Previous year 7,65,450</i>) shares of Rs.10 each were allotted as fully paid-up shares to the Shareholders of erstwhile Patel Volkart Limited other than The Gokak Mills Limited on amalgamation with the Company;		
(d) 16,99,861 (<i>Previous year 16,99,861</i>) shares of Rs.10 each were allotted as fully paid-up shares to the Shareholders of erstwhile Forbes Forbes Campbell & Company Limited on amalgamation with the Company; and		
(e) 4,45,214 (<i>Previous year 4,45,214</i>) shares of Rs.10 each were allotted as fully paid-up shares to the Shareholders of erstwhile FAL Industries Limited on amalgamation with the Company.		
TOTAL RUPEES	12,89,86,160	<i>12,89,86,160</i>

Foot note

of the above

83,26,352; (*Previous year 83,26,352*) Shares are held by the holding company, Sterling Investment Corporation Private Limited;

6,14,505; (*Previous year 6,14,505*) Shares are held by the ultimate holding company, Shapoorji Pallonji & Company Limited;

3,54,436; (*Previous year 3,54,436*) Shares are held by Cyrus Investments Limited (a subsidiary of the ultimate holding company).

1,66,398; (*Previous year 1,64,862*) Shares are held by Forbes Finance Limited (a subsidiary of the Company) and

Nil; (*Previous year 1,536*) Shares are held by Warrior (Investment) Limited (a subsidiary of the Company).

SCHEDULE “2” - RESERVES AND SURPLUS

	Rupees	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
1. EXPORT PROFIT RESERVE:			
Per last Balance Sheet	66,32,500		66,32,500
Less: Transferred on Demerger	65,97,500		-
		35,000	<u>66,32,500</u>
2. CAPITAL RESERVE:			
Per last Balance Sheet	11,95,221		31,95,221
Less: Transferred on Demerger	11,95,221		-
(see Note no. 2 (d) in Schedule 10)	-		31,95,221
Less: Transferred to other liabilities.....	-		20,00,000
		-	<u>11,95,221</u>
3. REVALUATION RESERVE:			
Per last Balance Sheet	3,63,31,562		68,92,64,955
Less: Transferred to General Reserve (see Note no.25 in Schedule 10)	3,63,31,562		65,29,33,393
		-	<u>3,63,31,562</u>
4. SECURITIES PREMIUM:			
Per last Balance Sheet	2,15,56,789		2,15,56,789
Less: Transferred on Demerger (see Note no. 2 (d) in Schedule 10)	2,15,56,789		-
		-	<u>2,15,56,789</u>
5. AMALGAMATION RESERVE:			
Per last Balance Sheet	5,77,37,740		20,56,78,478
Less: Transferred on Demerger (see Note no.2 (d) in Schedule 10)	5,77,37,740		-
Less: Voluntary Retirement Compensation [Adjustments pursuant to the Court Order]	-		14,10,55,148
	-		6,46,23,330
Less: Impairment Provision [Adjustment pursuant to the Court Order]	-		54,54,880
	-		5,91,68,450
Less: Amalgamation Expenses [Adjustments pursuant to the Court Order]	-		14,30,710
		-	<u>5,77,37,740</u>
6. GENERAL RESERVE:			
Per last Balance Sheet	251,03,62,225		164,13,21,462
Add: Transferred from Revaluation Reserve (see Note no. 25 in Schedule 10)	3,63,31,562		65,29,33,393
	254,66,93,787		229,42,54,855
Add: Transferred from Profit and Loss Account	12,14,000		22,00,00,000
	254,79,07,787		251,42,54,855
Less: Transferred on Demerger (see Note no.2(d) in Schedule 10)	87,06,25,205		-
Less: Transferred on Demerger Expenses	1,63,69,186		-
	166,09,13,396		251,42,54,855
Less: Transition provision for Employee benefits as per Revised AS - 15 (see Note no.32 in Schedule 10)	33,10,548		38,92,630
		165,76,02,848	<u>251,03,62,225</u>
7. BALANCE IN PROFIT AND LOSS ACCOUNT		15,80,68,032	<u>15,76,53,235</u>
TOTAL RUPEES		181,57,05,880	<u>279,14,69,272</u>

SCHEDULE "3" - SECURED LOANS

	Rupees	Rupees	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
1. FROM BANKS:				
a) Term Loans secured by an exclusive first charge hypothecation of the equipment and accessories acquired / to be acquired under the scheme				
i) New India Co-operative Bank Ltd. (Repayable within a year Rs.39,94,940; <i>Previous year Rs.39,94,939</i>)	89,88,610			1,29,83,550
ii) New India Co-operative Bank Ltd. (Repayable within a year Rs.2,04,00,000; <i>Previous year Rs.Nil</i>)	8,79,63,077			-
iii) State Bank of India (Repayable within a year Rs.1,20,00,000; <i>Previous year Rs.1,20,00,000</i>)	3,60,00,000			4,80,00,000
iv) Export Import Bank Of india (Repayable with in a year Rs.2,85,71,424; <i>Previous year Rs. 2,85,71,424</i>)	11,42,85,720			<u>14,28,57,144</u>
		24,72,37,407		<u>20,38,40,694</u>
b) Rupee Term Loans from Bank of India (Secured by equitable mortgage of flats in "Volkart House") (Repayable within a year Rs.5,00,00,000; <i>Previous year Rs. 7,50,00,000</i>)		12,75,00,000		11,25,00,000
c) Cash Credit and Packing Credit from Banks against hypothecation of all stocks including Raw Material, Stock-in-Process, Finished Goods, Stores and Book-Debts, [In respect of Forbes Bradma Automation Division the Cash Credit and Packing Credit from Banks amounting to Rs.4,33,78,936 is secured by way of first charge on the current and movable fixed assets of Forbes Bradma Automation Division and first charge on land and building at Wagle Industrial Estate, Thane. (<i>Previous year Rs.4,40,60,764</i>)]				
(i) Cash Credit and Packing Credit	15,13,73,925			40,72,50,036
(ii) Demand Loan	25,70,00,000			61,60,00,000
		40,83,73,925		<u>102,32,50,036</u>
d) Rupee term loan from Federal Bank Ltd. for container freight station project [secured by land at Veshvi & Mundra, hypothecated by exclusive charge on specific movable fixed assets acquired under the loan. (Repayable within year Rs.5,00,00,000; <i>Previous year Rs.1,25,00,000</i>)]		23,75,00,000		23,41,00,000
e) Rupee Term Loan from Federal Bank Ltd. , secured by way of mortgage of				
(i) Land with all building existing and/or to be constructed thereon situated at Chandivali, village Kurla, Mumbai 400 072. (excluding the land already sold to Videocon Properties Ltd.).				
(ii) Leasehold rights on 25 acres of land leased to the Company by Gujarat Adani Port Ltd. with building constructed/to be constructed thereon.				
(iii) 15 acres of land at Veshvi, near JNPT, Mumbai in the name of the Company with buildings constructed and to be constructed and hypothecation of all other equipment and fixed assets acquired and to be acquired for the project (Repayable within a year Rs 1,50,00,000; <i>Previous year Rs. Nil</i>)		7,12,50,000		-
f) Foreign Currency Term Loan of US \$ 1.87 Million from Export-Import Bank of India secured by first exclusive charge on specific movable fixed assets acquired under the loan. (Repayable within a year Rs.Nil; <i>Previous year Rs.2,04,85,850</i>) .		-		4,09,71,700
g) Term Loan from Export Import Bank of India under Technology Upgradation Fund Scheme. (secured by an exclusive and specific charge against movable fixed assets acquired under the scheme) (Repayable within a year Rs.Nil; <i>Previous year Rs.1,95,60,000</i>)...		-		<u>6,84,60,000</u>
Balance Carried Forward			109,18,61,332	<u>168,31,22,430</u>
			109,18,61,332	<u>168,31,22,430</u>

SCHEDULE “3” - SECURED LOANS (Contd.)

	Rupees	Rupees	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
Balance Brought Forward			109,18,61,332	168,31,22,430
h) Rupee Term Loan from New India Co-operative Bank Limited under Technology Upgradation Fund Scheme (Secured by first pari passu (40%) charge over the fixed assets acquired out of the loan disbursed jointly with IDBI Limited) (Repayable within a year Rs.Nil ; <i>Previous year Rs.2,75,57,336</i>)		-		4,48,93,079
i) Rupee Term Loan from New India Co-operative Bank Limited under Technology Upgradation Fund Scheme (Secured by exclusive charge of hypothecation of machinery alongwith accessories / spares acquired / to be acquired under the Scheme) (Repayable within a year Rs.NIL; <i>Previous year Rs.Nil</i>)		-		3,93,44,336
j) Term Loan from The Federal Bank Ltd. , secured by equitable mortgage of Land and Building situated at Village Chandivali, Kurla (West), Mumbai and at Village Jetalpur, Vadodara. (Repayable within a year Rs.Nil; <i>Previous year Rs.3,75,00,000</i>)		-		3,75,00,000
k) Long Term Working Capital Foreign Currency Loan from Export-Import Bank of India , secured by first charge on all the movable fixed assets of the Textile Division and Campbell Knitwear Division whether installed or not. (Repayable within a year Rs.Nil; <i>Previous year Rs.3,89,51,072</i>)		-		13,63,28,928
l) Rupee Term Loan from IDBI Limited under Technology Upgradation Fund Scheme. (secured by first pari passu (60%) charge over the fixed assets acquired out of the loan disbursed jointly with New India Co-operative Bank Limited) (Repayable within a year Rs.Nil; <i>Previous year Rs.4,13,33,332</i>)		-		5,85,04,325
m) Term Loan from Export Import Bank of India under Technology Upgradation Fund Scheme (secured by first hypothecation charge on specific movable fixed asset acquired / to be acquired under the scheme and by equitable mortgage charge on land and building of Textile Division and Campbell Knitwear Division on a pari passu basis with State Bank of India. (Repayable within a year Rs.Nil; <i>Previous Year Rs.Nil</i>)		-		21,66,94,357
n) Secured Loan from Export-Import Bank of India (secured by: (1) A first pari passu charge by way of hypothecation over the moveable fixed assets pertaining to Textile Division, at Gokak, Karnataka, both present and future, excluding assets specifically charged (2) pledge of Corporate guarantee and hypothecation of a Ship Purchased by the subsidiary and (3) pledge of shares of the subsidiary) (Repayable within a year Rs.Nil; <i>Previous year Rs.97,33,386</i>)		-		97,33,386
o) Loans from HDFC Bank Ltd. , secured by way of hypothecation of certain specified Vehicles (Repayable within a year Rs.Nil; <i>Previous year Rs.1,09,065</i>)		-		1,09,065
p) Term Loan from Export Import Bank of India under Technology Upgradation Fund Scheme (secured by exclusive charge by way of hypothecation of the specific movable fixed assets acquired / to be acquired out of the loan and mortgage of immovable fixed assets of Textile Division and Campbell Knitwear Division. (Repayable within a year Rs.Nil; <i>Previous year Rs.Nil</i>).....		-		4,84,55,377
q) Rupee Term Loan from State Bank of India under Technology Upgradation Scheme (Secured by the first charge on the goods and specific movable assets acquired / to be acquired under the loan) (Repayable within a year Rs.Nil; <i>Previous year Rs.2,63,91,469</i>)		-		18,95,29,709
		-		78,10,92,562
Balance Carried Forward			109,18,61,332	246,42,14,992

SCHEDULE "3" - SECURED LOANS (Contd.)

	Rupees	Rupees	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
Balance Brought Forward.....			109,18,61,332	246,42,14,992
r) Term Loan from State Bank of India under Technology Upgradation Fund Scheme (secured by first hypothecation charge on specific movable fixed asset acquired / to be acquired under the scheme and by equitable mortgage charge on land and building of Textile Division and Campbell Knitwear Division on a pari passu basis with Exim Bank of India (Repayable within a year Rs.Nil; <i>Previous year Rs. 81,00,000</i>)		-		18,75,82,932
s) Term loan from The Federal Bank Ltd. , secured by first charge by way of Equitable Mortgage of Land & Building (5 acres free hold land at Perungudi Village, Chennai, Tamil Nadu) and hypothecation of Plant & Machinery. (Repayable within a year Rs Nil; <i>Previous year Rs. 54,00,000</i>)		-		1,75,50,000
t) Term loan from State Bank Of India , secured by first charge by way of Equitable Mortgage of Land & Building (Excluding 5 acres free hold land at Perungudi Village, Chennai, Tamil Nadu) and hypothecation of Plant & Machinery. (Repayable within a year Rs.Nil; <i>Previous year Rs.60,00,000</i>)		-		2,31,08,000
			<u>109,18,61,332</u>	<u>22,82,40,932</u>
			<u>109,18,61,332</u>	<u>269,24,55,924</u>
2. FROM OTHERS:				
a) Hire purchase liability in respect of plant and machinery acquired on hire purchase (Repayable within a year Rs.10,92,758; <i>Previous year Rs.11,50,407</i>)		12,81,475		25,37,616
b) Finance Lease (Secured by Plant & Machinery financed) [See Note 15(A)] (Repayable within a year Rs 9,58,526; <i>Previous year Rs.7,76,753</i>)		<u>9,58,526</u>		<u>18,14,367</u>
			<u>22,40,001</u>	<u>43,51,983</u>
TOTAL RUPEES			<u>109,41,01,333</u>	<u>269,68,07,907</u>
SCHEDULE "4" - UNSECURED LOANS				
1. FIXED DEPOSITS: (Repayable within a year Rs.44,08,500; <i>Previous year Rs.2,22,09,500</i>)..			70,71,460	2,89,88,000
2. LOANS & ADVANCES FROM SUBSIDIARIES: Inter-corporate deposits (Repayable within a year Rs.6,28,44,000; <i>Previous year Rs.9,87,00,000</i>)			6,28,44,000	10,67,00,000
3. SHORT TERM LOANS & ADVANCES: From a Bank -				
(a) Short Term Loan - EXIM Bank		10,00,00,000		10,00,00,000
(b) Short Term Clean Loan - Bank of Rajasthan		<u>15,00,00,000</u>		-
			<u>25,00,00,000</u>	<u>10,00,00,000</u>
4. OTHER LOANS & ADVANCES: From a Bank - Deferred Credit (Repayable within a year Rs.Nil; <i>Previous year Rs.2,01,600</i>)				-
				2,18,400
From Others -				
(a) Inter-corporate deposits (Repayable within a year Rs.7,23,00,000; <i>Previous year Rs.6,67,50,000</i>)		7,23,00,000		6,84,50,000
(b) Sales tax deferment loan (Repayable within a year Rs.Nil; <i>Previous year Rs.2,89,45,036</i>)		-		5,54,83,995
			<u>7,23,00,000</u>	<u>12,39,33,995</u>
TOTAL RUPEES			<u>39,22,15,460</u>	<u>35,98,40,395</u>

SCHEDULE "5" - FIXED ASSETS (see Note no. 25 & 26 in Schedule 10)

Description of Assets	GROSS BLOCK			DEPRECIATION BLOCK				IMPAIRMENT		NET BLOCK		
	Total Cost (after deducting where the cost is not ascertainable) as at 1 st April, 2007	Deletion on Demerger	Cost of additions during the year	Cost of deductions during the year (see Footnote 6)	Total Cost (after deducting where the cost is not ascertainable) upto 31 st March, 2008	Cumulative Depreciation upto 1 st April, 2007	Deletion of Depreciation on Demerger	Depreciation / Amortisation for the year (see Footnote 3 and 4)	Cumulative Depreciation on deductions during the year	Total Depreciation as at 31 st March, 2008	Balance as at 31 st March, 2008	Balance as at 31 st March, 2007
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
TANGIBLE ASSETS												
1. Leasehold Land	7,75,68,766	1,50,000	87,33,006	-	8,61,51,772	54,16,604	1,50,000	32,66,878	-	85,33,482	7,76,18,290	72,12,162
2. Leasehold Improvements	72,59,071	-	4,98,689	20,11,188	57,46,572	28,99,481	-	35,50,573	20,11,188	44,38,866	13,07,706	43,59,590
3. Freehold Land (see Footnote 7)	5,93,51,962	22,45,450	-	4,08,50,976	1,62,55,536	-	-	-	-	-	1,62,55,536	5,93,51,962
4. Buildings (see Footnote 1, 2 and 7)	108,74,87,112	49,61,44,046	20,46,90,489	4,21,859	79,56,11,696	24,50,56,536	14,23,43,850	1,30,88,231	3,51,833	11,54,49,084	68,01,62,612	84,24,30,576
5. Canal Lining	1,22,884	1,22,884	-	-	-	1,16,740	1,16,740	-	-	-	-	6,144
6. Plant and Machinery (Owned) (see Footnote 5 and 6)	417,55,79,987	315,08,73,576	9,52,14,081	23,30,78,450	88,68,42,042	234,48,68,499	181,38,27,119	6,66,95,354	18,69,86,445	41,07,50,289	47,60,91,753	183,07,11,488
7. Plant and Machinery (Leased) (see Note 15 A in Schedule 10)	77,97,863	-	-	-	77,97,863	31,50,650	-	8,08,508	-	39,59,158	38,38,705	46,47,213
8. Furniture, Fixtures and Office Equipment	27,47,84,666	4,65,35,907	4,40,07,853	5,68,26,061	21,54,30,551	15,70,21,878	3,23,66,427	1,52,66,090	4,41,11,084	9,58,10,457	11,96,20,094	11,77,62,788
9. Vehicles	6,00,46,514	1,78,01,505	30,38,536	87,55,194	3,65,48,351	408,42,044	1,36,34,905	64,48,329	77,64,699	258,90,769	1,06,57,882	1,92,04,470
Sub Total Tangible Assets	574,99,98,825	371,38,73,368	35,62,02,654	34,19,43,728	205,03,84,383	279,93,72,432	200,24,39,041	10,91,23,963	24,12,25,249	66,48,32,105	138,55,52,278	295,06,26,393
INTANGIBLE ASSETS												
10. Computer Software	4,80,90,966	67,71,593	30,56,121	51,87,296	3,91,88,198	3,28,80,924	36,30,047	44,64,386	56,48,631	2,80,66,632	1,11,21,566	1,52,10,042
Sub Total - Intangible Assets	4,80,90,966	67,71,593	30,56,121	51,87,296	3,91,88,198	3,28,80,924	36,30,047	44,64,386	56,48,631	2,80,66,632	1,11,21,566	1,52,10,042
TOTAL RUPES	579,80,89,791	372,06,44,961	35,92,58,775	34,71,31,024	208,95,72,581	283,22,53,356	200,60,69,088	11,35,88,349	24,68,73,880	69,28,98,737	139,66,73,844	296,58,36,435
Previous Year	544,70,60,056	-	118,79,06,723	83,68,76,990	379,80,89,791	265,59,53,244	-	27,36,83,667	10,76,47,272	28,23,89,639	82,63,717	296,38,36,435

Footnotes:

- Buildings (Cost) include: (i) Residential flats and office premises Rs.23,81,69,963; (Previous year Rs.22,92,28,762) (including Rs.69,53,778; (Previous year Rs.69,33,778) in respect of which Co-operative societies are yet to be formed) (ii) Shares in Co-operative Housing Societies, Association of apartment owners and in a company Rs.17,150; (Previous year Rs.17,150) (iii) Premises on freehold land where the Company is yet to be registered as the owner of a proportionate share in the land Rs.28,65,500; (Previous year Rs.28,65,500) (iv) Premises constructed on land belonging to a third party under agreed terms Rs.13,38,848; (Previous year Rs.13,38,848) (v) Jointly owned Residential Premises Rs.28,38,685; (Previous year Rs.28,38,685).
- Building include a jointly owned asset Rs.19,23,428; (Previous year Rs.10,25,000)
- The charge for depreciation in the Profit and Loss Account is net of Government grants allocated to income Rs.Nil; (Previous year Rs.2,54,600). Amount yet to be recognised in the Profit and Loss Account as at the year end and shown as Deferred Government grant Rs.Nil; (Previous year Rs.1,64,500).
- Depreciation capitalised during the year Rs.5,73,089; (Previous year Rs.44,15,216)
- Plant and Machinery includes equipment acquired on hire purchase costing Rs.1,35,65,093; (Previous year Rs.1,35,65,093) carried at the year end at Rs.37,22,282; (Previous year Rs.51,36,276).
- Deletions to Plant and Machinery include gains Rs.Nil; (Previous year Rs.10,02,508) on restatement of a foreign currency liabilities attributable to assets acquired from outside India.
- Assets held for disposal included above are as under:

Description of Assets	As at 31 st March, 2008	As at 31 st March, 2007	Depreciation for the year	Depreciation for the previous year
	Rupees	Rupees	Rupees	Rupees
1. Freehold Land (at revalued amount)	-	3,65,03,000	-	-
2. Buildings (at revalued amount)	-	16,239	-	3,761
3. Plant and Machinery (at cost)	-	16,88,551	-	-
	-	3,82,07,790	-	3,761

SCHEDULE "6" - INVESTMENTS [fully paid-up unless otherwise stated]

	Number	Face Value Rupees	Rupees	As at 31st March, 08 Rupees	As at 31st March, 07 Rupees
A. LONG TERM (see Note no.1 (e) in Schedule 10)					
1. INVESTMENT IN GOVERNMENT SECURITIES:					
Unquoted:					
(a) National Savings Certificate				-	23,000
(Deposit with third parties)					
(b) 5.5% Rural Electrification Corporation Limited - Bonds	45,000	45,00,00,000		45,00,00,000	45,00,00,000
2. INVESTMENT IN SUBSIDIARY COMPANIES:					
Unquoted Equity Shares:					
(a) Volkart Fleming Shipping and Services Limited	60,000	60,00,000	8,12,024		8,12,024
(b) Latham India Limited	12,80,000	1,28,00,000	1,09,92,448		1,09,92,448
(c) Forbes Finance Limited					
Fully paid-up	4,92,500	49,25,000	49,25,000		25,000
Partly paid (Rs.4.50 per share paid-up)			-		22,05,000
(d) Eureka Forbes Limited	42,60,000	4,26,00,000	46,48,36,341		46,48,36,341
(e) Forbes Sterling Star Limited (See Footnote No.6)	1,000	US \$ 1,000	45,370		45,370
(f) Forbes Doris and Naess Maritime Limited	1,30,470	13,04,700	13,04,700		13,04,700
(g) Forbes Bumi Armada Limited (See Footnote No. 1)	2,55,000	25,50,000	25,50,000		-
(h) Forbes Campbell Holdings Limited (See Footnote No.3)	12,80,000	1,28,00,000	-		1,34,75,036
(i) Forbes Campbell Services Limited	15,000	1,50,000	1,50,050		1,50,050
(j) Forbes Technosys Limited (See Footnote No. 2)	13,92,000	1,39,20,000	1,39,20,000		19,20,000
(k) Forbes Smart Data Limited	50,000	5,00,000	5,00,000		5,00,000
(l) Forbes Container Lines PTE Limited (See Footnote No.8)	3,80,000	SGD\$ 3,80,000	108,12,000		23,40,000
(m) Forbes Tinsley Company Limited	75,000	7,50,000	7,50,000		7,50,000
				51,15,97,933	49,93,55,969
3. TRADE INVESTMENTS:					
Unquoted Equity Shares:					
(a) P.T.Gokak Indonesia (see Footnote No. 4)	1,375	US \$ 13,75,000	-		1,13,06,548
(b) Small Tools Manufacturing Company Limited	1,430	1,43,000	1,43,731		1,43,731
(c) The Svadeshi Mills Company Limited	4,20,170	42,01,700	1,50,33,199		1,50,33,199
(d) SCI Forbes Limited	2,50,000	25,00,000	25,00,000		25,00,000
				1,76,76,930	2,89,83,478
4. OTHER THAN TRADE INVESTMENTS:					
Quoted Equity Shares					
(a) Gokak Textile Limited (See Footnote No.7 and 9)	50,000	5,00,000		5,00,000	5,00,000
Unquoted Equity Shares:					
(a) Tuticorin Chamber of Commerce	10	5,000	1		1
(b) Tornado Appliances Private Limited	9,800	98,000	1,12,574		1,12,574
(c) R.S.Business Machines Private Limited	122	12,200	12,261		12,261
(d) New India Co-operative Bank Limited	5,500	55,000	55,000		55,000
(e) Saraswat Co-operative Bank Limited	1,000	10,000	10,000		10,000
(f) The Gokak Mills Employees' Consumer Co-operative Society Limited (See Footnote No. 4)	25	2,500	-		2,500
(g) Next Gen Publishing Limited (see Footnote No. 7)	49,08,240	4,90,82,400	6,88,43,680		6,88,43,680
(h) Nypro Forbes Moulds Pvt. Limited (See Footnote No. 5)	24,75,000	2,47,50,000	2,47,50,000		2,22,50,000
(i) Nypro Forbes Products Pvt. Limited (See Footnote No.6)....	53,80,000	5,38,00,000	5,38,00,000		5,38,00,000
(j) Forbes Infotainment Limited (see Footnote no.12 in Schedule 10)	58,84,900	5,88,49,000	5,88,49,000		5,88,49,000
(l) Forbes Edumetry Limited (See note No.12 in Schedule 10)	14,40,000	1,44,00,000	1,44,00,000		1,44,00,000
(m) Edumetry Inc.USA. (See Note No.12 in Schedule 10)	2,500	Not specified	35,48,000		35,48,000
				22,43,80,516	22,18,83,016
Balance Carried Forward				120,41,55,379	120,07,45,463

SCHEDULE "6" - INVESTMENTS [fully paid-up unless otherwise stated] (Contd.)

	Number	Face Value Rupees	Rupees	As at 31st March, 08 Rupees	As at 31st March, 07 Rupees
Balance Brought Forward				120,41,55,379	<i>120,07,45,463</i>
5. INVESTMENT IN MUTUAL FUNDS:					
See note 33 in Schedule 10					
(a) HDFC FMP 13M Mar-08 (VIII) - Wholesale Plan Growth (and 839 fractions)	34,29,422	3,42,94,228	3,42,94,228		
(b) HDFC FMP 14M Feb-08 (VII) - Wholesale Plan Growth	40,00,000	4,00,00,000	4,00,00,000		-
(c) TFRLB TATA Floating Rate Fund Long Term Income / Bonus Dividend Reinvestment (and 110 fractions)	56,83,361	5,68,33,611	5,74,74,800		-
(d) Templeton Fixed Horizon Fund Series VII Plan C - Institutional - Growth	20,00,000	2,00,00,000	2,00,00,000		-
(e) HDFC FMP 13 June 2006(1) Institutional Plan Growth (see Footnote No. 3) (and 192 fractions)	1,02,33,928	10,23,39,282	-		<i>10,23,39,282</i>
(f) OFTSG HSBC Fixed Term Series - 4 - Growth Plan	50,00,000	5,00,00,000	-		<i>5,00,00,000</i>
				15,17,69,028	<i>15,23,39,282</i>
				135,59,24,407	<i>135,30,84,745</i>
B. CURRENT (see Note no.1(e) in Schedule 10)					
OTHER THAN TRADE INVESTMENTS:					
QUOTED - UNIT TRUST OF INDIA:					
Unit Trust of India - 6.75% Bonds	1,09,522	1,09,52,200		1,09,52,200	<i>1,09,52,200</i>
				136,68,76,607	<i>136,40,36,945</i>
Less: PROVISION FOR DIMINUTION IN THE VALUE OF INVESTMENTS				3,03,28,046	<i>4,16,33,594</i>
TOTAL RUPEES				133,65,48,561	<i>132,24,03,351</i>
Quoted Investments				1,14,52,200	<i>1,09,52,200</i>
Listed but not Quoted				-	<i>2</i>
Unquoted Investments				132,45,96,361	<i>131,09,51,149</i>
(Cost less Provision for Diminution in the value of Investments)				133,60,48,561	<i>132,19,03,351</i>
Market Value of Quoted Investments				1,50,96,007	<i>1,08,93,058</i>
Net Assets Value of Units of Mutual Fund				15,26,85,385	<i>16,28,77,268</i>

Footnotes :

1. Purchased during the year.
2. 12,00,000 additional shares purchased during the year.
3. Sold during the year.
4. Transferred under the scheme of demerger.
5. 2,50,000 Shares purchased during the year.
6. Refer note no. 17 in Schedule 10.
7. The Company was subsidiary Forbes and Company Ltd. during year ended 31st March, 2007.
8. 3,00,000 additional shares purchased during the year.
9. Gokak Textile Limited got listed on stock exchange on 19th March 2008.

SCHEDULE "7" CURRENT ASSETS, LOANS AND ADVANCES

	Rupees	Rupees	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
CURRENT ASSETS:				
(a) INVENTORIES:				
STORES, SPARES AND LOOSE TOOLS				
(including in transit Rs.4,54,387; Previous year Rs.8,00,425)		1,53,03,848		9,79,66,991
STOCK-IN-TRADE				
(i) Raw Materials and Components (Including in transit Rs. Nil; Previous year Rs.2,46,46,136)	7,25,32,726			45,26,24,608
(ii) Stock-in-Process	6,07,64,368			21,35,28,356
(iii) Finished Goods (Including in transit Rs.6,80,322; Previous year Rs.3,08,87,179)	24,38,33,512			53,20,30,203
		<u>37,71,30,606</u>		<u>119,81,83,167</u>
			39,24,34,454	129,61,50,158
(b) SUNDRY DEBTORS:				
(see Note no.10(b) in Schedule 10)				
(i) Debts Outstanding for a period exceeding six months :				
(a) Secured, Considered Doubtful	20,15,393			1,91,60,564
(b) Unsecured, Considered Good (including Rs.Nil; Previous year Rs. Nil due from a Subsidiary)	5,28,30,264			5,74,73,788
(c) Unsecured, Considered Doubtful (including Rs.1,28,81,867; Previous year Rs.1,28,81,867 due from a Subsidiary)	17,18,57,630			9,86,95,370
	<u>22,67,03,287</u>			<u>17,53,29,722</u>
(ii) Other Debts:				
(a) Unsecured, Considered Good (Including Rs.7,04,06708; Previous year Rs.7,62,97,617 due from Subsidiaries)	47,55,23,583			76,65,00,147
(b) Unsecured, Considered Doubtful	15,05,223			9,38,19,131
	<u>47,70,28,806</u>			<u>86,03,19,278</u>
		70,37,32,093		103,56,49,000
Less: Provision for Doubtful Debts		<u>17,53,78,246</u>		<u>21,16,75,065</u>
			52,83,53,847	82,39,73,935
(c) CASH AND BANK BALANCES:				
(i) Cash, cheques on hand and remittances in transit		10,07,689		24,37,628
(ii) With Scheduled Banks : (see Note no.24 in Schedule 10).....				
On Current Accounts		12,27,71,073		18,15,94,177
On Margin Accounts		10,25,934		37,03,121
On Deposit Accounts		<u>8,11,97,534</u>		<u>7,11,78,363</u>
			20,60,02,230	25,89,13,289
(d) OTHER CURRENT ASSETS:				
Interest and Dividend accrued on deposits with banks / investments			<u>2,44,58,465</u>	<u>2,08,71,255</u>
			115,12,48,996	2,39,99,08,637
Balance Carried Forward			115,12,48,996	2,39,99,08,637

SCHEDULE "7" CURRENT ASSETS, LOANS AND ADVANCES (Contd.)

	Rupees	Rupees	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
Balance Brought Forward			115,12,48,996	2,39,99,08,637
(e) LOANS AND ADVANCES:				
(see Note no.10(c) in Schedule 10)				
(Unsecured, considered good unless otherwise stated)				
(i) Loans and Advances to Subsidiary Companies				
(a) Unsecured, Considered Good	8,69,94,028			19,52,35,364
(b) Considered Doubtful	3,35,55,655			3,26,56,510
	12,05,49,683			22,78,91,874
Less: Provision for Doubtful Loans and Advances	3,35,55,655			3,26,56,510
		8,69,94,028		19,52,35,364
(ii) Loans to Others				
(a) Unsecured, Considered Good	39,53,60,084			31,43,58,200
(b) Secured, Considered Doubtful	47,16,03,005			47,09,05,229
	86,69,63,089			78,52,63,429
Less: Provision for Doubtful Loans	47,16,03,005			47,09,05,229
		39,53,60,084		31,43,58,200
(iii) Advances recoverable in cash or in kind or for value to be received				
(a) Secured, Considered Good	-			15,15,929
(b) Unsecured, Considered Good (see Footnote)	14,10,34,248			41,59,05,355
(c) Unsecured, Considered Doubtful	38,48,212			15,24,533
	14,48,82,410			41,89,45,817
Less: Provision for Doubtful Advances	38,48,212			15,24,533
		14,10,34,248		41,74,21,284
(iv) Taxes paid less provisions including Fringe Benefit tax (other than deferred tax)				
		16,12,37,606		16,29,13,165
(v) Balance with Central Excise, Customs, Port Trust and Sales tax				
Considered Good	3,19,90,864			18,92,45,098
Considered Doubtful	-			2,93,647
	3,19,90,864			18,95,38,745
Less: Provision for Doubtful balances	-			2,93,647
		3,19,90,864		18,92,45,098
			81,66,16,830	127,91,73,111
TOTAL RUPEES			196,78,65,826	367,90,81,748

Footnote:

Includes National Saving Certificates and other Securities matured but not encashed Rs.6,600; (Previous year Rs.1,13,870).

SCHEDULE "8" - CURRENT LIABILITIES AND PROVISIONS

	Rupees	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
1. CURRENT LIABILITIES:			
(i) Acceptances		1,19,93,681	29,86,27,467
(ii) Sundry Creditors: (see Note no.9 in Schedule 10).....			
Due to Micro, Small & Medium Enterprises (including interest Rs. 24,701; Previous year Rs. Nil).....		7,44,076	-
Others		50,90,75,506	73,61,10,962
(iii) Subsidiary Companies		1,92,32,595	153,23,075
(iv) Customers'/Security Deposits, credit balances and advances against supplies and services to be rendered		59,65,71,005	73,50,72,376
(v) Liability towards Investors' Education and Protection Fund under Section 205C of the Companies Act, 1956, not due:			
(1) Unpaid Dividends (see Note no.29 in Schedule 10)	41,24,525		47,34,513
(2) Unpaid Matured Deposit (see Footnote 1)	17,81,500		38,70,000
(3) Interest accrued on (2) above (see Footnote 2)	13,62,652		22,65,750
		72,68,677	1,08,70,263
(vi) Other Liabilities		2,37,69,051	7,92,96,795
(vii) Interest accrued but not due on loans		54,55,624	1,07,18,049
		117,41,10,215	188,60,18,987
2. PROVISIONS:			
(i) Tax provisions less payments including Fringe Benefit tax (other than deferred tax)	5,49,86,673		11,15,55,723
(ii) Leave Encashment	3,57,84,878		4,98,54,984
(iii) Gratuity & other post Retirement Benefits	6,20,87,943		4,64,79,255
(iv) Contingencies (see Note no. 3 (c) in Schedule 10).....	9,65,303		59,45,570
(v) Proposed Dividend	1,93,47,924		4,51,45,156
(vi) Corporate Dividend Tax	32,88,180		76,72,420
		17,64,60,901	26,66,53,108
TOTAL RUPEES		135,05,71,116	215,26,72,095

Footnotes:

- Includes Rs.Nil; (Previous year Rs. 6,00,000) in respect of deposits accepted by the Company which are not repaid pending receipt of appropriate order from the Court.
- Includes Rs.5,25,821; (Previous year Rs. 5,25,821) in respect of deposits accepted by the Company which are not repaid pending receipt of appropriate order from the Court.

SCHEDULE "9" - MANUFACTURING, TRADING AND OTHER EXPENSES

(see Note no.26 in Schedule 10)

	Rupees	Rupees	Year ended 31st March, 2008 Rupees	Year ended 31st March, 2007 Rupees
1. MATERIALS CONSUMED:				
Raw Materials:				
Opening Stock		45,26,24,608		50,67,00,387
Add: Purchases		59,02,40,825		245,67,81,811
		1,04,28,65,433		296,34,82,198
Less : Transferred on account of Demerger		29,73,59,912		-
Less: Provision for reduction in value of inventory		7,72,32,761		2,34,80,619
Less: Closing Stock		7,25,32,726		45,26,24,608
		59,57,40,034		248,73,76,971
Add: Dyes and Chemicals Consumed		-		10,65,65,005
			59,57,40,034	259,39,41,976
Balance Carried Forward			59,57,40,034	259,39,41,976

SCHEDULE "9" - MANUFACTURING, TRADING AND OTHER EXPENSES (Cotd.)

	Rupees	Rupees	Year ended 31st March, 2008 Rupees	Year ended 31st March, 2007 Rupees
Balance Brought Forward			59,57,40,034	259,39,41,976
2. PURCHASES OF TRADING STOCKS			44,60,06,386	53,76,12,688
3. STORES, SPARES AND TOOLS CONSUMED (After transferring Rs.1,02,05,997; Previous year Rs.8,85,78,394 to other accounts)			5,90,98,950	22,30,02,000
4. PROCESSING CHARGES			10,54,81,569	15,07,30,005
5. POWER AND FUEL			6,80,43,987	43,88,19,304
6. IN-CHARTERING COSTS			-	14,54,09,216
7. PAYMENTS TO AND PROVISIONS FOR EMPLOYEES:				
(a) Salaries, Wages, Bonus and Commission (after transferring Rs.Nil; Previous year Rs.16,11,398 to other accounts and including bonus for preceding year Rs.Nil; Previous year Rs.5,675)		29,71,51,750		58,42,43,403
(b) Gratuity		99,50,885		1,96,01,016
(c) Ex-Gratia Payments		91,50,179		1,02,42,877
(d) Company's Contribution to Provident Fund and Other Funds		2,78,00,379		5,55,82,602
(e) Workmen and Staff Welfare Expenses		3,82,28,984		8,15,29,361
(f) Company's Contribution to Employees' State Insurance Scheme		9,35,731		1,02,50,552
			38,32,17,908	76,14,49,811
8. DISTRIBUTION EXPENSES:				
(a) Commission to Dealers		2,23,43,452		5,82,76,821
(b) Brokerage and Discount and other selling expenses		5,15,29,505		4,94,56,900
(c) Freight and Forwarding Charges		10,54,99,184		27,03,29,546
			17,93,72,141	37,80,63,267
9. OTHER EXPENSES:				
(a) Repairs to				
(i) Plant and Machinery	1,28,36,524			6,26,82,464
(ii) Buildings	1,23,67,425			1,37,76,311
(iii) Others	1,38,00,489			5,69,34,788
		3,90,04,438		13,33,93,563
(b) Rent		4,42,19,050		5,07,42,460
(c) Rates and Taxes		1,63,70,459		1,56,44,958
(d) Stamps, Telegrams, Stationery, Printing and Telephones		3,17,51,960		4,50,58,663
(e) Legal and Professional Charges		4,53,58,165		3,07,93,712
(f) Insurance Premium		90,72,682		1,70,46,426
(g) Travelling & Conveyance		4,93,26,553		8,91,06,221
(h) Bad Debts/Advances written off	1,81,73,929			94,68,093
Less: Provision held	-			4,47,926
		1,81,73,929		90,20,167
(i) Provision for Doubtful Debts		2,29,18,542		4,85,06,535
Balance		27,61,95,778		43,93,12,705
Balance Carried forward			183,69,60,975	522,90,28,267

SCHEDULE "9" - MANUFACTURING, TRADING AND OTHER EXPENSES (Contd.)

	Rupees	Rupees	Year ended 31st March, 2008 Rupees	Year ended 31st March, 2007 Rupees
Balance		27,61,95,778		43,93,12,705
Balance Brought Forward			183,69,60,975	5,22,90,28,267
(j) Auditors' Remuneration:				
(i) Audit Fees (includes remuneration to branch auditors Rs.6,00,000; Previous year Rs.7,35,000)	17,00,000			25,35,000
(ii) Company Law Matters (includes remuneration to branch auditors Rs.Nil; Previous year Rs.7,500)	25,000			32,500
(iii) Taxation Matters to branch auditors	1,30,000			1,50,000
(iv) Other Matters (includes remuneration to branch auditors Rs. 1,95,000; Previous year Rs.3,78,710)	15,12,500			17,46,210
(v) Service Tax (includes in respect of remuneration to branch auditors Rs.40,170; Previous year Rs.61,860)	3,80,276			4,65,074
(vi) Out of Pocket Expenses (includes remuneration to branch auditors Rs.21,768; Previous year Rs.54,858)	1,17,250			1,64,623
		38,65,026		50,93,407
(k) Commission on Profits to Non-whole-time Directors		-		14,00,000
(l) Excise duty		21,27,414		43,06,715
(m) Provision for Contingencies (see Note no.3 (c) in Schedule 10)		-		59,45,570
(n) Provision for reduction in value of inventory		7,72,32,761		1,89,65,953
(o) Miscellaneous Charges		24,40,49,298		18,36,34,903
			60,34,70,277	65,86,59,253
			244,04,31,252	588,76,87,520
10. Less: Recoveries from Third Parties			34,35,455	2,06,85,941
			243,69,95,797	586,70,01,579
11. ADJUSTMENT OF STOCKS:				
Opening Stocks:				
Stock-in-Process	21,35,28,356			20,02,71,563
Finished Goods	53,20,30,203			47,20,99,788
		74,55,58,559		67,23,71,351
Less: Transferred on account of Demerger				
Stock-in-Process	9,76,16,488			-
Finished Goods	29,62,33,803	39,38,50,291		-
		35,17,08,268		67,23,71,351
Less: Closing Stocks:				
Stock-in-Process	6,07,64,368			21,35,28,356
Finished Goods	24,38,33,512			53,20,30,203
		30,45,97,880		74,55,58,559
Decrease/ (Increase) Excise duty		(23,07,695)		(28,61,712)
Decrease/ (Increase) Stock			4,48,02,693	(760,48,920)
TOTAL RUPEES			248,17,98,490	579,09,52,659

**SCHEDULE “1” TO “11” ANNEXED TO AND FORMING PART OF THE ACCOUNTS
SCHEDULE ‘10’ - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008.**

1. 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, and the applicable Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006. All the income and expenditure having material bearing on the financial statements are recognised on accrual basis.

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, 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.

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:

Sr.	Class of assets	Year of acquisition	Method of providing depreciation	Rate of depreciation
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)	Shipping Vessels	From 1 st July, 1986	Written Down Value Method	Schedule XIV to the Companies Act, 1956
v)	Leasehold land and building thereon	From 1 st July, 1986	Straight Line Method	Amortised over the period of the lease.
vi)	Leasehold improvements	From 1 st July, 1986	Straight Line Method	Amortised over the period of the lease.
vii)	Building constructed on land belonging to third party	From 1 st July, 1986	Straight Line Method	At the rate of 20%

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.

SCHEDULE '10' - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008. (Contd.)

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

Sl. No.	Type	Division	Basis of determining costs
(i)	Stores, spare parts, components and loose tools		
	Components (Accessories)	Personal Wear	Specific identification
	Others	Others	Continuous weighted average
(ii)	Raw and packing materials		
	Others	Personal Wear	Specific identification
	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	Personal Wear	Specific identification
		Others	Continuous Weighted Average

Footnotes:

The divisions of the Company comprise Engineering, Office Automation, Contract Manufacturing, Logistics Solutions, Personal Wear and Investment and Financing.

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

SCHEDULE '10' - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008. (Contd.)

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.

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 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.

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.

j) **Employee Benefits**

Short term benefits

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

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 and supplemental payment plans 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.

Other Employee Benefits

Compensated absences which accrue to employees and which can be carried to future periods but are expected to be encashed or availed in twelve months immediately following the year end are reported as expenses during the year in which the employees perform the services that the benefit covers and the liabilities are reported at the undiscounted amount of benefits after deducting amounts already paid. Where there are restrictions on availment or encashment of such accrued benefit or where availment or encashment is otherwise not expected to wholly accrue in next twelve months, the liability on account of benefit is actuarially determined using the projected unit credit method.

k) **Discontinuing Operations**

When a component of the Company is disposed off or decided to be disposed off, by way of sale, demerger (spin-off to shareholders) or terminated through abandonment, it is reported as a "Discontinuing Operation", provided that certain criteria are met. A component can be a reportable segment or a smaller unit which can be clearly distinguished, and for which separate financial information is available. Cash flows, results of operations and any gain or loss from disposal are excluded from "Continuing Operations" and reported separately. Prior period assets, liabilities, cash flows and results of operations are reclassified to be comparable. Disposal groups which are not material, are not classified as "Discontinued Operations"

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.

SCHEDULE '10' - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008. (Contd.)

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 (excluding employee benefits) 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) notified under the Companies (Accounting Standards) Rules, 2006.

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 or speculative purposes. The premium or discount arising at the inception of such forward exchange contracts are amortised as expense or income over the life of contract. 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.

2) Discontinuing Operations

- a) The figures for the current year are strictly not comparable with previous year in view of the demerger of Textile Division in to a separate Company viz; Gokak Textiles Limited w.e.f. 1st April 2007 and discontinuation of vacuum cleaner product line from contract manufacturing division w.e.f. 1st October 2007.

SCHEDULE '10' - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008. (Contd.)

- b) After discontinuation of the vacuum cleaner product line, the only remaining product line in the contract manufacturing division is electric motors.
- c) The following table summarises the financial information relating to the discontinuing operations of vacuum cleaner product line in contract manufacturing division, in accordance with Accounting Standard 24 (AS-24) notified under the Companies (Accounting Standards) Rules, 2006.

(Rupees)

Income	Year ended 31st March 2008		Year ended 31st March 2007	
	Contract Manufacturing	GTL	Contract Manufacturing	GTL
	Operating revenues	52,04,58,342	-	75,98,62,947
Operating costs	51,70,41,021	-	76,05,51,057	314,20,56,363
Interest (net)	2,30,79,462	-	1,83,14,692	13,08,73,697
Depreciation	60,48,768	-	1,14,11,490	17,50,53,724
Profit before tax / (Loss)	(2,57,10,909)	-	(3,04,14,292)	(2,68,71,729)
Income tax expense (including fringe benefit tax and Wealth tax)	-	-	10,48,691	2,57,29,657
Profit after tax / (Loss)	(2,57,10,909)	-	(3,14,62,983)	(5,26,01,386)

Cash flow	Year ended 31st March 2008		Year ended 31st March 2007	
	Contract Manufacturing	GTL	Contract Manufacturing	GTL
	Net cash provided by operating activities	(6,29,55,347)	-	(5,35,81,913)
Net cash used in investing activities	4,01,22,034	-	13,65,717	(68,45,96,440)
Net cash provided by financing activities	(10,61,74,904)	-	(5,66,15,428)	11,38,53,697
Net cash provided by discontinued operations	(30,97,523)	-	43,99,232	(78,19,299)

Assets and liabilities	Year ended 31st March 2008		Year ended 31st March 2007	
	Contract Manufacturing	GTL	Contract Manufacturing	GTL
	Fixed assets and Capital work in Progress	1,36,10,569	-	6,94,13,605
Investments	-	-	-	1,000
Current assets, loans and advances	9,35,87,973	-	18,38,28,892	143,10,42,258
Total assets	10,71,98,542	-	25,32,42,497	318,39,66,213
Secured loans	5,72,81,561	-	13,39,37,961	143,01,63,454
Unsecured loans	9,67,000	-	66,35,000	17,06,45,916
Deferred Government Grant	-	-	-	1,64,500
Deferred Tax Liability	-	-	-	11,35,83,847
Current liabilities	2,08,14,875	-	22,49,51,477	50,46,00,361
Total liabilities	7,90,63,436	-	36,55,24,438	221,91,58,078

- d) The demerger of the Textile division into a separate Company viz; Gokak Textiles Limited was effective from 1st April, 2007, as per the Scheme of demerger approved by the Honourable High Court of Bombay and Honourable High court of Karnataka. The Scheme provides inter-alia, for the adjustment of the difference between the carrying amounts of assets and liabilities of demerged business against the balances in the reserve accounts of the Company in the following sequence:

- i. Amalgamation reserve;
- ii. Capital reserve;
- iii. Securities premium; and
- iv. General reserve.

These adjustments are disclosed in the Schedule 2 'Reserves and Surplus' during the current year.

SCHEDULE '10' - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008. (Contd.)

3. Contingent Liability and other amounts not provided for :

- a) In the year 1994-95, the Company had entered in to a Memorandum of Understanding giving sole and exclusive right for developing a part of its land at Chandivali, Mumbai. The Developer had filed a suit against the Company for recession of the said Memorandum of Understanding and has claimed a sum of Rs.32,71,48,253 and has asked interest at 21% per annum with effect from April, 1998. The Company has been advised that the aforesaid claim for Rs.32,71,48,253 and interest at 21% per annum is unjustified and is legally untenable. The Company is contesting the aforesaid claim. The matter is sub-judice.

b) Other Contingent Liabilities not provided for:

	Current Year	<i>(Rupees)</i> Previous Year
(A) Bills discounted	1,08,35,442	27,31,79,390
(B) Guarantees issued by bank	5,33,12,000	8,26,35,000
(C) Taxes in dispute :-		
(i) Entry Tax	-	1,43,77,000
(ii) Sales Tax (Advance paid Rs.12,90,000; <i>(Previous year Rs.12,90,000)</i>).....	10,21,85,604	7,03,03,292
(iii) Property Tax.....	1,48,04,000	1,19,55,000
(iv) Income-tax (Advance paid Rs.Nil; <i>(Previous year Rs.1,42,37,000)</i>).....	17,87,30,689	11,10,70,912
(v) Wealth tax	19,74,579	6,51,000
(vi) Excise demand (Advance paid against the demand Rs.14,29,000; <i>(Previous year Rs.21,45,000)</i>).....	43,34,31,000	39,55,88,765
(D) Labour matters in dispute.....	14,75,000	2,52,54,000
(E) Gujarat Electricity Board has raised a claim for alleged diversion of fraction of the power consumed and the same has been contested by the Company in the Court	1,88,69,000	1,88,69,000
(F) Uncalled liability on partly paid shares held as Long Term Investments	-	26,95,000
(G) Guarantees given on behalf of Shipping Principals and Surety Bonds jointly executed with third parties in favour of customs and other parties	24,28,00,000	45,71,30,000
(H) Guarantees given in favour of customs authorities	6,00,000	4,00,000
(I) Guarantee Bonds on behalf of others	8,69,135	8,70,843
(J) Bonds in favour of Excise/Customs Authorities	-	26,83,04,000
(K) Guarantees given in respect of jointly controlled entity	12,00,00,000	25,58,42,000
(L) Pat Hire Charges - Montiko Marine (Patchart Hire).....	3,37,24,879	3,51,74,879
(M) Other demands contested by the Company :-		
(i) Interest on Inter Corporate Deposits	-	2,39,15,000
(ii) Rent	3,00,000	3,00,000
(iii) Creditors Claim	-	5,13,471
(iv) Electricity Duty	-	10,37,000

The Company does not expect any liability to devolve on it on account of the above referred contingent liabilities and therefore no provision is held.

- c) Provision for Contingencies, in schedule 8, comprises provisions made in respect of pending disputes with an employee and on another party. The balance in this accounts is as follows:

	For the year ended 31st March, 2008 Rupees	For the year ended 31st March, 2007 Rupees
Opening Balance	59,45,570	1,09,18,356
Provisions made during the year	-	59,45,570
Payment made during the year	49,80,267	1,09,18,356
Closing Balance	9,65,303	59,45,570

SCHEDULE '10' - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008. (Contd.)

4. Estimated amount of Contracts remaining to be executed on Capital Account and not provided for Rs.11,93,09,743; (*Previous year Rs.77,32,51,830*) (against which advances paid aggregate Rs.3,76,77,812; *Previous year Rs.24,51,59,619*).

5. Expenditure on Interest of Rs.10,47,74,654; (*Previous year Rs.17,33,58,758*) is arrived at as under:

	Rupees	For the year ended 31st March, 2008 Rupees	For the year ended 31st March, 2007 Rupees
1. Interest on Fixed Deposits and other Fixed Loans (Net of subsidy Rs.Nil; <i>Previous year Rs.3,09,89,527</i>)		6,92,02,421	14,05,15,009
2. Interest on Other Loans		8,06,52,394	10,36,49,318
		14,98,54,815	24,41,64,327
Less:			
(i) Interest Capitalised	21,95,931		1,90,95,088
(ii) Interest received from customers and others - (Gross) [Tax deducted at source Rs.2,83,594; (<i>Previous year Rs.41,66,016</i>)]	13,72,217		2,15,05,851
(iii) Interest on Income-tax refund	-		-
(iv) Interest on Bank Deposit/Inter Corporate Deposit (Gross)			
[Tax deducted at source Rs.76,37,625; (<i>Previous year Rs.54,10,849</i>)]	4,15,12,013		3,02,04,630
		4,50,80,161	7,08,05,569
		10,47,74,654	17,33,58,758

6. The Company has paid/provided/written back monthly amounts aggregating Rs.2,41,20,972; (*Previous year Rs.6,78,288 credit*) and future monthly payments based on actuarial valuation Rs.2,85,42,067; (*Previous year Rs.60,75,275*), towards the post retirement arrangements to former Managing Director and other Directors.

7. The Company incurred the following expenditure on Research and Development which has been certified by the Management and accepted by the Auditors, without verification.

On Tangible Fixed Assets Rs.Nil; (*Previous Year Rs.58,20,991*).

On items which have been expensed during the year Rs.18,23,818; (*Previous Year Rs.96,96,519*).

8. Prior Period Items includes:

	Rupees	For the year ended 31st March, 2008 Rupees	For the year ended 31st March, 2007 Rupees
Power and Fuel		10,96,428	-
Repairs and Maintenance		7,28,367	-
Legal & Professional Charges		15,27,304	-
Income from Services		(13,20,758)	
Incentive from State Government		-	(1,41,18,187)
Consumption		-	1,31,75,381
		20,31,341	(9,42,806)

9. The information as required under Micro, Small and Medium Enterprises Development Act, 2006 as received by the Company and relied upon by Auditors is as under:-

(a) The total amount of delayed payments during the year aggregated to Rs.9,50,914 in respect of 6 parties with amounts ranging from Rs.9,163 to Rs.4,15,026.

(b) The amount of principal outstanding in respect of the above as at Balance Sheet date is Rs.7,19,375 in respect of 4 parties with amount ranging from Rs.9,163 to Rs.4,15,026.

(c) The total interest payable on account of delayed payment aggregates to Rs.24,701 and this entire amount was outstanding as at the year end.

SCHEDULE '10' - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008. (Contd.)

The above information had not been compiled for the previous year in the absence of adequate information and therefore the corresponding figures for the previous year have not been furnished.

10. (a) Loans and advances include amounts due from the Directors of the Company Rs.Nil; (Previous Year Rs.Nil).
 (b) Sundry Debtors include the following amounts due from a company under the same management :

Name of the Company	As at 31st March, 2008		As at 31st March, 2007	
	Amount Due	Maximum balance outstanding during the year	Amount Due	Maximum balance outstanding during the year
	Rupees	Rupees	Rupees	Rupees
Forvol International Services Limited	-	3,21,056	1,61,108	4,15,440
	<u>-</u>	<u>3,21,056</u>	<u>1,61,108</u>	<u>4,15,440</u>

- (c) Loans & Advances include the following amounts due from companies under same management :

Name of the Company	As at 31st March, 2008		As at 31st March, 2007	
	Amount Due	Maximum balance outstanding during the year	Amount Due	Maximum balance outstanding during the year
	Rupees	Rupees	Rupees	Rupees
Windward Builders Pvt. Ltd.	-	-	79,097	1,40,999
Forvol International Services Limited	1,48,819	2,19,751	1,11,041	2,58,176
	<u>1,48,819</u>	<u>2,19,751</u>	<u>1,90,138</u>	<u>3,99,175</u>

11. The Components of deferred tax liabilities and assets are as under:-

Nature of Timing Difference	Deferred Tax (Liabilities) / Assets As at 1st April, 2007 Rupees	Adjustments On demerger Rupees	Current year charge / (credit) Rupees	Deferred Tax (Liabilities) / Assets As at 31st March, 2008 Rupees
Related to Fixed Assets	(28,61,03,086)	18,95,63,163	(5,38,83,866)	(15,04,23,789)
Voluntary Retirement Scheme	5,55,66,947	-	(1,40,56,793)	4,15,10,154
Inadmissible provisions and liabilities allowed on payment basis	10,40,23,879	(2,57,27,133)	81,64,012	8,64,60,758
Unabsorbed Depreciation *	6,96,42,314	(4,64,35,193)	3,84,26,756	6,16,33,877
	<u>(5,68,69,946)</u>	<u>11,74,00,837</u>	<u>(2,13,49,891)</u>	<u>3,91,81,000</u>

* The Deferred Tax Asset (representing brought forward unabsorbed depreciation) is recognised in view of virtual certainty of available taxable income on reversal of timing difference relating to fixed assets.

12. The Company has made investments in following Joint Ventures, accumulated losses of these Joint Ventures at the year end exceed its paid up capital. However having regard to the long term interest of the Company and the steps taken by the management of Joint Venture, the Company does not expect any significant erosion in the value of its investments or its loans nor does it expect any devolvement of liability in respect of guarantees furnished. Therefore, no provision has been made in respect of the company's exposure in this regard.

Name of the Joint Venture	Investments	Loans	Guarantees
Forbes Infotainment Ltd.	58,849,000	91,356,839	120,000,000
	<i>58,849,000</i>	<i>74,800,000</i>	<i>120,000,000</i>
Edumentory Inc	3,548,000	5,529,234	-
	<i>3,548,000</i>	<i>5,593,440</i>	-
Forbes Edumentory Ltd.	14,400,000	2,50,99,539	
	<i>14,400,000</i>	<i>5,947,259</i>	

SCHEDULE '10' - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008. (Contd.)

13. Segment information has been presented in the consolidated financial statements as permitted by Accounting Standard (AS -17) on Segment Reporting notified under companies. (Accounting Standards) Rules 2006.

14. Earnings Per Share is Computed as under :

S.No.	Particulars	Remarks	For the year ended on	For the year ended on
			31st March, 2008	31st March, 2007
1	Profit after Tax	A	2,42,64,901	9,11,95,283
2	No. of Equity Shares outstanding as at the beginning of the year.	B	1,28,98,616	1,28,98,616
3	Earning per share (Face value being Rs.10 per share) - (Basic & Diluted)	C=A/B	1.88	7.07

15. In accordance with the Accounting Standard on Leases (AS-19), notified under the companies (Accounting Standards) Rules 2006 disclosures in respect of leases are made below:

A. The Company has acquired Plant & Machinery under a finance lease amounting to Rs.77,95,097. The total minimum lease payments (MLP) in respect thereof and the present value of future lease payments, discounted at interest rates implicit in the lease are as follows:

Period	Total MLP		Interest		Principal	
	As at	As at	As at	As at	As at	As at
	31st March, 2008	31st March, 2007	31st March, 2008	31st March, 2007	31st March, 2008	31st March, 2007
Not later than one year	9,65,246	8,19,434	6,720	42,681	9,58,526	7,76,753
Later than one year but not later than five years	-	10,44,888	-	7,274	-	10,37,614
Total	9,65,246	18,64,322	6,720	49,955	9,58,526	18,14,367

B. (i) The Company has taken certain office premises on operating lease basis. Lease payments in respect of such leases recognised in Profit & Loss Account Rs.2,22,82,212; (Previous Year Rs.2,04,53,943).
(ii) Future minimum lease payments under non-cancellable operating lease period (for lease entered into subsequent to 1st April,2001) are as follows:

Period	As at	As at
	31st March, 2008	31st March, 2007
	Rupees	Rupees
Not later than one year.	60,72,540	61,56,887
Later than one year but not later than five years.	2,42,90,160	2,44,52,160
Later than five years.	11,23,41,990	11,88,25,530
Total...	14,27,04,690	14,94,34,577

(iii) Except for the escalation clauses contained in certain lease arrangements providing for increase in the lease payment by a specified percentages / amounts after completion of specified period, the lease agreements do not contain any renewal clause. Further, the lease terms do not contain any exceptional / restrictive covenants other than prior approval of the lessee before renewal of lease.

(iv) There are no restrictions such as those concerning dividend and additional debt other than in some cases where prior approval of lessor is necessitated for further leasing.

(v) Other lease arrangements, in respect of which payments are made by the Company, are cancellable.

C. The Company has given certain office premises on operating lease basis. The details of which are as follows:

Class Of Asset:	Buildings (pro-rata)	
	As at	As at
	31st March, 2008	31st March, 2007
	Rupees	Rupees
Gross Carrying Amount:	9,93,81,151	9,93,27,548
Accumulated Depreciation:	2,50,79,657	2,39,01,937
Depreciation for the year.	11,70,798	11,28,044

Future minimum lease receivable under non-cancellable operating leases is as follows:

Period	As at	As at
	31st March, 2008	31st March, 2007
	Rupees	Rupees
Not later than one year	91,78,700	90,39,485
Later than one year but not later than five years.	21,04,650	43,15,300
Total ...	1,12,83,350	1,33,54,785

The leasing arrangement entered into by the company are in the nature of operating leases under which the Company leases out the surplus space in building to the other companies. The normal tenure of the arrangement is upto three years.

SCHEDULE '10' - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008. (Contd.)

16. The Company has the following Joint Ventures during the year and its proportionate share in the assets, liabilities, contingent liabilities, income and expenditure of the Joint Venture companies is given below:

Name of company	Percentage of Shareholding %	As at 31st March, 2008				For the year ended 31st March, 2008	
		Assets	Liabilities	Contingent Liabilities	Capital Commitment	Income	Expenditure
		Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Barwil Forbes Shipping Services Limited <i>(Ceased to be a joint venture on 21st Feb., 2007)</i>	- 42	- -	- -	- -	- -	- 64,03,545	- 72,85,411
Forbes Infotainment Limited (FIL) (Unaudited)	49	101,86,649	33,73,00,499	14,75,880	-	56,56,68,635	63,11,54,197
	49	6,62,47,416	32,76,76,238	40,71,19,480	-	110,32,74,129	113,55,33,387
Nypro Forbes Moulds Private Limited (NFMPL)	50	4,58,33,574	3,53,75,354	23,26,136	-	1,43,42,521	2,37,31,633
	50	4,86,72,580	3,14,23,619	32,78,796	-	1,52,04,333	1,82,53,298
Nypro Forbes Products Private Limited (NFPPL)	50	16,81,26,324	12,29,13,182	6,17,871	3,70,751	7,73,54,889	8,82,85,721
	50	10,43,38,731	4,75,21,040	1,24,276	1,72,83,849	8,06,99,310	8,28,51,333
Forbes Edumetry Ltd. <i>(Unaudited)</i>	50 50	63,22,295 64,40,385	1,51,83,134 38,44,868	- -	- -	7,81,445 8,03,415	1,22,74,336 82,58,793
Edumetry INC	50	28,38,405	2,10,21,367	-	-	19,38,483	1,29,08,360
	50	22,92,017	1,01,78,632	-	-	15,69,814	98,84,588
SCI Forbes Ltd.	25	25,75,30,792	27,47,48,250	-	78,18,13,200	3,63,30,341	5,58,91,507
	25	23,80,69,725	23,57,26,016	-	80,13,36,400	-	1,40,082

Figures in italics relate to the previous year.

17. The Company has signed an undertaking for non-disposal of shares held by it in Nypro Forbes Moulds Pvt. Ltd. and Forbes Sterling Star Ltd. under the promoter's / borrowing agreement.
18. (a) **Managerial Remuneration -**

	For the year ended 31st March, 2008 Rupees	<i>For the year ended 31st March, 2007 Rupees</i>
(i) Managing Director and Wholetime Director		
Salary	1,63,21,772	96,61,340
Post Retirement Benefits	2,35,40,954	-
Commission on profits	-	18,00,000
Contributions to Provident Fund and other Funds	14,74,200	13,77,000
Perquisites	14,95,432	14,12,760
	4,28,32,358	1,42,51,100
(ii) Non-wholetime Directors		
Commission on profits	-	14,00,000
	4,28,32,358	1,56,51,100

The above figures exclude contribution to Gratuity Fund and Provision for Leave Encashment provided on actuarial basis as separate figures are not available.

SCHEDULE '10' - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008. (Contd.)

(b) Computation of Profits under Section 349 of the Companies Act, 1956.

	Rupees	For the year ended 31st March, 2008 Rupees	For the year ended 31st March, 2007 Rupees
1. Profit before Taxation		3,70,03,705	12,87,10,283
2. Add:			
(a) Directors' Remuneration	4,28,32,358		1,56,51,100
(b) Provision for diminution in the value of investments	-		13,63,841
(c) Provision for Doubtful Advances	47,38,624		25,15,054
(d) Provision for Doubtful Debts	2,29,18,543		13,03,68,972
(e) Provision for Contingencies	-		59,45,570
(f) Loss on sale of Investments	-		-
		7,04,89,525	15,58,44,537
		10,74,93,230	28,45,54,820
3. Less:			
(a) Capital Profit on Sale of Fixed Assets	4,30,03,609		2,02,55,079
(b) Profit on Sale of Long Term Investments	5,73,08,760		8,20,35,197
(c) Provision for Diminution in Value of Investments Written Back	-		-
(d) Bad debts written off against provisions made in earlier years	-		4,47,926
(e) Provision for Doubtful Debts no longer required, written back	2,24,501		17,66,759
(f) Provision for Doubtful Advances no longer required, written back ...	9,13,975		2,56,000
(g) Provision for Contingencies written back	29,75,281		1,09,18,356
		10,44,26,126	11,56,79,317
Profit under Section 349 of the Companies Act, 1956		30,67,104	16,88,75,503
4. Maximum remuneration payable:			
(a) 10% of the above to the Managing Director and Wholetime Director		3,06,710	1,68,87,550
(b) 1% of the above to the Non-wholetime Directors		30,671	16,88,755
(c) Remuneration paid/provided:			
(i) - to the Managing Director, Wholetime Director		4,28,32,358	1,24,51,100
- Commission to the Managing Director and Wholetime Director		-	18,00,000
		4,28,32,358	1,42,51,100
(ii) Commission to the Non-wholetime Director		-	14,00,000

The above remuneration includes Rs.3,25,30,509 which is in excess of the limits specified in schedule XIII of the Companies Act 1956 and hence is subject to approval of shareholders and Central Government under section 198/309 of the Companies Act 1956.

SCHEDULE '10' - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008. (Contd.)

19. Earnings in Foreign Exchange for:

	For the year ended 31st March, 2008 Rupees	<i>For the year ended 31st March, 2007 Rupees</i>
(a) Export of goods calculated on F.O.B. basis	17,53,86,853	141,90,90,501
(b) Commission and other services	3,09,49,958	17,49,16,141
(c) Freight and insurance recoveries	39,76,645	6,72,92,665
(d) Profit on sale of Investments.....	-	2,36,49,502
(e) Dividend.....	5,78,90,000	17,44,000
(f) Interest.....	8,36,020	48,64,803
	26,90,39,476	169,15,57,612

20. Amounts remitted in Foreign Currencies on account of dividends during the year:

(a) Amounts remitted.....	Rs.14,402	Rs.20,575
(b) Number of Non-resident Shareholders to whom remittances were made	3	3
(c) Number of shares of Face Value of Rs.10 each on which, and the year for which, Dividend was remitted during the year	4,115 (2006-07)	4,115 (2005-06)

21. (i) Value of Imports calculated on C.I.F. basis (Excluding items in transit and value of items locally purchased):

	For the year ended 31st March, 2008 Rupees	<i>For the year ended 31st March, 2007 Rupees</i>
(a) Raw Materials	2,62,38,651	8,71,14,676
(b) Components	3,83,74,740	12,64,19,126
(c) Stores, Spares and Tools	85,80,809	3,72,64,305
(d) Capital Goods.....	6,72,25,259	66,89,75,552
(e) Purchases for resale.....	13,11,13,507	15,88,35,780
	27,15,32,966	107,86,09,439

(ii) Expenditure in Foreign Currencies for:

(a) Commission to Overseas Agents (Net of tax).....	18,02,260	3,48,92,472
(b) Foreign Travel.....	55,21,161	1,25,44,993
(c) Royalty	36,25,788	41,70,109
(d) Interest paid on loans	1,22,551	4,04,58,790
(e) Others.....	44,61,304	16,69,74,090
	1,55,33,064	25,90,40,454

SCHEDULE '10' - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008. (Contd.)

22. (a) Raw Materials and Components consumed:

	For the year ended 31st March, 2008		For the year ended 31st March, 2007	
	Quantity	Value Rupees	Quantity	Value Rupees
(i) Raw Materials:				
Cotton (including waste) M.T.....	-	-	29,149	155,50,05,330
Staple Fibre M.T.....	-	-	1,131	10,11,97,640
Steel Bars M.T.....	339	9,83,57,519	340	9,46,25,341
Wire Rods M.T.....	1,371	6,67,49,123	1,358	5,63,60,083
Ferrous - Steel Strips (Qty.in Nos).....	7,27,891	3,47,92,813	13,01,086	5,67,90,576
Ferrous - Castings (Qty. in Nos).....	-	-	60,314	6,55,967
Non Ferrous - Aluminium Alloy (Qty. in Nos).....	1,98,740	98,79,136	1,88,398	1,54,06,482
Others.....	-	6,80,79,918	-	27,17,64,980
Carbide Blanks Nos.....	3,87,186	6,93,41,283	3,62,608	5,74,60,961
Components.....	-	24,85,40,242	-	38,46,74,616
		<u>59,57,40,034</u>		<u>259,39,41,976</u>

Consumption is arrived at on the basis of opening stock plus purchases less closing stock and includes the adjustments of excess and shortage as ascertained on physical count.

(b) Raw Materials and Components consumed:

	For the year ended 31st March, 2008		For the year ended 31st March, 2007	
	% to Total Consumption	Value Rupees	% to Total Consumption	Value Rupees
Raw Materials and Components:				
(i) Direct Imports at landed cost.....	14	8,28,30,527	7	19,36,36,759
(ii) Others - Including value of imported items locally purchased.....	86	51,29,09,507	93	2,40,03,05,217
	<u>100</u>	<u>59,57,40,034</u>	<u>100</u>	<u>2,59,39,41,976</u>

23. Stores, Spares and Tools consumed:

	For the year ended 31st March, 2008		For the year ended 31st March, 2007	
	% to Total Consumption	Value Rupees	% to Total Consumption	Value Rupees
(i) Direct Imports at landed cost.....	15	1,07,06,103	13	3,94,96,512
(ii) Others - Including value of imported items locally purchased.....	85	5,85,98,844	87	27,20,83,882
	<u>100</u>	<u>6,93,04,947</u>	<u>100</u>	<u>31,15,80,394</u>

24. Bank balances with scheduled banks on deposit account includes:

- (a) (i) Rs.13,46,586; (Previous year Rs.29,71,158) being amounts withheld as retention money against product warranties
- (ii) Rs. Nil ; (Previous year Rs.1,16,320) representing funds blocked for remittance to shipping principles for detention charges as per RBI Rules; and
- (b) Rs.8,51,000; (Previous year Rs.14,25,000) held pursuant to Rule 3A of the Companies (Acceptance of Deposits) Rules, 1975.

SCHEDULE '10' - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008. (Contd.)

25. Land and building with a written down value of Rs.6,27,24,295 (original cost Rs.8,03,39,404) as at 31st March, 2006, were revalued as on that date at Rs.75,19,89,250, based on a valuation carried out by independent valuers and the difference Rs.68,92,64,955 was credited to the Revaluation Reserve. These assets were sold during the year for consideration aggregating Rs.3,91,00,000 (*Previous Year Rs.71,59,81,852*). Consequently, a sum of Rs.3,63,31,562 (*Rs.65,29,33,393*) was transferred from the Revaluation Reserve to the General Reserve and a net sum of Rs.25,81,459 (*Rs.5,15,602*), was credited to the Profit and Loss Account.

26. Details of expenses capitalised are as under

Sr. No.	Head of Accounts	Gross Expenses Amount	Less amount Capitalised Amount	Net Debit to P & L For the year ended 31st March,2008
i)	Power & Fuel	6,80,43,987	-	6,80,43,987
		<i>43,97,90,646</i>	<i>9,71,342</i>	<i>43,88,19,304</i>
ii)	Rates & Taxes	1,63,70,459	-	1,63,70,459
		<i>1,57,95,826</i>	<i>1,50,868</i>	<i>1,56,44,958</i>
iii)	Legal & Professional Charges	4,53,58,165	-	4,53,58,165
		<i>3,10,55,756</i>	<i>2,62,044</i>	<i>3,07,93,712</i>
iv)	Miscellaneous Charges	24,40,49,298	-	24,40,49,298
		<i>2,00,96,510</i>	<i>14,61,607</i>	<i>1,86,34,903</i>
v)	Depreciation (net of subsidy)	11,35,88,349	5,73,089	11,30,15,260
		<i>27,54,29,067</i>	<i>44,15,206</i>	<i>27,10,13,861</i>
		48,74,10,258	5,73,089	48,68,37,169
	<i>Figures in italics relate to the previous year</i>	<i>78,21,67,805</i>	<i>72,61,067</i>	<i>77,49,06,738</i>

27. Upto March 31, 2007 foreign currency translation differences arising from restatement of foreign currency liabilities relating to fixed assets acquired from outside India were capitalised. Effective April 1, 2007 consequent to the applicability of Accounting Standard (AS-11) on 'The effects of changes in Foreign Exchange Rates' notified under the companies (Accounting Standard) Rules 2006, coming into effect, the Company has accounted for such exchange differences through the profit & loss account and not adjusted against the value of corresponding fixed assets. With respect to such transactions / liabilities directly entered into by the Company, had the Company not changed the accounting policy, its profit before tax would have been lower by Rs.3,27,602.

28. Based on a reassessment carried out by the Company, contracts and arrangements with the following entities were not required to be entered in the register maintained under section 301 of the Companies Act, 1956:

Forbes Infotainment Ltd., Nypro Forbes Products Ltd., Forbes Technosys Ltd., Next Gen Publishing Ltd., Latham India Ltd., Eureka Forbes Ltd., Edumetry Inc., Forbes Edumetry Ltd.

29. Based on a legal opinion received, the Company has not deposited the dividend amount of Rs.50,956 to Investor Education and Protection Fund even though amounts are outstanding for more than seven years.

30. On April 10, 2008 there was a fire in one of the godown of the Company which destroyed finished goods stock worth Rs.254 lakhs. No provision towards the loss of such stock of finished goods have been made in the financial statements, pending receipt of insurance claim.

31. Derivative Instruments

The Company has entered into the following derivative Contracts:

i) a) The following are the outstanding Forward Exchange Contracts entered into by the Company as on 31st March, 2008, which are not intended for trading or speculative purpose.

Particulars	Currency	Amount	Buy/Sell	Cross Currency Amount in Rupees
Export Cotton	-	-	-	-

b) The following are the outstanding Forward Exchange Contracts entered into by the Company as on 31st March, 2007, which are not intended for trading or speculative purpose.

Particulars	Currency	Amount	Buy/Sell	Cross Currency Amount in Rupees
Export Cotton	US Dollar	US\$ 3,508	Sell	Rs.1,52,107

SCHEDULE '10' - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008. (Contd.)

ii) The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

a) **Amount receivable in foreign currency on account of the following:**

	For the year ended 31st March, 2008		For the year ended 31st March, 2007	
	Rupees	FC	Rupees	FC
Export of goods	1,28,63,894	US\$ 3,25,916	11,68,67,514	US\$ 26,95,284
	55,67,888	GBP 71,438	46,75,677	GBP 55,445
	2,89,318	EUR 4,703	69,04,437	EUR 1,19,952
	-	-	22,521	CHF 638
Commission receivable	39,944	US\$ 1,012	33,257	US\$ 767
Loans receivable	47,36,400	US\$ 1,20,000	4,04,63,595	US\$ 9,33,201
	-	-	28,29,000	SGD 1,00,000
	-	-	34,53,600	EUR 60,000
Interest receivable	7,57,824	US\$ 19,200	3,90,240	US\$ 9,000
	-	-	1,06,880	SGD 3,778
	-	-	41,594	EUR 723

b) **Amounts payable in foreign currency on account of the following:**

Import of goods and services	55,26,207	US\$ 1,36,517	1,89,04,299	US\$ 4,31,408
	20,27,655	GBP 24,867	18,57,433	GBP 21,367
	1,79,60,152	EUR 2,81,860	57,26,314	EUR 97,436
			12,085	CHF 332
Interest payable	NIL	NIL	20,33,774	US\$ 46,412
Loans Payable	22,40,001	US\$,55,336	18,88,48,381	US\$ 43,09,639
Deposits payable	17,406	US\$ 430	17,177	US\$,392

c) **Advances Given**

For Capital Goods	3,06,01,094	EUR 4,97,417	1,89,70,164	EUR 3,29,572
	16,15,704	US\$ 40,935	18,06,334	CHF 41,659

d) **Advances Received**

From Supplier	18,93,331	US\$ 46,772	13,72,048	US\$ 31,311
	701	EUR 11	13,870	EUR 236

e) **Investments**

Forbes Sterling Star Ltd.	45,370	US\$ 1,000	45,370	US\$ 1,000
Edumetry INC.	35,48,000	US\$ 80,000	35,48,000	US\$ 80,000
Forbes Container Lines Ltd.	1,08,12,000	SGD 3,80,000	23,40,000	SGD 80,000

f) **Guarantee Given**

Export Import Bank of India	-	-	13,58,42,000	US\$ 31,00,000
Standard Chartered Bank	4,45,28,000	US\$ 11,00,000	4,82,02,000	US\$ 1100,000

32. Employee Benefit Obligations:-

Defined-Contribution Plans:

The Company offers its employees defined contribution plan in the form of provident fund, family pension fund and superannuation fund. Provident fund and family pension fund cover all regular employees while the superannuation fund covers certain executives. Contributions are paid during the year into separate funds under certain fiduciary-type arrangements. While both the employees and the Company pay predetermined contributions into the family pension fund and superannuation fund except in some cases superannuation fund are made only by the Company. The contributions are normally based on a certain proportion of the employee's salary. A sum of Rs.2,78,00,379 (Previous Year Rs.5,55,82,602) has been charged to the revenue account in this respect.

Defined-Benefits Plans:

The Company offers its employees defined-benefits plans in the form of a gratuity scheme (a lump sum amount), leave encashment, post retirement medical benefits and non compete fees. Benefits under the defined benefit plans are typically based either on years of service and the employee's compensation (generally immediately before retirement). The gratuity scheme, covers substantially all regular employees, while post retirement medical benefit covers certain executives. In the case of the gratuity scheme, the Company contributes funds to a Gratuity

SCHEDULE '10' - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008. (Contd.)

32. Employee Benefit Obligations (contd.)

Trust, which is irrevocable, while the gratuity for one of the division, post retirement medical benefit and non compete fees are not funded. Commitments are actuarially determined at year end. On adoption of the revised Accounting Standard (AS-15) on "Employee Benefits" issued under the Companies (Accounting Standards) Rules, 2006, actuarial valuation is done based on "Projected Unit Credit" method. Gains and losses of changed actuarial assumptions are charged to the profit and loss account.

The net value of the defined benefit commitment is detailed below:

(Amount in Rupees)

	31.03.2008			31.03.2007		
	Funded Gratuity	Non funded		Funded Gratuity	Non funded	
		Gratuity	Others (Post retirement medical and non compete fees)		Gratuity	Others (Post retirement medical and non compete fees)
Present Value of Commitments	8,70,31,952	20,798	3,25,82,158	22,33,76,354	30,00,304	97,30,456
Fair Value of Plans	5,89,39,480	-	-	19,13,53,846	-	-
Employees above 60 yrs not covered in valuation.	13,92,515	-	-	17,25,987	-	-
Net Liability in the balance sheet	2,94,84,987	20,798	3,25,82,158	3,37,48,495	30,00,304	97,30,456

Defined benefit commitments:						
Opening balance as at 1st April, 2007	9,41,93,974	31,146	97,30,456	22,05,08,730	31,37,552	1,12,79,864
Current Service Cost	46,33,818	37,246	4,57,170	1,19,16,088	4,74,588	4,35,400
Interest expenses	69,63,146	2,570	8,02,762	1,68,19,478	2,51,004	8,45,990
Paid benefits	(2,61,83,767)	-	(39,24,220)	(3,28,72,827)	(4,77,377)	(13,54,207)
Actuarial (gain) / loss	55,21,726	(50,164)	2,55,15,990	68,02,982	(3,85,463)	(14,76,591)
Transfer Received	32,95,570	-	-	2,01,903	-	-
Closing balance as at 31st March, 2008	8,84,24,467	20,798	3,25,82,158	22,33,76,354	30,00,304	97,30,456

Plan Assets						
Opening balance as at 1st April, 2007	6,54,57,547	-	-	19,08,66,626	-	-
Expected return on scheme assets	45,85,872	-	-	1,56,56,901	-	-
Contributions by the Company	83,25,359	-	-	1,83,51,064	4,77,377	-
Paid funds	(2,61,83,767)	-	-	(3,28,72,827)	(4,77,377)	-
Actuarial gain / (loss)	25,71,585	-	-	(8,49,821)	-	-
Transfer Received	41,82,884	-	-	2,01,903	-	-
Closing balance as at 31st March, 2008	5,89,39,480	-	-	19,13,53,846	-	-

Return on Plan Assets						
Expected return on plan assets	45,85,872	-	-	1,56,56,901	-	-
Actuarial gain / (loss)	25,71,585	-	-	(8,49,821)	-	-
Actual return on plan assets	71,57,457	-	-	1,48,07,080	-	-

Expenses on defined benefit plan:						
Current service costs	32,41,303	37,246	4,57,170	1,19,16,088	4,74,588	4,35,400
Past service cost	-	-	-	(30,39,440)	-	-
Interest expense	69,63,146	2,570	8,02,762	1,68,19,478	2,51,004	8,45,990
Expected return on investment	(45,85,872)	-	-	(1,56,56,901)	-	-
Net actuarial (gain) / loss	29,50,141	(50,164)	2,55,15,990	76,52,803	(3,85,463)	(14,76,591)
Employees above 60 yrs not covered in valuation.	13,92,515	-	-	15,68,859	-	-
Expenses charged to the profit and loss account	99,61,233	(10,348)	2,67,75,922	1,92,60,887	3,40,129	(1,95,201)

Investments Details

	% invested 31st March 2008	% invested 31st March 2007
Funds Managed by Insurer	49	22
Public Sector Unit Bonds	5	5
Private Sector Unit Bonds	4	-
State/Central Guaranteed securities	-	1
Special deposit schemes	8	61
Other (excluding bank balances)	34	11
	100	100

SCHEDULE '10' - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008. (Contd.)

32. Employee Benefit Obligations (contd.)

The actuarial calculations used to estimate defined benefit commitments and expenses are based on the following assumptions which if changed, would affect the defined benefit commitment's size, funding requirements and pension expense.

	Weighted Average	Weighted Average
Rate for discounting liabilities	8% to 8.25% p.a.	8.04% p.a.
Expected salary increase rate	4%	4.42% p.a.
Expected return on scheme assets	8% p.a.	8.17% p.a.
Mortality rates	LIC 94-96 Table	LIC 94-96 Table

The basis used to determined overall expected rate of return on plan assets and the effect on major categories of plan assets is as follows:

The major portions of the assets are invested in Special deposit schemes and with Life Insurance Corporation Based on the asset allocation and prevailing yield rates on these assets classes, the long term estimate of expected rate of return on the fund assets have been arrived at. Assumed rate of return on assets expected to vary from year to year reflecting the returns on matching Govt. bonds.

The amount of the present value of the obligation, fair value of the plan assets, surplus or deficit in the plan, experience adjustments arising on plan liabilities and plan assets for the previous three annual periods have not been furnished as the revised AS-15 was adopted by the Company in the financial year 2006-07.

The estimates of future salary increases, considered in the actuarial valuation, taken on account of inflation, security, promotion and other relevant factors such as supply and demand in the employment market.

The contribution expected to be made by the Company during the financial year 2007-08 has not been ascertained.

Consequent to the adoption of AS-15 (Revised) liability towards employee benefits at 31st March, 2006 recomputed amounting to Rs. 33,10,548 (*Previous Year Rs.38,92,630*) has been adjusted against the opening reserves in accordance with the Accounting Standards.

33. Investment in Mutual Funds

Sr. No.	Name of the Mutual Fund	Balance As on 01.04.2007	Purchased / Switchin during the year	Dividend Reinvested	Sold / Switchout during the year	Balance As at 31.03.2008	Sold/ Switchout
		Rupees	Rupees	Rupees	Rupees	Rupees	
1	OFTSG HSBC Fixed Term Series - 4 - Growth Plan	5,00,00,000	-	-	5,00,00,000	-	Sold
		50,00,000	-	-	50,00,000	-	
2	HDFC FMP 13 June 2006(1) Institutional Plan Growth	10,23,39,282	-	-	10,23,39,282	-	Sold
		1,02,33,928	-	-	1,02,33,928	-	
3	HDFC Cash Management Fund Saving Plus Plan	-	7,13,10,000	29,84,228	7,42,94,228	-	Switchout
		-	71,08,608	2,98,423	74,07,031	-	
4	Tata Liquid Super High Investment Fund - D Div	-	5,50,00,000	23,54,564	5,73,54,564	-	Switchout
		-	49,349	2,113	51,462	-	
5	TFRLB TATA Floating Rate Fund Long Term Income/Bonus	-	5,73,54,565	1,20,235	-	5,74,74,800	
		-	56,71,482	11,879	-	56,83,361	
6	HDFC FMP 14M Feb-08 (VII) - Wholesale plan growth	-	4,00,00,000	-	-	4,00,00,000	
		-	40,00,000	-	-	40,00,000	
7	Templeton Fixed Horizon Fund Series VII Plan C - Institutional - Growth	-	2,00,00,000	-	-	2,00,00,000	
		-	20,00,000	-	-	20,00,000	
8	M170QD ABN AMRO FTP Series 7 Qty Plan A	-	5,00,00,000	10,47,688	5,10,47,688	-	Sold
		-	50,00,000	1,04,553	51,04,553	-	
9	Investments in DWS Insta Cash Plus Fund	-	4,00,00,000	16,81,167	4,16,81,167	-	Sold
		-	38,83,118	1,63,220	40,46,338	-	
10	Investments in Reliance LF Daily Dividend	-	5,00,00,000	12,94,851	5,12,94,851	-	Sold
		-	50,00,000	1,29,485	51,29,485	-	
11	HDFC FMP 13M Mar-08 (VIII) - Wholesale Plan Growth	-	3,42,94,228	-	-	3,42,94,228	
		-	34,29,422	-	-	34,29,422	
		15,23,39,282	41,79,58,793	94,82,733	42,80,11,780	15,17,69,028	

Figures in italics relate to the number of units

SCHEDULE '10' - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008. (Contd.)

34. (a) Related Party Disclosures

(i) Names of related parties and nature of related party relationship.

(A) Holding Company / Ultimate Holding Company

- 1 Shapoorji Pallonji & Company Limited (Ultimate Holding Company)
- 2 Sterling Investment Corporation Private Limited (Holding Company)

(B) Subsidiary Companies

- 1 Aquamall Water Solutions Ltd. (Subsidiary of Eureka Forbes Ltd.)
- 2 Eureka Forbes Ltd.
- 3 Euro Forbes International Pte. Ltd. (Subsidiary of Eureka Forbes Ltd.)
- 4 Forbes Aquamall Ltd. (Subsidiary of Eureka Forbes Ltd.)
- 5 Forbes Bumi Armada Ltd.
- 6 Forbes Campbell Services Ltd.
- 7 Forbes Container Lines Pte. Ltd.
- 8 Forbes Doris & Naess Maritime Ltd.
- 9 Forbes Facility Services Pvt. Ltd. (Formerly known as Forbes Abans Cleaning Solutions Pvt. Ltd. - (Subsidiary of Eureka Forbes Ltd.)
- 10 Forbes Finance Ltd.
- 11 Forbes Smart Data Ltd.
- 12 Forbes Sterling Star Ltd.
- 13 Forbes Technosys Ltd.
- 14 Forbes Tinsley Co. Ltd.
- 15 Latham India Ltd.
- 16 Volkart Fleming Shipping & Services Ltd.
- 17 Forbes Campbell Holdings Ltd. (upto 31.05.2007)
- 18 Warrior (Investment) Ltd. (upto 31.05.2007)
- 19 Next Gen Publishing Ltd. (upto 10.07.2007)

(C) Fellow Subsidiaries :

1. Abhipreet Trading Co. Pvt. Ltd.
2. Afcons (Overseas) Constructions and Investments Pvt. Ltd.
3. Afcons Arethusa Offshore Services Ltd.
4. Afcons BOT Construction Pvt. Ltd.
5. Afcons Dredging & Marine Services Ltd.
6. Afcons Infrastructure Ltd.
7. Archaic Properties Pvt. Ltd.
8. Bengal Shapoorji Business Parks Pvt. Ltd.
9. Bengal Shapoorji Infrastructure Development Pvt. Ltd.
10. Blue Riband Properties Pvt. Ltd.
11. Cama Properties Pvt. Ltd.
12. Chinsha Properties Pvt. Ltd.
13. Corporate Apparel USA, Inc.
14. Cyrus Chemicals Pvt.Ltd.
15. Cyrus Engineers Pvt.Ltd.
16. Cyrus Investments Ltd.
17. Delna Finance & Investments Pvt. Ltd.
18. Doris Properties Pvt. Ltd.
19. East View Estate Pvt. Ltd.
20. Euphoria Properties Pvt. Ltd.
21. First Future Properties Pvt. Ltd.
22. Firstrock Infrastructure Pvt. Ltd.
23. Flooraise Developers Pvt. Ltd.
24. Floral Finance Pvt. Ltd.
25. Floreat Investments Ltd.
26. Flotilla Finance Pvt. Ltd.
27. Forvol International Services Ltd.
28. Gokak Textiles Ltd.
29. Gossip Properties Pvt. Ltd.
30. Grand View Estate Pvt. Ltd.
31. Hazarat & Company Pvt. Ltd.
32. Highstreat Developers Pvt. Ltd.
33. Khajrana Ganesh Properties Pvt. Ltd.

SCHEDULE '10' - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008. (Contd.)

34. Lucrative Properties Pvt. Ltd.
35. Magpie Finance Pvt. Ltd.
36. Manjri Developers Pvt. Ltd.
37. Manjri Horse Breeders Farm Pvt. Ltd.
38. Manjri Stud Farm Pvt.Ltd.
39. Mazsons Builders & Developers Pvt. Ltd.
40. Meriland Estates Pvt. Ltd.
41. Mileage Properties Pvt. Ltd.
42. Niel Properties Pvt. Ltd.
43. Palchin Real Estates Pvt.Ltd.
44. Precaution Properties Pvt. Ltd.
45. Ramili Investments Pvt. Ltd.
46. Relationship Properties Pvt. Ltd.
47. S.C. Impex Pvt. Ltd.
48. Shachin Real Estate Pvt. Ltd.
49. Shapoorji & Co.Pvt.Ltd.
50. Shapoorji Data Processing Pvt.Ltd.
51. Shapoorji Drilling Enterprises Pvt.Ltd.
52. Shapoorji Hotels Pvt. Ltd.
53. Shapoorji Pallonji Infrastructure Capital Co. Ltd.
54. Shapoorji Pallonji (Gwalior) Pvt.Ltd.
55. Shapoorji Pallonji Biotech Park Pvt. Ltd
56. Shapoorji Pallonji Finance Ltd
57. Shapoorji Pallonji Ports Pvt. Ltd.
58. Shapoorji Pallonji Power Co.Ltd.
59. Sharus Building Services Pvt.Ltd.
60. Shatranj Properties Pvt. Ltd.
61. SP Agri Management Services Pvt. Ltd.
62. SP Aluminium Systems Pvt. Ltd.
63. SP Architectural Coatings Ltd.
64. SP Bioscience Pvt. Ltd.
65. SP Fabricators Pvt. Ltd.
66. SP Infocity Developers Pvt. Ltd.
67. SSS Electricals (India) Ltd.
68. Sterling Generators Pvt. Ltd.
69. Sunny View Estates Pvt. Ltd.
70. Think Ahead Properties Pvt. Ltd.
71. United Motors (India) Ltd.

(D) Associate Companies

- 1 Euro P2P Direct (Thailand) Co. Ltd. (Associate of a subsidiary)
- 2 High Point Properties Ltd. (Associate of a subsidiary)
- 3 Next Gen Publishing Ltd.
- 4 P T Gokak Indonesia (Associate of a subsidiary)
- 5 Sea-Falcon Shipping Services Ltd. (Associate of a subsidiary)
- 6 Sea-Speed Shipping Agencies Ltd. (Associate of a subsidiary)
- 7 The Svadeshi Mills Company Ltd.
- 8 Trident Shipping Agencies Ltd. (Associate of a subsidiary)

(E) Joint Ventures :

- 1 Edumetry Inc
- 2 Forbes Aquatech Ltd. (Joint ventures of a subsidiary)
- 3 Forbes Concept Hospitality Services Pvt. Ltd. (Joint venture of a subsidiary)
- 4 Forbes Edumetry Ltd.
- 5 Forbes Infotainment Ltd.
- 6 Forbes Lux Group AG, BAAR (Joint venture of a subsidiary)
- 7 Nypro Forbes Moulds Pvt. Ltd.
- 8 Nypro Forbes Products Pvt. Ltd.
- 9 SCI Forbes Ltd.

(F) Key Management Personnel :

- 1 Deputy Chairman and Managing Director, Mr. K. C. Mehra.
- 2 Executive Director (Finance), Mr. C. G. Shah.
- 3 Chief Operating Officer, Mr. Ashok Barat.

SCHEDULE '10' - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008. (Contd.)

34. (a) Related Party Disclosures

(ii) Transactions with related parties for the year ended 31st March, 2008:

	Parties in A above	Parties in B above	Parties in C above	Parties in D above	Parties in E above	Parties in F above	TOTAL
Nature of Transaction							
Purchases							
1 Goods and Materials	-	5,76,44,510	2,42,08,210	-	31,17,789	-	8,49,70,509
2 Services Rendered	-	4,81,969	57,49,189	4,23,215	-	-	66,54,373
3 Fixed Assets	2,57,688	62,342	-	-	-	-	3,20,030
4 Investment	-	2,57,17,000	-	-	25,00,000	-	2,82,17,000
Sales							
5 Goods and Materials	-	55,35,53,912	-	-	5,54,704	-	55,41,08,616
6 Services Rendered	1,36,543	4,93,672	3,79,554	3,09,151	2,02,220	-	15,21,140
7 Fixed Assets	38,53,532	84,626	-	-	-	-	39,38,158
8 Investment	-	5,79,84,000	-	-	-	-	5,79,84,000
Expenses							
9 Rent	17,99,903	70,52,484	5,58,949	3,31,690	-	-	97,43,026
10 Repairs & Other Expenses	-	83,05,597	95,17,839	2,72,166	-	-	1,80,95,602
11 Recovery of Expenses	-	1,63,47,059	5,74,174	-	-	6,356	1,69,27,589
12 Interest Paid	-	46,33,796	-	63,88,381	-	-	1,10,22,177
13 Dividend Paid	3,11,27,100	5,82,393	12,40,526	-	-	-	3,29,50,019
14 Provision /Write offs	-	8,99,145	-	6,97,776	-	-	15,96,921
Income							
15 Rent and Other Service Charges	2,12,50,000	59,28,316	49,25,412	8,51,095	1,39,930	-	3,30,94,753
16 Interest Received	-	83,57,278	90,030	14,07,398	2,60,51,497	-	3,59,06,203
17 Dividend Received	-	14,30,90,000	-	-	-	-	14,30,90,000
18 Profit on sale of Investment	-	4,45,08,964	-	-	-	-	4,45,08,964
19 Provision /Write backs	-	-	-	2,56,740	-	-	2,56,740
20 Misc. Income	-	-	-	5,40,000	-	-	5,40,000
Other Receipts							
21 Deputation of Staff	-	-	-	8,22,169	-	-	8,22,169
22 Other Reimbursements	-	2,27,32,748	6,58,927	6,47,597	12,26,562	-	2,52,65,834
Finance							
23 Loans and Advances Given	-	-	1,12,590	17,20,431	-	-	18,33,021
24 Loans and Advances Taken	17,58,500	21,00,000	-	53,194	-	-	39,11,694
25 Deposits Given	-	4,65,38,825	-	6,97,776	5,30,00,000	-	10,02,36,601
26 Deposits Taken	5,00,00,000	3,26,50,000	-	50,50,000	-	-	8,77,00,000
27 Repayment of Deposits Taken	1,70,00,000	6,03,00,000	-	12,00,000	-	-	7,85,00,000
28 Repayment of Deposits Given	-	7,91,77,655	-	5,53,00,000	4,66,800	-	13,49,44,455
Outstandings							
29 Sundry Creditors	-	1,92,32,595	12,42,907	2,72,166	3,50,668	-	2,10,98,336
30 Sundry Debtors	36,90,759	8,32,88,575	(10,958)	20,15,393	3,24,390	-	8,93,08,159
31 Loans and Advances	10,43,041	12,05,49,683	13,94,608	44,22,73,035	39,71,73,324	-	96,24,33,691
32 Prov. for Doubtful Loans and Adv.	-	3,35,55,655	-	43,91,03,005	-	-	47,26,58,660
33 Provision for Doubtful Debts	-	-	-	20,15,393	-	-	20,15,393
34 Deposits Payable	3,30,00,000	6,28,44,000	-	7,23,00,000	-	-	16,81,44,000
Remuneration							
35 Paid / Payable	-	-	-	-	-	1,80,48,994	1,80,48,994
Guarantees							
36 Outstanding	-	-	-	-	12,00,00,000	-	12,00,00,000

SCHEDULE '10' - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008. (Contd.)

**34. (a) Related Party Disclosures - March, 2008
(iii) The above Transactions includes:-**

		A	A	B	B	B	B	B	B	B	B
		Shapoorji Pallonji & Company Limited	Sterling Investment Corporation Private Limited	Eureka Forbes Ltd.	Forbes Aquamall Ltd.	Forbes Campbell Services Ltd.	Forbes Container Lines Pte. Ltd.	Warrior (Investment) Ltd	Forbes Finance Ltd.	Forbes Sterling Star Ltd.	Forbes Technosys Ltd.
	Nature of Transaction										
	Purchases										
1	Goods and Materials	-	-	-	4,03,52,161	-	-	-	-	-	-
2	Services Rendered	-	-	-	-	-	-	-	-	-	-
3	Fixed Assets	2,57,688	-	62,342	-	-	-	-	-	-	-
4	Investment	-	-	-	-	-	8,472,000	-	-	-	12,000,000
	Sales										
5	Goods and Materials	-	-	404,260,070	147,339,548	-	-	-	-	-	-
6	Services Rendered	-	-	-	-	-	-	-	-	457,083	-
7	Fixed Assets	38,53,532	-	-	-	-	-	-	-	-	-
8	Investment	-	-	-	-	-	-	57,984,000	-	-	-
	Expenses										
9	Rent	-	17,41,272	-	-	-	-	-	-	-	-
10	Repairs & Other Expenses	-	-	-	-	3,000,879	-	-	-	-	-
11	Recovery of Expenses	-	-	-	-	-	-	-	-	-	-
12	Interest Paid	-	-	-	-	-	-	-	1,655,465	-	-
13	Dividend Paid	-	2,91,42,232	-	-	-	-	-	-	-	-
14	Provision /Write offs	-	-	-	-	-	-	-	-	-	-
	Income										
15	Rent and Other Service Charges	2,12,50,000	-	-	-	-	-	-	-	-	-
16	Interest Received	-	-	-	-	-	-	-	-	-	7,923,852
17	Dividend Received	-	-	8,52,00,000	-	-	-	-	-	57,890,000	-
18	Profit on sale of Investment	-	-	-	-	-	-	44,508,964	-	-	-
19	Provision /Write backs	-	-	-	-	-	-	-	-	-	-
20	Misc. Income	-	-	-	-	-	-	-	-	-	-
	Other Receipts										
21	Deputation of Staff	-	-	-	-	-	-	-	-	-	-
22	Other Reimbursements	-	-	-	-	-	-	-	-	-	-
	Finance										
23	Loans and Advances Given	-	-	-	-	-	-	-	-	-	-
24	Loans and Advances Taken	17,58,500	-	-	-	-	-	-	-	-	-
25	Deposits Given	-	-	-	-	-	-	-	-	-	40,500,000
26	Deposits Taken	-	5,00,00,000	-	-	-	-	-	-	-	-
27	Repayment of Deposits Taken	-	1,70,00,000	-	-	-	-	58,200,000	-	-	-
28	Repayment of Deposits Given	-	-	-	-	-	-	-	-	35,260,375	32,500,000
	Outstandings										
29	Sundry Creditors	-	-	-	-	-	-	-	-	-	-
30	Sundry Debtors	-	-	45,191,102	23,852,810	-	-	-	-	-	-
31	Loans and Advances	-	-	-	-	-	-	-	-	-	-
32	Prov. for Doubtful Loans and Adv.	-	-	-	-	-	-	-	-	-	-
33	Provision for Doubtful Debts	-	-	-	-	-	-	-	-	-	-
34	Deposits Payable	-	3,30,00,000	-	-	-	-	-	26,450,000	-	-
	Remuneration										
35	Paid / Payable	-	-	-	-	-	-	-	-	-	-
	Guarantees										
36	Outstanding	-	-	-	-	-	-	-	-	-	-

B	B	C	C	D	D	D	D	E	E	E	F	F	F
Latham India Ltd.	Volkart Fleming Shipping & Services Ltd.	Forvol International Services Ltd.	Gokak Textiles Ltd.	Next Gen Publishing Ltd.	Sea-Speed Shipping Agencies Ltd.	The Svadeshi Mills Company Ltd.	Trident Shipping Agencies Ltd.	Forbes Edumetry Ltd.	Forbes Infotainment Ltd.	SCI Forbes Ltd.	Deputy Chairman and Managing Director, Mr. K. C. Mehra.	Executive Director (Finance), Mr. C. G. Shah.	Chief Operating Officer, Mr. Ashok Barat.
-	-	-	24,208,210	-	-	-	-	-	-	-	-	-	-
-	-	5,749,189	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	309,151	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	7,050,484	-	-	-	-	-	-	-	-	-	-	-	-
-	4,168,094	9,256,049	-	-	-	-	-	-	-	-	-	-	-
-	15,367,950	-	-	-	-	-	-	-	-	-	-	-	-
-	2,115,042	-	-	-	4,891,918	-	1,415,524	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
899,145	-	-	-	-	-	697,776	-	-	-	-	-	-	-
-	-	-	3,565,902	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	7,936,409	16,159,104	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	256,740	-	-	-	-	-	-
-	-	-	-	540,000	-	-	-	-	-	-	-	-	-
-	-	-	-	-	822,169	-	-	-	-	-	-	-	-
-	22,393,680	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	1,720,431	-	-	-	-	-	-	-	-
-	21,00,000	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	17,500,000	-	26,500,000	-	-	-
-	20,200,000	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	55,300,000	-	-	-	-	-	-	-	-	-
-	36,80,973	-	-	-	-	-	-	-	-	-	-	-	-
12,881,867	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	439,103,005	-	-	-	275,050,361	-	-	-
-	-	-	-	-	-	439,103,005	-	-	-	-	-	-	-
-	-	-	-	-	-	2,015,393	-	-	-	-	-	-	-
-	36,094,000	-	-	-	56,050,000	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	8,581,907	4,578,449	4,888,638
-	-	-	-	-	-	-	-	-	120,000,000	-	-	-	-

SCHEDULE '10' - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008. (Contd.)

34. (b) Related Party Disclosures

(i) *Names of related parties and nature of related party relationship for the year ended 31st March, 2007.*

(A) Holding Company/ Ultimate Holding Company

- 1 Shapoorji Pallonji & Company Limited (Ultimate Holding Company)
- 2 Sterling Investment Corporation Private Limited (Holding Company)

(B) Subsidiary Companies

- | | |
|--|--|
| 1 Aquamall Water Solutions Ltd. (Subsidiary of Eureka Forbes Ltd.) | 11 Forbes Sterling Star Ltd. |
| 2 Eureka Forbes Ltd. | 12 Forbes Smart Data Ltd. |
| 3 Euro Forbes International Pte. Ltd. (Subsidiary of Eureka Forbes Ltd.) | 13 Forbes Technosys Ltd. |
| 4 Forbes Facility Services Pvt. Ltd. (Name changed from Forbes Abans Cleaning Solutions Pvt. Ltd. - (Subsidiary of Eureka Forbes Ltd.) | 14 Forbes Tinsley Co. Ltd. |
| 5 Forbes Aquamall Ltd. (Subsidiary of Eureka Forbes Ltd.) | 15 Gokak Textiles Ltd.(w.e.f.29.11.2006) (formerly known as ANS Textiles(Bangalore) Ltd. |
| 6 Forbes Doris & Naess Maritime Ltd. | 16 Latham India Ltd. |
| 7 Forbes Container Lines Ltd.(w.e.f. 7.8.2006) | 17 Next Gen Publishing Ltd. |
| 8 Forbes Campbell Holdings Ltd. | 18 Pro Handyman India Ltd. (w.e.f. 8.11.2006) (Subsidiary of Eureka Forbes Ltd.) |
| 9 Forbes Finance Ltd. | 19 Volkart Fleming Shipping & Services Ltd. |
| 10 Forbes Services Ltd. | 20 Warrior (Investment) Ltd.(Subsidiary of Forbes Finance Ltd.) |

(C) Fellow Subsidiaries :

- | | |
|--|--|
| 1 Bengal Shapoorji Developers Pvt. Ltd. (formerly known as Calligra Finvest Pvt. Ltd.) | 30 Cama Properties Pvt. Ltd. |
| 2 East View Estate Pvt. Ltd. | 31 Afcons Dredging & Marine Services Ltd. |
| 3 Khajrana Ganesh Properties Pvt. Ltd. | 32 Afcons BOT Construction Pvt. Ltd. |
| 4 Bengal Shapoorji Housing Developments Pvt. Ltd. (formerly known as Milvin Investments Pvt. Ltd.) | 33 Shapoorji Pallonji Finance Ltd |
| 5 Shapoorji & Co.Pvt.Ltd. | 34 Shapoorji Pallonji Biotech Park Pvt. Ltd |
| 6 Shapoorji Pallonji (Gwalior) Pvt.Ltd. | 35 Shapoorji Hotels Pvt. Ltd. |
| 7 Palchin Real Estates Pvt.Ltd. | 36 Afcons Infrastructure Ltd. |
| 8 Sharus Building Services Pvt.Ltd. | 37 Afcon Pauling (India) Ltd. |
| 9 Meriland Estates Pvt. Ltd. | 38 Tensaccial India Ltd. |
| 10 Shapoorji Pallonji Ports Pvt. Ltd. | 39 Kier Afcons (India) Ltd. |
| 11 Highstreet Developers Pvt. Ltd. | 40 Hazarat & Company Pvt. Ltd. |
| 12 Flooraise Developers Pvt. Ltd. | 41 SSS Electricals (India) Ltd. |
| 13 Skyscape Developers Pvt. Ltd. | 42 Afcons Arethusa Offshore Services Ltd. |
| 14 Windward Builders Pvt. Ltd. | 43 Floral Finance Pvt. Ltd. |
| 15 DelnaFinance & Investments Pvt. Ltd. | 44 Floreat Investments Ltd. |
| 16 Mazsons Builders & Developers Pvt. Ltd. | 45 Kolland Develoopers Pvt. Ltd. |
| 17 Sunny View Estates Pvt. Ltd. | 46 Flotilla Finance Pvt. Ltd. |
| 18 Shachin Real Estate Pvt. Ltd. | 47 Ramili Investments Pvt. Ltd. |
| 19 Chinsha Properties Pvt. Ltd. | 48 S.C. Impex Pvt. Ltd. |
| 20 Grand View Estate Pvt. Ltd. | 49 Shapoorji Data Processing Pvt.Ltd. |
| 21 Sterling Generators Pvt. Ltd. | 50 Shapoorji Drilling Enterprises Pvt.Ltd. |
| 22 Forvol International Services Ltd. | 51 United Motors (India) Ltd. |
| 23 Manjri Stud Farm Pvt.Ltd. | 52 SP Infocity Developers Pvt. Ltd. |
| 24 Magpie Finance Pvt. Ltd. | 53 SP Aluminium Systems Pvt. Ltd. |
| 25 Abhipreet Trading Co. Pvt. Ltd. | 54 SP Fabricators Pvt. Ltd. |
| 26 Cyrus Chemicals Pvt.Ltd. | 55 SP Architectural Coatings Ltd. |
| 27 Cyrus Engineers Pvt.Ltd. | 56 Shapoorji Pallonji Power Co.Ltd. |
| 28 Cyrus Investments Ltd. | 57 Afcons (Overseas) Constructions and Investments Pvt. Ltd. |
| 29 Shapoorji Pallonji Infrastructure Capital Co. Ltd. | |

(D) Associate Companies

- | | |
|---|---|
| 1 High Point Properties Ltd. (Associate of a subsidiary) | 5 Trident Shipping Agencies Ltd. (Associate of a subsidiary) |
| 2 P T Gokak Indonesia | 6 The Svadeshi Mills Company Ltd. |
| 3 Sea-Falcon Shipping Services Ltd. (Associate of a subsidiary) | 7 Warrior Logistic & Shipping Ltd.(upto 21.2.2007) |
| 4 Sea-Speed Shipping Agencies Ltd. (Associate of a subsidiary) | 8 Euro P2P Direct (Thailand) Co. Ltd. (Associate of a subsidiary) |

SCHEDULE '10' - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008. (Contd.)**(E) Joint Ventures :**

- | | |
|---|---|
| 1 Barwil Forbes Shipping Services Ltd. (upto 21.2.2007) | 6 Nypro Forbes Products Pvt. Ltd. |
| 2 Edumetary Inc | 7 Forbes Aquatech Ltd. (Joint ventures of a subsidiary) |
| 3 Forbes Edumetry Ltd. | 8 SCI Forbes Ltd. (w.e.f.14.6.2006) |
| 4 Forbes Infotainment Ltd. | 9 Forbes Concept Hospitality Services Pvt. Ltd. (Joint venture of a subsidiary) |
| 5 Nypro Forbes Moulds Pvt. Ltd. | 10 FORBES LUX GROUP AG, Baar (Joint venture of a subsidiary) |

(F) Key Management Personnel :

- | | |
|---|---|
| 1 Deputy Chairman and Managing Director, Mr. K. C. Mehra. | 3 Chief Operating Officer, Mr. Ashok Barat. |
| 2 Executive Director (Finance), Mr. C. G. Shah. | |

34. (b) Related Party Disclosures**(ii) Transactions with related parties for the year ended 31st March, 2007:**

(Rupees)

	Parties in A above	Parties in B above	Parties in C above	Parties in D above	Parties in E above	Parties in F above	Total
Nature of Transactions							
Purchases							
1 Goods and Materials	1,53,483	1,61,77,294	-	-	90,94,978	-	2,54,25,755
2 Services Rendered	-	11,85,353	33,46,308	1,72,161	14,790	-	47,18,612
3 Fixed Assets	2,94,06,985	8,98,250	-	-	-	-	3,03,05,235
4 Investment	-	3,20,83,680	-	-	2,25,00,000	-	5,45,83,680
Sales							
5 Goods and Materials	7,40,151	74,16,45,819	4,29,324	62,87,775	5,90,930	-	74,96,93,999
6 Services Rendered	39,29,165	11,87,487	12,57,135	1,02,325	6,94,500	-	71,70,612
7 Fixed Assets	-	10,17,946	21,63,97,348	18,000	1,53,05,850	-	23,27,39,144
8 Investment	-	1,34,00,030	-	-	-	-	1,34,00,030
Expenses							
9 Rent and other Service Charges	28,45,818	1,16,24,767	80,19,611	1,55,120	-	4,80,000	2,31,25,316
10 Repairs & Other Expenses	-	76,75,011	1,08,70,031	1,518	-	-	1,85,46,560
11 Recovery of Expenses	-	(9,05,489)	8,71,851	20,288	5,29,740	-	5,16,390
12 Dim. In Value of Investment	-	13,04,699	-	-	-	-	13,04,699
13 Interest Paid	-	1,37,95,097	-	60,42,627	19,74,504	-	2,18,12,228
14 Dividend Paid	4,44,67,285	8,31,990	17,72,180	-	-	4,295	4,70,75,750
15 Provision /Write offs	-	1,36,20,361	-	10,87,482	-	-	1,47,07,843
16 Loss on sale of Investments	-	-	3,97,348	-	-	-	3,97,348
Income							
17 Rent and Other Service Charges	4,34,646	1,07,87,238	18,81,588	75,94,707	11,54,364	-	2,18,52,543
18 Interest Received	-	1,09,04,399	11,31,781	-	1,59,96,587	-	2,80,32,767
19 Dividend Received	-	9,51,54,000	-	7,50,030	25,20,000	-	9,84,24,030
20 Profit on sale of Investment	-	4,82,83,170	-	-	-	-	4,82,83,170
21 Provision /Write backs	-	7,06,198	-	36,000	-	-	7,42,198
22 Miscellaneous Income	-	5,70,581	-	-	(83,691)	-	4,86,890
Finance							
23 Deposits Given	-	12,71,06,814	-	10,87,482	23,43,55,000	-	36,25,49,296
24 Deposits Taken	4,00,000	6,88,50,000	-	53,50,000	50,00,000	-	7,96,00,000
25 Repayment of Deposit Taken	-	12,94,75,100	-	1,22,00,000	4,30,00,000	-	18,46,75,100
26 Repayment of Deposit Given	-	7,09,77,663	-	36,000	16,23,600	-	7,26,37,263
Outstandings							
27 Sundry Creditors	1,62,643	1,53,07,979	11,58,573	3,64,657	8,16,443	-	1,78,10,295
28 Interest accrued but not due	-	15,096	-	340	79,24,489	-	79,39,925
29 Sundry Debtors	18,90,638	8,91,79,484	6,43,992	42,50,411	32,51,349	-	9,92,15,874
30 Loans and Advances	-	22,78,91,874	6,22,645	44,01,46,966	31,62,39,922	-	98,49,01,407
31 Provision for Doubtful Loans and Adv.	-	3,26,56,510	-	43,86,61,969	-	-	47,13,18,479
32 Provision for Doubtful Debts	-	1,28,81,867	-	20,15,393	-	-	1,48,97,260
33 Deposits Payable	-	10,67,00,000	-	6,84,50,000	-	-	17,51,50,000
Remuneration							
34 Paid / Payable	-	-	-	-	-	1,66,41,073	1,66,41,073
35 Outstanding	-	-	-	-	-	29,22,600	29,22,600
Guarantees							
36 Given	-	-	-	13,58,42,000	-	-	13,58,42,000
37 Outstanding	-	-	-	13,58,42,000	12,00,00,000	-	25,58,42,000

SCHEDULE '10' - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008. (Contd.)

34. (b) Related Party Disclosures - March, 2007

(iii) The above Transactions includes:-

	A	A	B	B	B	B	B	B	B	B	B	B	B	B
Nature of Transaction	Shapoorji Pallonji & Company Limited	Sterling Investment Corporation Private Limited	Aquamall Water Solutions Limited	Eureka Forbes Limited	Forbes Doris & Naess Maritime Limited	Forbes Campbell Holdings Ltd.	Forbes Finance Limited	Forbes Services Ltd	Forbes Sterling Star Limited	Forbes Technosys Ltd	Forbes Tinsley Co. Ltd	Latham India Limited	Next Gen Publishing Limited	Volkart Fleming Shipping & Services Limited
Purchases														
1 Goods and Materials	-	-	1,61,77,294	-	-	-	-	-	-	-	-	-	-	-
2 Services Rendered	-	-	-	-	-	-	-	-	-	-	-	-	-	9,36,603
3 Fixed Assets	2,94,06,985	-	-	-	-	-	-	-	-	-	-	-	-	-
4 Investment	-	-	-	-	-	-	-	-	-	-	-	-	2,87,43,680	-
Sales														
5 Goods and Materials	-	-	-	72,59,70,927	-	-	-	-	-	-	-	-	-	-
6 Services Rendered	39,29,165	-	-	-	-	-	-	-	-	-	-	-	-	11,87,487
7 Fixed Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8 Investment	-	-	-	-	-	-	1,34,00,030	-	-	-	-	-	-	-
Expenses														
9 Rent	-	-	-	-	-	-	-	-	-	-	-	-	-	1,07,60,299
10 Repairs & Other Expenses	-	-	-	-	-	-	-	37,77,919	-	-	-	-	-	36,49,751
11 Recovery of Expenses	-	-	-	-	-	-	-	-	2,69,294	66,000	-	-	-	-
12 Dim. in Value of Investment	-	-	-	-	13,04,699	-	-	-	-	-	-	-	-	-
13 Interest Paid	-	-	-	-	-	38,86,604	-	-	-	-	-	-	-	31,89,179
14 Dividend Paid	4,16,31,760	-	-	-	-	-	-	-	-	-	-	-	-	-
15 Provision /Write offs	-	-	-	-	-	-	-	-	-	-	-	1,36,20,361	-	-
16 Loss on sale of Fixed Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Income														
17 Rent and Other Service Charges	-	-	-	29,55,171	-	-	-	-	-	-	-	-	-	65,47,180
18 Interest Received	-	-	-	-	-	-	-	-	43,26,089	33,32,115	-	-	30,97,721	-
19 Dividend Received	-	-	-	6,39,00,000	-	-	1,11,50,000	-	-	-	-	-	-	-
20 Profit on sale of Investment	-	-	-	-	-	-	4,82,83,170	-	-	-	-	-	-	-
21 Provision /Write backs	-	-	-	-	-	-	-	-	-	-	2,00,000	2,20,000	-	2,86,198
22 Misc. Income	-	-	-	-	-	-	-	-	-	-	-	-	5,40,000	-
Finance														
23 Deposits Given	-	-	-	-	-	-	-	-	-	6,55,00,000	-	-	5,05,00,000	-
24 Deposits Taken	-	-	-	-	-	2,38,50,000	-	-	-	-	-	-	-	1,50,00,000
25 Repayment of Deposits Taken	-	-	-	-	-	5,05,00,000	3,55,75,000	-	-	-	-	-	-	2,83,00,000
26 Repayment of Deposits Given	-	-	-	-	-	-	-	-	3,95,57,663	-	-	-	3,12,00,000	-
Outstandings														
27 Sundry Creditors	-	-	80,72,919	-	-	-	-	-	-	-	-	-	-	53,01,444
28 Interest accrued but not due	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29 Sundry Debtors	-	-	-	7,18,15,099	-	-	-	-	-	-	-	1,28,81,867	-	-
30 Loans and Advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31 Prov. for Doubtful Loans and Adv.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32 Provision for Doubtful Debts	-	-	-	-	-	-	-	-	-	-	-	1,28,81,867	-	-
33 Deposits Payable	-	-	-	-	-	-	-	-	-	-	-	-	-	3,21,00,000
Remuneration														
34 Paid / Payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
35 Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Guarantees														
36 Given	-	-	-	-	-	-	-	-	-	-	-	-	-	-
37 Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-

B	C	C	C	C	D	D	D	D	E	E	E	E	F	F	F
Warrior (Investment) Limited	Shapoorji Pallonji Ports Pvt. Ltd.	Windward Builders Pvt. Ltd.	Forvol International Services Limited	SP Fabricators Pvt. Ltd.	P T Gokak Indonesia	Sea-Speed Shipping Agency Ltd.	Trident Shipping Agencies Ltd.	The Svadeshi Mills Company Limited	Barwil Forbes Shipping Services Limited- (upto 21.2.2007)	Forbes Infotainment Limited	Nypro Forbes Products Private Limited	SCI Forbes Ltd.- (14.6.2006)	Deputy Chairman and Managing Director, Mr. K. C. Mehra	Executive Director (Finance), Mr. C. G. Shah	Chief Operating Officer, Mr. Ashok Barat (5.9.2006)
-	-	-	33,46,308	-	-	-	-	-	-	-	90,94,978	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	2,00,00,000	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	21,63,97,348	-	12,57,135	-	-	-	-	-	-	-	-	-	-	-
-	-	-	80,19,611	-	-	-	-	-	-	-	-	-	-	-	-
-	5,82,852	-	1,06,16,095	-	-	-	-	-	-	-	-	5,29,740	-	-	-
45,66,344	-	-	2,88,999	-	-	39,38,377	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	3,97,348	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	49,62,993	25,74,102	-	-	-	63,58,001	-	91,13,164	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2,66,00,000	-	-	-	-	-	-	-	-	-	-	-	22,84,55,000	-	-	-
-	-	-	-	-	-	-	-	-	-	2,50,00,000	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6,02,50,000	-	-	-	-	-	5,15,50,000	-	43,84,05,229	-	-	-	70,68,170	-	-	-
-	-	-	-	-	-	-	-	43,84,05,229	-	-	-	22,89,84,740	-	-	-
-	-	-	-	-	-	-	-	20,15,393	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	84,39,050	58,12,050	23,89,973
-	-	-	-	-	-	-	-	-	-	-	-	-	7,22,600	15,00,000	7,00,000
-	-	-	-	-	13,58,42,000	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	13,58,42,000	-	-	-	-	12,00,00,000	-	-	-	-	-

SCHEDULE '10' - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008. (Contd.)

35. (a) Information for each class of goods manufactured and traded during the year ended 31st March, 2008.

Product	Unit	Licensed Capacity (Per Annum)	Installed Capacity (see Footnote 1)	Actual Production (see Footnote 3)
1 Threading Tools	Nos.	1,22,00,000	73,80,000	59,87,358
2 Carbide Tools	Nos.	11,00,000	4,50,000	4,20,279
3 High Speed Air Tools	Nos.	1,200	1,200	-
4 Spring Washers (see Footnote 5)	M.Tonnes	350	1,440	1,434
5 HSS Tool Bits	Nos.	-	-	-
6 Cutting Tools	Nos.	-	-	-
7 Other Traded Tools Instruments (see Footnote 6)		-	-	-
8 Products made out of Allyl Diglycol Carbonate Monomer (ADCM) Hard Resin Ophthalmic Lenses	M.Tonnes Pieces	-	62,40,000	-
9 Current Transformers / Telecom Testing Equipments and Accessories (see Footnote 10)	Nos.	-	1,58,000	-
10 Plug & Steam S/A	Nos.	-	-	-
11 Trading Sale of Yarn / Fabrics	Nos.	-	-	-
12 Base Plate & Coupling	Nos.	-	-	-
13 Safety Valves for Steam Turbine	Nos.	-	-	-
<u>Printing and embossing machines:</u>				
14 Hand	Nos.	No limit	20,000	297
15 Electric	Nos.	360	600	-
16 Mechanical Typewriters	Nos.	45,000	45,000	-
17 Vaccum Cleaners	Nos.	2,80,000	2,80,000	111,347
18 Electric motors	Nos.	6,00,000	6,00,000	2,31,493
19 Lighting Products	Nos.	5,00,000	5,00,000	-

Opening Stock		Purchases		Closing Stock		Sales	
Quantity	Value Rupees	Quantity	Value Rupees	Quantity	Value Rupees	Quantity	Value Rupees
9,66,873	4,79,41,603	62,312	82,57,497	8,41,206	3,90,07,666	61,75,337	53,18,03,759
52,193	2,18,85,535	5,718	22,89,223	50,841	2,22,31,817	4,27,349	19,65,01,054
-	-	-	-	-	-	-	-
29	24,71,055	-	-	61	50,59,670	1,402	13,94,63,604
-	-	-	-	-	-	-	-
13,991	5,69,445	12,360	16,16,912	14,464	6,11,544	11,887	23,19,039
-	1,02,92,541	-	1,68,00,905	-	90,66,537	-	3,58,06,367
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	1,87,342	2,20,41,189	-	-	1,87,342	2,29,66,419
-	-	Kgs.		-	-	Kgs.	
-	-	1	1,04,933	-	-	1	1,79,405
-	-	12	3,30,301	-	-	12	7,76,700
128	9,06,584	-	-	128	11,92,426	297	62,62,875
-	-	-	-	-	-	-	-
94	3,82,204	-	-	-	-	94	6,465
4,963	1,40,65,142	15,800	2,64,43,352	-	-	1,32,110	41,23,16,182
2,847	6,69,045	-	-	1,967	12,24,119	2,32,373	7,54,27,672
-	-	-	-	-	-	-	-

SCHEDULE '10' - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008. (Contd.)

35. (a) Information for each class of goods manufactured and traded during the year ended 31st March, 2008.

Product	Unit	Licensed Capacity (Per Annum)	Installed Capacity (see Footnote 1)	Actual Production (see Footnote 3)
Others:				
20 Plates	Nos.	-	1,53,00,000	-
21 Plastic Cards				3,93,213
22 Precision interchangeable steel types sets along with rotary wheels, holding devices and fixtures for composite metal indentation	Nos.	12,000 sets	12,000 sets	6,55,223
23 Electronic Cash Register	Nos.	3,000	3,000	-
24 Perforator Control systems with high Precision Perforated dies	Nos.	1,000	1,000	-
25 MICR (Magnetic Ink Character Recognition) Encoder	Nos.	1,500	1,500	-
26 Ink Jet Printers	Nos.	200	200	-
27 Note Counting Machines	Nos.	-	10,000	-
28 Collating and Jogging Machinery Sets	Nos.	-	1,000	-
29 Pco Monitors, Time Registers, Time Recorders	Nos.	-	5,000	-
30 Components and Accessories (see Footnote 6)			-	-
31 Other Business Automation Products (see Footnote 6)	Nos.			-
32 Automated Impact Markers	Nos.			-
33 Time Data Machines	Nos.			-
34 M/C Vision				-
35 Hand Held Terminals				-
36 CTF				-
37 Paper Shredder				-
38 Currency Counting Machine	Nos.	-	-	-
39 Others				-
40 Other Textile Goods	Nos.	-	-	-
TOTAL RUPEES				

Opening Stock		Purchases		Closing Stock		Sales	
Quantity	Value Rupees	Quantity	Value Rupees	Quantity	Value Rupees	Quantity	Value Rupees
9,806	32,880	-	-	500	590	9,306	80,350
25,855	13,261	-	-	23,262	107,836	3,95,806	44,50,386
82,557	66,71,880	14	153,113	119,170	79,95,616	6,18,624	6,02,18,572
341	78,53,671	3,985	14,58,15,924	347	108,38,636	3,979	16,58,95,143
-	-	-	-	-	-	-	-
50	60,42,824	199	2,37,23,054	22	28,54,256	227	3,08,86,764
24	32,00,664	34	72,60,298	26	47,58,634	32	48,43,392
567	1,00,02,865	3,084	4,79,96,024	557	73,98,532	3094	5,46,75,121
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	2,97,10,077	-	3,71,41,326	-	2,46,35,660	-	6,83,21,480
58	46,73,488	12	3,21,362	18	10,47,896	52	1,45,141
36	58,75,240	246	5,65,44,376	55	104,15,954	227	7,34,87,733
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
12	1,35,819	-	-	9	97,804	3	-
6	2,82,039	-	-	5	3,34,769	1	-
52	2,41,070	-	-	22	88,531	30	4,43,461
-	-	-	-	-	-	-	-
-	26,50,386	-	-	-	-	-	5,99,49,612
-	5,92,27,082	-	4,91,66,597	-	9,48,65,019	-	3,99,03,700
	23,57,96,400		44,60,06,386		24,38,33,512		198,71,30,396

SCHEDULE "10" - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008 (contd.)

35. (b) Information for each class of goods manufactured and traded during the year ended 31st March, 2007.

Product	Unit	Licensed Capacity	Installed Capacity (see Footnote 1) (Per Annum)	Actual Production (see Footnote 3)
1 Yarn (see Footnote 2).....	Spindles	1,45,310	1,21,188	23,682
2 Blended Yarn.....	Spindles			M.T.
3 Cotton Canvas and Duck	Looms	60	24	23,55,935
4 Cotton (Trading)	Metric Tonnes	-	-	Mtrs.
5 Fabric	Metres	-	-	-
6 Trading Sale of Yarn/Fabrics	-	-	-	2,69,430
7 Terry Towel	Looms	-	4	Mtrs.
8 Textile Goods (see Footnote 6).....	-	-	-	7,48,617
9 Other (see Footnote 6)	-	-	-	Pcs.
10 Threading Tools	Nos.	1,22,00,000	73,20,000	-
11 Carbide Tools	Nos.	11,00,000	4,20,000	55,36,585
12 High Speed Air Tools	Nos.	1,200	1,200	3,74,464
13 Spring Washers (see Footnote 5)	M.Tonnes	350	1,440	-
14 Cutting Tools.....	Nos.	-	-	1,303
15 Other Traded Tools Instruments (see Footnote 6).....	-	-	-	-
16 Products made out of Allyl Diglycol Carbonate Monomer (ADCM) Hard Resin	M.Tonnes	-	-	-
Ophthalmic Lenses.....	Pieces	-	62,40,000	-
17 Current Transformers / Telecom Testing Equipments and Accessories (see Footnote 10)	Nos.	-	1,58,000	-
18 Plug & Steam S/A.....	Nos.	-	-	-
<u>Printing and embossing machines:</u>				
19 Hand.....	Nos.	No limit	20,000	440
20 Electric	Nos.	360	600	-
21 Mechanical Typewriters.....	Nos.	45,000	45,000	2,983
22 Vacuum Cleaners.....	Nos.	2,80,000	2,80,000	2,08,432
23 Electric motors	Nos.	6,00,000	6,00,000	3,88,029
24 Lighting Products.....	Nos.	5,00,000	5,00,000	1,79,256

<i>Opening Stock</i>		<i>Purchases</i>		<i>Closing Stock</i>		<i>Sales</i>	
<i>Quantity</i>	<i>Value</i>	<i>Quantity</i>	<i>Value</i>	<i>Quantity</i>	<i>Value</i>	<i>Quantity</i>	<i>Value</i>
	<i>Rupees</i>		<i>Rupees</i>		<i>Rupees</i>		<i>Rupees</i>
1,863	13,94,94,434	314	3,51,34,108	2,259	21,18,27,212	23,600	252,04,53,097
<i>M.T.</i>		<i>M.T.</i>		<i>M.T.</i>		<i>M.T.</i>	
77	1,09,97,913	-	-	123	1,49,64,324	1,464	18,89,18,217
<i>M.T.</i>				<i>M.T.</i>		<i>M.T.</i>	
9,45,040	6,48,27,077	-	-	5,68,413	4,36,00,802	27,32,562	19,61,72,120
<i>Mtrs.</i>				<i>Mtrs.</i>		<i>Mtrs.</i>	
77	41,58,807	391	1,53,25,903	-	-	468	2,03,08,767
<i>M.T.</i>		<i>M.T.</i>		<i>M.T.</i>		<i>M.T.</i>	
40,421	20,58,326	-	-	15,779	7,88,148	2,94,072	2,76,04,640
<i>Mtrs.</i>		<i>Mtrs.</i>		<i>Mtrs.</i>		<i>Mtrs.</i>	
-	-	397	4,53,08,573	37	37,72,571	359	4,60,59,608
		<i>M.T.</i>				<i>M.T.</i>	
1,97,924	62,01,099	-	-	3,06,265	22,83,644	6,40,276	69,88,413
<i>Pcs.</i>		<i>Pcs.</i>		<i>Pcs.</i>		<i>Pcs.</i>	
-	4,36,872	-	-	-	-	-	7,35,253
-	-	-	-	-	-	-	77,53,253
10,30,603	5,75,18,176	32,009	42,44,872	9,66,873	4,79,41,603	56,32,324	47,90,33,190
43,227	1,48,43,053	-	-	52,193	2,18,85,535	3,65,498	16,05,33,917
-	-	1	197	1	197	-	-
82	71,40,832	-	-	29	24,71,055	1,356	12,42,70,925
12,017	2,30,430	6,079	12,20,760	13,991	5,69,445	4,105	11,83,968
-	75,07,343	-	2,34,60,676	-	1,02,92,344	-	3,18,94,622
-	-	-	-	-	-	-	-
12,464	5,618	-	-	-	-	-	-
-	-	1	27,480	-	-	1	93,500
150	2,28,753	-	-	128	9,06,584	462	67,73,805
36	-	-	-	-	-	36	-
290	15,26,222	-	-	94	3,82,204	3,179	1,29,26,651
6,562	1,59,39,280	26,310	4,82,15,792	4,963	1,40,65,142	2,36,341	66,90,99,495
1,023	6,49,340	-	-	2,847	6,69,045	3,86,205	9,01,75,441
4	1,100	-	-	-	-	1,79,260	5,23,74,876

SCHEDULE "10" - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008 (contd.)

35. (b) Information for each class of goods manufactured and traded during the year ended 31st March, 2007.

Product	Unit	Licensed Capacity	Installed Capacity (see Footnote 1) (Per Annum)	Actual Production (see Footnote 3)
Others:				
25 Plates.....	Nos.	-	1,53,00,000	-
26 Plastic Cards.....				3,78,123
27 Precision interchangeable steel types sets along with rotary wheels, holding devices and fixtures for composite metal indentation.....	Nos.	12,000 sets	12,000 sets	5,11,139
28 Electronic Cash Register.....	Nos.	3,000	3,000	9
29 Perforator Control systems with high Precision Perforated dies ...	Nos.	1,000	1,000	-
30 MICR (Magnetic Ink Character Recognition) Encoder.....	Nos.	1,500	1,500	-
31 Ink Jet Printers	Nos.	200	200	-
32 Note Counting Machines	Nos.	-	10,000	10
33 Collating and Jogging Machinery Sets	Nos.	-	1,000	-
34 Pco Monitors, Time Registers, Time Recorders	Nos.		5,000	-
35 Components and Accessories (see Footnote 6).....			-	-
36 Other Business Automation Products (see Footnote 6)	Nos.			-
37 Automated Impact Markers	Nos.			-
38 Time Data Machines	Nos.			-
39 Hand Held Terminals				-
40 CTF			-	-
41 Paper Shredder				-
42 Knitted Garments	Pieces	60,00,000	18,72,000	19,94,017
43 Other Textile Articles	Nos.	N.A.	N.A.	-
44 Intermediate Products (see Footnote 6)	Kilograms	N.A.	N.A.	14,392
Knitted Fabrics.....				
45 Others.....				
46 Other Textile Goods	Nos.	-	-	-

TOTAL RUPEES

Footnotes:

- 1 Installed capacity has been certified by the Management and accepted by Auditors without verification, this being a technical matter.
- 2 Actual production of yarn excludes internal consumption of NIL (Previous year 978.22 M.T.).
- 3 Production is derived after reducing the aggregate of opening stock and purchases from the aggregate of closing stock and sales.
- 4 Quantity whereof is not ascertainable.
- 5 In arriving at the quantities disclosed in metric tonnes, standard conversion factors have been used.
- 6 Diverse products/quantity.
- 7 Includes 210663 Nos. for Captive consumption and 63 Nos. given a samples.
- 8 Written off.
36. Figures of previous years have been regrouped wherever necessary.

<i>Opening Stock</i>		<i>Purchases</i>		<i>Closing Stock</i>		<i>Sales</i>	
<i>Quantity</i>	<i>Value Rupees</i>	<i>Quantity</i>	<i>Value Rupees</i>	<i>Quantity</i>	<i>Value Rupees</i>	<i>Quantity</i>	<i>Value Rupees</i>
83,627	3,53,089	-	-	9,806	32,880	73,821	5,41,263
45,932	37,526	-	-	25,855	13,261	3,98,200	35,91,664
83,349	60,11,683	3	57,825	82,557	66,71,880	5,11,934	5,20,44,493
354	67,02,520	2,603	8,14,95,575	341	78,53,671	2,625	9,94,11,881
3	-	-	-	-	-	3	-
51	72,34,087	283	3,94,26,272	50	60,42,824	284	4,22,30,220
36	46,14,463	27	37,76,198	24	32,00,664	39	42,65,660
670	1,44,56,165	1,948	3,45,06,441	567	1,00,02,865	2061	4,49,86,453
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	2,78,02,156	-	5,87,90,578	-	2,97,10,079	-	8,05,51,091
130	68,75,426	20	12,56,546	58	46,73,486	92	35,03,456
15	29,98,952	207	5,64,42,572	36	58,75,240	186	6,42,27,241
8	-	-	-	-	-	8	-
28	3,13,883	170	18,56,400	12	1,35,819	186	26,03,820
20	14,25,632	1	1,95,553	6	2,82,039	15	15,63,914
171	3,66,390	-	-	52	2,41,070	119	8,31,796
2,47,468	1,42,13,420	-	-	2,88,861	1,83,68,715	19,52,624	29,66,52,037
9,384	2,31,997	4,038	5,30,850	12,056	6,28,387	1366	2,33,219
-	-	-	-	-	-	14,392	21,69,686
-	-	-	-	-	-	-	-
-	34,76,430	-	-	-	26,50,386	-	6,77,99,353
-	4,12,21,294	0	8,63,39,517	-	5,92,27,082	-	11,95,81,273
	47,20,99,788		53,76,12,688		53,20,30,203		553,01,42,278

PALLONJI S. MISTRY

Chairman Emeritus

SHAPOOR P. MISTRY

Chairman

ASHOK BARAT

Managing Director

C. G. SHAH

Executive Director (Finance)

CYRUS P. MISTRY

D. B. ENGINEER

D. S. SOMAN

N. D. KHURODY

R. N. JHA

S. L. GOKLANEY

A. T. SHAH

*Directors**Company Secretary*

**INFORMATION PURSUANT TO PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956.
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

I. Registration Details

Registration No: 11-00628 State Code. 11

Balance Sheet Date : 31.03.2008

II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

III. Position of Mobilisation and Deployment of Funds (Amount in Thousands)

Total Liabilities	34,31,009	Total Assets	34,31,009*
Sources of Funds		Application of Funds	
Paid up Capital	1,28,986	Net Fixed Assets	14,37,985
Reserves and Surplus	18,15,706	Investments	13,36,548
Secured Loan	10,94,101	Net Current Assets	6,17,295
Unsecured Loan	3,92,216	Deferred Tax Assets	39181
Deferred Tax Liability			
Government Grant	0		

* Net of Current Liabilities & Provisions

IV. Performance of Company (Amounts in Rs. Thousand)

Turnover	27,49,597
Total Expenditure	27,12,593
Profit before tax	37,004
Profit after tax	24,265
Earning per share in Rs.	Rs.1.88
Dividend Rate %	15 %

V. Generic Names of Three Principal Products / Services of Company (as per monetary terms)

Item Code No. (ITC Code)	820790	Product Description	Carbide Tools
Item Code No. (ITC Code)	NA	Product Description	Shipping Agencies
Item Code No. (ITC Code)	820740	Product Description	Threading Tools

PALLONJI S. MISTRY	}	<i>Chairman Emeritus</i>
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ASHOK BARAT		<i>Managing Director</i>
D. B. ENGINEER	}	<i>Directors</i>
D. S. SOMAN		
C. G. SHAH		
Mr. R. N. JHA	}	<i>Executive Director (Finance)</i>
Mr. CYRUS P. MISTRY		
Mr. N. D. KHURODY		
Mr. S. L. GOKLANEY		
Mr. A. T. SHAH		<i>Company Secretary</i>

Mumbai, 7th July, 2008

Additional disclosure as required by the amended clause 32 of the listing agreement with relevant Stock Exchanges:

(i) Current year :-

Sr. No.	Name	Balance as at 31st March, 2008 Rupees	Maximum amount outstanding during the year Rupees	No. of shares of the Company held by the loanees as at 31st March, 2008
(A)	Loans and advances in the nature of loans to Subsidiaries, Associates and companies in which Directors are interested:			
1.	Latham India Limited - Subsidiary Company (carrying no interest)	# 3,35,55,655	3,35,55,655	—
#	Provided as doubtful			
2.	Svadeshi Mills Company Limited - Associate Company (carrying no interest)	* 43,91,03,005	43,91,03,005	—
*	Provided as doubtful.			
(B)	Loans and advances in the nature of loans to where there is no repayment schedule and also no interest, other than referred in A 1 and A 2 above:-			
	Coromondal Garments Limited	* 3,25,00,000	3,25,00,000	—
*	Provided as doubtful			

Note : The above excludes loans to employees.

(ii) Previous year :-

Sr. No.	Name	Balance as at 31st March, 2007 Rupees	Maximum amount outstanding during the year Rupees	No. of shares of the Company held by the loanees as at 31st March, 2007
(A)	Loans and advances in the nature of loans to Subsidiaries, Associates and companies in which Directors are interested:			
1.	Latham India Limited - Subsidiary Company (carrying no interest)	# 3,26,56,510	3,26,56,510	—
#	Provided as doubtful			
2.	Svadeshi Mills Company Limited - Associate Company (carrying no interest)	* 43,84,05,229	43,84,05,229	—
*	Provided as doubtful.			
(B)	Loans and advances in the nature of loans to where there is no repayment schedule and also no interest, other than referred in A 1 and A 2 above:-			
	Coromondal Garments Limited	* 3,25,00,000	3,25,00,000	—
*	Provided as doubtful			

Note : The above excludes loans to employees.

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Chairman
Managing Director
Executive Director (Finance)

Directors

Company Secretary

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES

	Aquamall Water Solutions Limited	Eureka Forbes Limited	Euro Forbes International Pte.Limited	Forbes Aquamall Limited	Forbes Bumi Armada Limited	Forbes Container Lines Limited
1. Financial Year of the Subsidiary Company	31st March, 2008	31st March, 2008	31st March, 2008	31st March, 2008	31st March, 2008	31st March, 2008
2. (a) Number of Shares held in a Subsidiary Company	-	42,60,000 Shares of Rs.10 each	-	-	2,55,000	3,80,000 Shares of SGD 1 each
(b) Percentage of the Shareholding in a Subsidiary Company	-	100.0%	-	-	51%	100%
3. Total Subscribed Share Capital of the Subsidiary Company	★ 20,00,080 Shares of Rs.10 each	42,60,000 Shares of Rs.10 each	★ 35,00,000 Shares of Singapore \$ 1 each	★ 5,00,000 Shares of Rs.10 each	5,00,000 Shares of Rs.10 each	3,80,000 Shares of SGD 1 each
4. The net aggregate amount of the profits of the Subsidiary Company for the financial year so far as it concerns the members of Forbes & Company Limited which have not been dealt with in the accounts of Forbes & Company Limited upto 31st March, 2008 is as follows:						
For the year	Rupees	-	17,51,87,831	-	-	(16,57,094)
For the previous years	Rupees	-	50,96,26,867	-	-	-
5. The net aggregate amounts of profits of the Subsidiary Company which have been dealt with in the accounts of Forbes & Company Limited upto 31st March, 2008 being the dividend received are as under						
For the year	Rupees	-	8,52,00,000	-	-	-
For the previous years	Rupees	-	55,02,13,398	-	-	-

★ Held by Eureka Forbes Limited, a Subsidiary of the Company.

● Holdings exceeds 50% with share held by company's Subsidiaries as under :

Held by Subsidiary	Forbes Services Limited	Forbes Technosys Limited	Forbes Tinsley Co. Limited
	%	%	%
1 Forbes Finance Ltd.	30	10.13	30
2 Volkart Fleming Shipping & Services Ltd.	12	-	-
3 Eureka Forbes Ltd.	-	33.33	-
	42	43.46	30

ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

Forbes Doris & Neass Maritime Limited	Forbes Facility Services Pvt.Ltd.	Forbes Finance Limited	Forbes Campbell Services Limited	Forbes Smart Data Limited	Forbes Sterling Star Limited	Forbes Technosys Limited	Forbes Tinsley Company Limited	Latham India Limited	Volkart Fleming Shipping & Services Limited
31st March, 2008	31st March, 2008	31st March, 2008	31st March, 2008	31st March, 2008	31st March, 2008	31st March, 2008	31st March, 2008	31st March, 2008	31st March, 2008
1,30,470 Shares of Rs.10 each	-	4,92,500 Shares of Rs.10 each	15,000 Shares of Rs.10 each	50,000 Shares of Rs.10 each	1,000 Shares of US \$ 1 each	13,92,000 Shares of Rs.10 each	75,000 Shares of Rs.10 each	12,80,000 Shares of Rs.10 each	60,000 Shares of Rs.100 each
60%	-	100%	● 30%	100%	100%	● 23.20%	● 30%	100%	100%
2,17,450 Shares of Rs.10 each	★ 10,00,000 Shares of Rs.10 each	4,92,500 Shares of Rs.10 each	50,000 Shares of Rs.10 each	50,000 Shares of Rs.10 each	1,000 Shares of US \$ 1 each	60,00,000 Shares of Rs.10 each	2,50,000 Shares of Rs.10 each	12,80,000 Shares of Rs.10 each	60,000 Shares of Rs.100 each
(50,660)	-	24,11,543	(10,879)	(17,727)	2,05,35,283	(69,16,758)	(8,408)	7,24,266	66,09,368
(15,27,260)	-	5,18,90,683	(31,823)	(1,882)	(96,38,987)	(55,49,320)	(108,127)	(8,21,69,323)	8,41,39,576
-	-	0	-	-	578,90,000	-	-	-	-
-	-	2,35,52,432	-	-	87,18,950	-	-	52,48,000	3,65,40,000

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Directors

Company Secretary

Additional information on the Subsidiary Companies

	Aquamall Water Solutions Limited	Eureka Forbes Limited	Euro Forbes International Pte. Limited			Forbes Aquamall Limited	Forbes Facility Services Limited	Forbes Bumi Armada	Forbes Container Line pte. Ltd.		
			in US \$	Rate (Avg.)	In Rs.			in S \$	Rate (Avg.)	In Rs.	
(a) Capital	2,00,00,800	4,26,00,000	35,00,000	26.82	9,38,85,000	50,00,000	1,00,00,000	50,00,000	380,000	28.91	1,09,84,660
(b) Reserves	566,482,265	95,42,34,145	8,86,912	37.12	3,29,19,088	10,62,46,503	(59,870)	*(32,54,072)	*(10,68,559)	29.22	3,12,24,335
(c) Total Assets ▲	1,224,170,925	442,86,29,234	2,90,80,812	28.89	84,02,82,471	29,65,78,768	6,96,09,168	35,22,472	20,36,747	28.34	5,88,76,244
(d) Total Liabilities	642,678,053	343,17,95,089	2,46,93,900	28.89	713,4,78,383	18,53,32,265	6,04,17,526	17,76,544	5,88,188	—	1,66,67,249
(e) Details of Investment											
Long Term	7,000	13,92,58,397	41,837	28.62	11,97,559	—	—	—	—	—	—
Current	—	52,04,307	—	—	—	3,94,943	—	—	—	—	—
Subsidiary	5,000,000	17,45,07,030	—	—	—	—	—	—	—	—	—
Sub Total	5,007,000	31,89,69,734	41,837	—	11,97,559	3,94,943	—	—	—	—	—
(f) Turnover	23,63,467,426	791,14,10,385	91,11,457	27.39	24,95,33,651	438,686,079	11,89,85,736	1,46,02,234	27.34	399,238,463	
(g) Profit before Taxation	15,71,78,489	37,83,18,475	6,82,130	27.55	1,87,90,687	2,80,88,912	37,67,913	(32,49,203)	14,71,228	—	40,159,240
(h) Provision for Taxation											
Income Tax	1,97,94,005	11,77,08,356	1,63,000	27.39	44,64,048	30,81,118	—	—	2,37,469	—	6,478,156
Deferred Tax	—	(84,77,712)	—	—	—	—	—	—	(30,765)	—	(838,464)
Fringe Benefit Tax	14,00,000	3,00,00,000	—	—	—	1,24,925	—	—	—	—	—
(I) Profit After Taxation	13,59,84,484	23,90,87,831	5,19,130	27.60	1,43,26,639	2,48,82,869	28,21,758	(22,49,203)	(32,49,203)	—	34,519,548
(j) Proposed Dividend	—	4,26,00,000	—	—	—	—	—	—	—	—	—

* Includes Debit balance of Profit & Loss Accounts.

▲ Includes Investment

Forbes Doris & Naess Maritime Limited	Forbes Campbell Service Limited (formerly Frobos Service Limited)	Forbes Finance Limited	Forbes Smart Data Limited	Forbes Sterling Star Limited	Forbes Technosys Ltd.	Forbes Tinsley Co. Ltd.	Latham India Limited	Volkart Fleming Shipping & Services Limited		
				in US \$	Rate (Avg.)	In Rs.				
21,74,500	5,00,000	49,25,000	5,00,000	1,000	39.97	39,970	4,50,00,000	25,00,000	1,28,00,000	60,00,000
*(26,32,914)	* 72,213	5,26,67,512	* (19,609)	*1,70,233	39.97	68,04,213	* (8,75,69,872)	*(31,52,472)	*(7,13,85,122)	6,43,37,734
3,74,673	10,12,541	5,81,45,680	3,44,358	2,17,333	39.97	86,86,800	7,31,91,210	129,264	1,32,64,107	14,83,23,301
8,33,087	4,40,328	5,53,168	12,742	46,100	39.97	18,42,617	11,57,61,082	7,81,736	7,18,49,229	7,79,85,567
—	—	3,56,40,412	—	—	—	—	—	—	—	4,54,461
—	—	—	—	—	—	—	—	—	—	—
—	—	26,26,055	—	—	—	—	—	—	—	—
—	—	3,82,66,467	—	—	—	—	—	—	—	4,54,461
—	—	—	—	57,092	40.13	22,91,102	1,91,05,970	11,000	15,000	3,16,90,938
(84,433)	(15,762)	25,85,393	(26,852)	5,11,719	—	2,05,35,283	(4,40,47,679)	(28,027)	8,21,821	87,57,633
—	—	1,73,000	—	—	—	—	—	—	91,533	20,18,000
—	—	—	(9,125)	—	—	—	—	—	—	87,700
—	20,500	850	—	—	—	—	2,61,029	—	6,022	42,565
84,433	(36,262)	24,11,543	(17,727)	5,11,719	—	2,05,35,283	(4,43,08,708)	(28,027)	7,24,266	66,09,368
—	—	—	—	—	—	—	—	—	—	—

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Chairman Emeritus
Chairman
Managing Director
Executive Director (Finance)

Directors

Company Secretary

Mumbai, 7th July, 2008



**CONSOLIDATED FINANCIAL STATEMENTS
FORMING PART OF ANNUAL REPORT OF
FORBES & COMPANY LIMITED
FOR THE YEAR ENDED 31ST MARCH, 2008**

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AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF FORBES & COMPANY LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS.

1. We have audited the attached Consolidated Balance Sheet of **FORBES & COMPANY LIMITED (formerly known as FORBES GOKAK LIMITED)** ("the Company"), its subsidiaries and its jointly controlled entities (the Company, its subsidiaries and its jointly controlled entities constitute "the Group") as at 31st March 2008, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. The Consolidated Financial Statements include investments in associates, accounted for under equity method, in accordance with Accounting Standard (AS-23) on Accounting for Investments in Associates in Consolidated Financial Statements and financial statements of the jointly controlled entities, accounted for in accordance with Accounting Standard (AS-27) on Financial Reporting of Interests in Joint Ventures, notified under the Companies (Accounting Standards) Rules, 2006. These financial statements are the responsibility of the Company's Management and have been prepared by the Management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the generally accepted auditing standards in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the following branches / entities:
 - (i) two branches whose financial statements reflect total assets (net of current liabilities) of Rs. 31,97,73,378 as at 31st March 2008, total revenues of Rs. 114,63,75,896 and net cash outflows amounting to Rs. 20,98,689 for the year then ended;
 - (ii) eighteen subsidiaries whose financial statements reflect total assets (net of current liabilities) of Rs. 310,22,33,453 as at 31st March 2008, total revenues of Rs. 1144,84,98,107 and net cash outflows amounting to Rs. 4,56,60,814 for the year then ended;
 - (iii) six jointly controlled entities, in which, the Group's proportionate share in the total assets (net of current liabilities) as at 31st March 2008 amounts to Rs. 44,04,92,188, the Group's proportionate share in the total revenues amounts to Rs. 28,70,99,803 and the Group's proportionate share in the net cash outflows amounting to Rs. 42,05,002 for the year then ended; and
 - (iv) six associates, which have been accounted for based on the equity method, which reflect the Group's share of losses up to 31st March 2008 of Rs. 1,62,59,336 and the Group's share of losses for the year then ended of Rs. 2,83,48,419.

These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included in respect of these entities, is based solely on the reports of other auditors.

4. In the case of the following entities, figures used for the preparation of the consolidated financial statements of the Group are based on the unaudited financial statements:
 - (i) one subsidiary whose financial statements reflect total assets (net of current liabilities) of Rs. 4,22,08,996 as at 31st March 2008, total revenues of Rs. 39,92,38,463 and net cash inflows amounting to Rs. 63,58,007 for the year then ended; and
 - (ii) three jointly controlled entities, in which, the Group's proportionate share in the total assets (net of current liabilities) as at 31st March 2008 amounting to (negative Rs. 6,10,39,389), the Group's proportionate share in the total revenues amounting to Rs. 56,83,88,563 and the Group's proportionate share in the net cash outflows amounting to Rs. 14,29,891 for the year then ended.
5. The consolidated financial statements do not include the financial results of two associate entities and a subsidiary entity registered outside India as the audited statement of accounts for the year ended on 31st March 2008 in respect of those entities are not available. Consequently, we are unable to comment on the impact of the above on the consolidated financial statements as at / for the year ended on 31st March 2008.
6. The auditors of a foreign subsidiary has reported that the company has trade and other receivables of Singapore Dollars 2,80,65,363 (Rs. 81,13,69,644) as at 31st March 2008 for which they have not received sufficient evidence to enable them to determine whether those receivables are shown at the fair value of consideration of such receivables as required by the generally accepted accounting principles in that country along with the supporting evidence for recoverability of such receivables. In view of the above, we are unable to express our opinion on the impact of this qualification on the consolidated financial statements.

AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF FORBES & COMPANY LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

7. The auditors of one of the foreign subsidiaries have reported that they were unable to verify costs of US\$ 1,01,453 (Rs. 40,70,319) incurred on behalf of the company by the ship manager with the supporting documents and accordingly, they are unable to satisfy themselves as to whether those items were true and fair.
8. Attention is invited to note no. 13 in Schedule 11 to the consolidated financial statements, wherein the Management has explained the accounting treatment given to profit arising from sale of land & buildings which were revalued on a "Selective" basis in an earlier year. In our opinion "Selective" revaluation of assets is not in accordance with the Accounting Standard (AS-10) on "Accounting for Fixed Assets" notified under the Companies (Accounting Standards) Rules, 2006. Our report on the financial statements as at / for the year ended 31st March, 2007 was similarly modified.
9. The figures used in the preparation of the consolidated financial statements of the Group, include those contained in the audited financial statements of the following entities (which have not been audited by us), which have been prepared on "going concern" basis although the accumulated losses of these entities as at 31st March 2008, exceed the aggregate of their paid up capital and reserves:
 - (i) four subsidiaries, reflecting total assets (net of current liabilities) of Rs. 5,26,67,779 as at 31st March 2008, total revenue of Rs. 2,04,52,443 and net cash outflows of Rs. 5,42,784 for the year then ended; and
 - (ii) two jointly controlled entities, in which, the Group's proportionate share in the total assets (net of current liabilities) as at 31st March 2008 amounts to Rs. 22,31,79,540, the Group's proportionate share in the total revenues amounts to Rs. 5,05,44,003 and the Group's proportionate share in the net cash outflows for the year then ended amounts to Rs. 50,54,174.
10. Subject to the matters referred to in paragraphs 4 to 9 above:
 - (i) We report that the Group's consolidated financial statements have been prepared by the Company's management in accordance with the requirements of the Accounting Standards on "Consolidated Financial Statements" (AS-21); "Accounting for Investments in Associates in Consolidated Financial Statements" (AS-23) and "Financial Reporting of Interests in Joint Ventures" (AS-27), notified under the Companies (Accounting Standards) Rules, 2006.
 - (ii) Based on our audit and on consideration of the reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements, give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Group as at 31st March 2008;
 - (b) in the case of the Consolidated Profit and Loss Account, of the consolidated profit of the Group for the year ended on that date; and
 - (c) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Group for the year ended on that date.

For S. B. BILLIMORIA & CO.
Chartered Accountants

M. Ramachandran
Partner
(Membership No. 16399)

KOCHI, 7th July 2008

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2008

	Schedule No.	Rupees	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
FUNDS EMPLOYED:				
1. SHARE CAPITAL	"1"	12,73,22,180		12,73,22,180
2. RESERVES AND SURPLUS	"2"	249,68,30,555		346,86,39,823
3. TOTAL SHAREHOLDERS' FUNDS			262,41,52,735	359,59,62,003
4. MINORITY INTEREST			1,30,66,729	3,98,110
5. DEFERRED GOVERNMENT GRANT			-	1,64,500
6. LOANS:				
(a) Secured	"3"	192,48,94,674		316,55,25,819
(b) Unsecured	"4"	87,62,18,086		46,66,77,471
			280,11,12,760	363,22,03,290
7. DEFERRED TAX LIABILITY (see Note no.9 in Schedule 11)			29,09,252	5,91,44,443
8. TOTAL FUNDS EMPLOYED			544,12,41,476	728,78,72,346
APPLICATION OF FUNDS:				
9. GOODWILL ON CONSOLIDATION			-	60,05,723
10. FIXED ASSETS:				
(a) Gross Block		415,91,09,209		764,53,16,283
(b) Less: Total Depreciation/Amortisation		172,11,82,107		366,36,07,833
(c) Less: Total Impairment		-		82,63,717
(d) Net Block	"5"	243,79,27,102		397,34,44,732
(e) Capital work-in-progress including Advances for capital expenditure		36,08,90,990		56,33,56,919
			279,88,18,092	453,68,01,651
11. INVESTMENTS	"6"		84,15,05,890	89,63,80,741
12. DEFERRED TAX ASSET (see Note no.9 in Schedule 11)			6,88,86,736	2,12,39,257
13. CURRENT ASSETS, LOANS AND ADVANCES	"7"			
(a) Inventories		219,00,12,888		253,48,08,321
(b) Sundry Debtors		168,73,95,056		164,62,43,727
(c) Cash and Bank Balances		77,49,64,839		89,61,74,079
(d) Other Current Assets		2,56,57,853		2,09,16,605
(e) Loans and Advances		221,67,80,311		223,04,31,105
			689,48,10,947	732,85,73,837
14. Less: CURRENT LIABILITIES AND PROVISIONS	"8"			
(a) Liabilities		432,84,75,722		467,08,81,467
(b) Provisions		83,54,99,135		83,22,06,076
			516,39,74,857	550,30,87,543
15. NET CURRENT ASSETS			173,08,36,090	182,54,86,294
			544,00,46,808	728,59,13,666
16. MISCELLANEOUS EXPENDITURE TO THE EXTENT NOT WRITTEN OFF				
Deferred Revenue Expenditure				
- Voluntary Retirement Compensation	"9"		67,418	2,69,672
- Preliminary Expenses			11,27,250	16,89,008
17. TOTAL ASSETS			544,12,41,476	728,78,72,346

Notes to the Accounts per Schedule "11"

In terms of our report attached.
For **S. B. BILLIMORIA & CO.**
Chartered Accountants

M. Ramachandran
Partner
Kochi, 7th July, 2008

For and on behalf of the Board

MR. ASHOK BARAT *Managing Director*MR. C. G. SHAH *Executive Director (Finance)*MR. A. T. SHAH *Company Secretary*
Mumbai, 7th July, 2008

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st March, 2008

	Rupees	Rupees	For the year ended 31st March, 2008 Rupees	For the year ended 31st March, 2007 Rupees
1. INCOME:				
(a) GROSS SALES (Other than lottery tickets)			852,27,02,245	<i>1142,48,98,293</i>
Less: Excise			21,39,35,349	<i>25,49,06,310</i>
NET SALES			830,87,66,896	<i>1116,99,91,983</i>
Lottery Tickets			56,55,39,150	<i>110,16,97,955</i>
			887,43,06,046	<i>1227,16,89,938</i>
(b) SERVICES AND OTHER INCOME:				
(i) Income from Services rendered		234,92,40,405		<i>207,73,40,959</i>
(ii) Interest on Investments:				
- Current Investments	2,54,89,274			<i>1,90,47,495</i>
- Long Term Investments	34,45,450			<i>3,37,259</i>
(iii) Dividend on Long Term Investments:				
- Other than Trade	2,28,18,804			<i>1,95,60,240</i>
(iv) Dividend on Current Investments:				
- Other than Trade	1,50,770			<i>3,86,263</i>
		5,19,04,298		<i>3,93,31,257</i>
(v) Rent		349,65,555		<i>70,80,656</i>
(vi) Miscellaneous Income		19,18,42,194		<i>26,33,12,101</i>
(vii) Profit on Sale of Fixed Assets (net)		2,81,48,189		<i>1,96,97,945</i>
(viii) Bad Debts previously written off now recovered		-		<i>51,64,363</i>
(ix) Excess Provision written back		1,09,37,067		<i>1,81,60,391</i>
(x) Profit on cessation of relationship with a subsidiary		13,61,59,666		-
(x) Profit on sale of Long Term Investments (net)		3,25,30,932		<i>6,03,64,624</i>
(xi) Gains arising on foreign currency translation (Net)		11,50,816		<i>39,18,236</i>
			283,68,79,122	<i>249,43,70,532</i>
			1171,11,85,168	<i>1476,60,60,470</i>
2. EXPENDITURE:				
Manufacturing, Trading and Other Expenses (Per Schedule 10)		1083,22,76,867		<i>1363,48,21,827</i>
Interest (see Note No. 7 in Schedule 11)		18,06,79,787		<i>19,49,13,418</i>
			1101,29,56,655	<i>1382,97,35,245</i>
			69,82,28,513	<i>93,63,25,225</i>
Voluntary Retirement Compensation amortised (Paid during the year Rs.62,35,000)			64,37,254	<i>2,02,254</i>
			69,17,91,259	<i>93,61,22,971</i>
DEPRECIATION (Per Schedule 5)			36,85,08,649	<i>51,23,51,482</i>
Balance			32,32,82,610	<i>42,37,71,489</i>
Carried forward			32,32,82,610	<i>42,37,71,489</i>

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st March, 2008 (Contd.)

	Rupees	Rupees	For the year ended 31st March, 2008 Rupees	For the year ended 31st March, 2007 Rupees
Brought forward.....			32,32,82,610	42,37,71,489
PROVISION FOR DOUBTFUL LOANS & ADVANCES AND DIMINUTION IN THE VALUE OF INVESTMENTS				
Doubtful Loans & Advances.....		43,88,146		14,90,362
Diminution in the value of Investments.....		-	43,88,146	59,142
			31,88,94,464	42,22,21,985
PROFIT BEFORE PRIOR PERIOD ITEMS			31,88,94,464	42,22,21,985
PRIOR PERIOD ITEMS			3,47,12,823	(9,15,708)
3. PROFIT BEFORE TAXATION AND EXCEPTIONAL ITEMS			28,41,81,641	42,31,37,693
4. EXCEPTIONAL ITEMS (see Note no.15 in Schedule 11)			2,67,96,385	3,32,42,437
5. PROFIT BEFORE TAXATION			25,73,85,256	38,98,95,256
6. PROFIT BEFORE TAX /(LOSS) FROM CONTINUING OPERATIONS	25,73,85,256			42,24,32,143
Income tax expense				
- for Wealth-tax	16,86,300			14,00,843
- for Income-tax Current	13,42,47,178			16,02,29,420
- for Fringe Benefit Tax.....	4,19,26,162			3,95,84,636
- for Income-tax-Deferred.....	1,35,18,166			(2,13,37,156)
	19,13,77,806			17,98,77,743
7. PROFIT AFTER TAX /(LOSS) FROM CONTINUING OPERATIONS		6,60,07,450		24,25,54,400
8. PROFIT BEFORE TAX /(LOSS) FROM DISCONTINUING OPERATIONS (see Note no. 2 in Schedule 11)				(3,25,36,887)
Income tax expense				
- for Wealth-tax				15,000
- for Income-tax Current				-
- for Fringe Benefit Tax.....				23,26,887
- for Income-tax-Deferred.....				2,33,87,770
				2,57,29,657
9. PROFIT AFTER TAX /(LOSS) FROM DISCONTINUING OPERATIONS..				(5,82,66,544)
10. PROFIT AFTER TAXATION			6,60,07,450	18,42,87,856
11. NET SHARE OF PROFIT / (LOSS) IN ASSOCIATES (Equity Method)			(2,83,48,419)	(9,32,819)
12. NET MINORITY INTEREST IN LOSS / (PROFIT) OF SUBSIDIARIES			95,53,593	2,66,62,572
13. PROFIT AFTER SHARE OF ASSOCIATES AND MINORITY INTEREST			4,72,12,624	21,00,17,609
14. BALANCE BROUGHT FORWARD FROM LAST YEAR			(60,97,41,536)	(38,06,67,769)
15. TOTAL AMOUNT AVAILABLE FOR APPROPRIATION			(56,25,28,912)	(17,06,50,160)
16. Less: APPROPRIATIONS:				
(a) Proposed Dividend		1,90,98,327		4,45,62,763
(b) Tax on Dividend		2,75,23,400		2,72,27,613
(c) General Reserve.....		18,47,93,453		36,73,01,000
			23,14,15,180	43,90,91,376
17. BALANCE CARRIED TO BALANCE SHEET			(79,39,44,092)	(60,97,41,536)
Basic and diluted earnings per share of face value of Rs.10 each (see Note no. 8 in Schedule 11)			3.71	16.49
Notes to the Accounts per Schedule "11"				

In terms of our report attached.
For **S. B. BILLIMORIA & CO.**
Chartered Accountants

M. Ramachandran
Partner
Kochi, 7th July, 2008

For and on behalf of the Board

MR. ASHOK BARAT *Managing Director*

MR. C. G. SHAH *Executive Director
(Finance)*

MR. A. T. SHAH *Company Secretary*
Mumbai, 7th July, 2008

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008

	2007-2008 Rupees	2006-2007 Rupees
NET PROFIT BEFORE TAX AND EXTRA-ORDINARY ITEMS	25,73,85,256	38,98,95,256
Adjusted for -		
Depreciation.....	36,85,08,649	51,23,51,482
Provision for Diminution in the value of Investments.....	-	59,142
Profit on Sale of Investments.....	(16,86,90,598)	(6,03,64,624)
Investment Income.....	(5,19,04,298)	(3,93,31,257)
Profit on Sale of Fixed Assets (Net).....	(2,81,48,189)	(1,96,97,945)
Interest and Other Finance Charges.....	18,06,79,787	19,49,13,418
Voluntary Retirement Compensation Amortised	64,37,254	-
Deferred Revenue Expenses Amortised	5,61,758	-
Exchange Difference.....	41,621	(40,70,047)
	30,74,85,984	58,38,60,169
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES.....	56,48,71,240	97,37,55,425
Changes in -		
Trade and Other Receivables.....	(50,25,54,620)	(33,57,45,349)
Inventories.....	(42,57,93,810)	(35,77,96,160)
Trade Payables and Others.....	17,88,28,110	(17,62,08,103)
	(74,95,20,320)	(86,97,49,611)
Other Adjustments		
Amalgamation Expenses Paid.....	(1,12,54,778)	(14,30,710)
Voluntary Retirement Compensation Paid.....	(62,35,000)	-
Direct Taxes Paid (net of refund).....	(23,56,83,040)	(20,72,85,983)
	(25,31,72,818)	(20,87,16,693)
(a) NET CASH (USED IN) / FROM OPERATING ACTIVITIES.....	43,78,21,898	(10,47,10,879)
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets (including adjustments on account of capital work-in-progress and capital advances).....	(57,07,95,436)	(176,76,65,367)
Proceeds from Sale of Fixed Assets.....	22,06,54,559	77,11,91,452
Purchase of Long Term Investments.....	(62,68,48,058)	(269,04,54,442)
Proceeds from Sale of Investments.....	69,78,53,794	286,03,87,568
Net assets of new subsidiaries/jointly controlled entities in access of carrying value of investments.....	13,25,29,573	-
Inter Corporate Deposits Placed.....	(26,68,30,980)	(3,09,10,433)
Inter Corporate Deposits Refunded.....	17,30,80,582	34,00,000
Interest Received.....	2,41,93,476	7,67,46,357
Dividend Received.....	2,29,69,574	1,99,46,503
(b) NET CASH USED IN INVESTING ACTIVITIES.....	(19,31,92,916)	(75,73,58,361)
CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Long Term Borrowings.....	91,75,01,032	90,15,61,093
Repayment of Long Term Borrowings.....	(25,00,82,989)	(48,02,57,737)
Increase/(Decrease) in Cash credit and Demand Loan.....	10,05,39,898	52,18,24,588
Proceeds from minority Shareholders.....	2,22,22,212	1,05,51,694
Interest Paid.....	(18,62,44,118)	(27,74,25,544)
Dividend Paid (Including Taxes).....	(9,53,68,306)	(9,02,44,620)
(c) NET CASH FROM FINANCING ACTIVITIES.....	50,85,67,729	58,60,09,474
(d) NET INCREASE IN CASH AND CASH EQUIVALENTS (a) + (b) + (c).....	(12,24,47,086)	(27,60,59,766)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008 (Contd.)

	2007-2008	2006-2007
	Rupees	Rupees
CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE YEAR, COMPRISING:		
Cash, Cheques on hand and remittances in transit.....	15,89,44,643	9,57,13,635
Balances with scheduled banks on current accounts and deposit accounts.....	65,74,97,119	99,59,16,209
	81,64,41,762	109,16,29,844
Effect of exchange difference on consolidation of foreign subsidiaries.....	(7,01,293)	8,71,684
CASH AND CASH EQUIVALENTS transfer on account of demerger		
Cash, Cheques on hand and remittances in transit.....	(6,92,253)	-
Balances with scheduled banks on current accounts and deposit accounts.....	(79,10,649)	-
	(86,02,902)	-
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR, COMPRISING: (see Note No.14C of Schedule 11)		
Cash, Cheques on hand and remittances in transit.....	9,58,16,413	15,89,44,643
Balances with scheduled banks on current accounts and deposit accounts.....	58,88,74,068	65,74,97,119
	68,46,90,481	81,64,41,762
INCREASE IN CASH AND CASH EQUIVALENTS	(12,24,47,086)	(27,60,59,766)
Cash and Cash Equivalents as above	68,46,90,481	81,64,41,762
Add : Restricted Bank Balances	41,24,525	48,50,833
Add : Margin Deposits and others	861,49,833	7,48,81,484
Cash and Bank Balance as per Balance Sheet	77,49,64,839	89,61,74,079

Notes:

1 Figures for the previous year have been regrouped wherever necessary.

In terms of our Report attached
For **S. B. BILLIMORIA & CO.**
Chartered Accountants

M. Ramachandran
Partner

Kochi, 7th July, 2008

For and on behalf of the Board

MR. ASHOK BARAT

Managing Director

MR. C. G. SHAH

*Executive Director
(Finance)*

MR. A.T. SHAH

Company Secretary

Mumbai 7th July, 2008

SCHEDULE "1" TO "11" ANNEXED TO AND FORMING PART OF THE CONSOLIDATED ACCOUNTS
SCHEDULE "1" - SHARE CAPITAL

	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
1. AUTHORISED:		
1,50,00,000 Shares of Rs.10 each.....	<u>15,00,00,000</u>	<u>15,00,00,000</u>
2. ISSUED AND SUBSCRIBED:		
1,27,32,218 (Previous year 1,27,32,218) Equity Shares of Rs.10 each fully paid-up	<u>12,73,22,180</u>	<u>12,73,22,180</u>
TOTAL RUPEES	<u>12,73,22,180</u>	<u>12,73,22,180</u>

Foot note:-
of the above :

83,26,352; (Previous year 83,26,352) Shares are held by the Holding Company,
Sterling Investment Corporation Private Limited;

6,14,505; (Previous year 6,14,505) Shares are held by the ultimate
Holding Company, Shapoorji Pallonji & Company Limited and

3,54,436; (Previous year 3,54,436) Shares are held by
Cyprus Investments Limited (Subsidiary of the ultimate Holding Company)

The above excludes 1,66,398; (Previous year 1,66,398) shares held
by a subsidiary, which have been eliminated on consolidation

SCHEDULE "2" - RESERVES AND SURPLUS

	Rupees	Rupees	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
1. TRANSLATION RESERVE:				
Per last Balance Sheet		35,53,352		26,81,668
Add: Amount transferred on account of resulting exchange difference on translation of non-integral foreign subsidiaries		<u>(7,01,293)</u>	28,52,059	<u>8,71,684</u> 35,53,352
2. EXPORT PROFIT RESERVE:				
Per last Balance Sheet.....		66,32,500		66,32,500
Less: Transferred on account of Demerger.....		<u>65,97,500</u>	35,000	<u>-</u> 66,32,500
3. CAPITAL RESERVE:				
Per last Balance Sheet.....		1,70,19,876		1,90,19,876
Less: Transferred on account of Demerger.....		11,95,221		-
Less: Transferred to Other Liabilities		<u>-</u>		<u>20,00,000</u>
Balance Carried Forward			<u>1,58,24,655</u>	<u>1,70,19,876</u> 2,72,05,728
			1,87,11,714	

SCHEDULE "2" - RESERVES AND SURPLUS (Contd.)

	Rupees	Rupees	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
Balance Brought Forward			1,87,11,714	2,72,05,728
4. RESERVE ON CONSOLIDATION:				
Per last Balance Sheet.....		11,88,51,647		11,60,38,398
Add: Addition on Acquisition of new subsidiaries		74,73,939		28,13,249
Less: Amount transferred to liabilities		9,50,000		-
			12,53,75,586	11,88,51,647
5. REVALUATION RESERVE:				
Per last Balance Sheet.....		3,63,31,562		68,92,64,955
Less : Transferred to General Reserve (see Note no.13 in Schedule 11).....		3,63,31,562		65,29,33,393
			-	3,63,31,562
6. SECURITIES PREMIUM:				
Per last Balance Sheet.....		3,77,32,994		3,77,32,994
Less:- Transferred on account of Demerger.....		2,15,56,789		-
			1,61,76,205	3,77,32,994
7. INVESTMENT ALLOWANCE RESERVE UTILISED ACCOUNT:				
Per last Balance Sheet.....			1,37,710	1,37,710
8. FOREIGN PROJECTS RESERVE:				
Per last Balance Sheet.....			2,85,933	2,85,933
9. AMALGAMATION RESERVE:				
Per last Balance Sheet.....		5,77,37,740		20,56,78,478
Less:- Transferred on account of Demerger.....		5,77,37,740		-
				20,56,78,478
Less: Voluntary Retirement Compensation (net of deferred tax Rs.7,26,32,397) [Adjustment pursuant to the Court Order (see Note no.2(d) in Schedule 11)]				14,10,55,148
Less: Impairment Provision (net of deferred tax Rs.28,08,838) [Adjustment pursuant to the Court Order (see Note no 2(d) in Schedule 11)]				54,54,880
Less: Amalgamation Expenses [Adjustment pursuant to the Court Order]				14,30,710
				5,77,37,740
10. GENERAL RESERVE:				
Per last Balance Sheet.....		380,00,98,045		278,37,56,282
Add: Transferred from Revaluation Reserve		3,63,31,562		65,29,33,393
				383,64,29,607
Add:Transferred from Profit and Loss Account.....		18,47,93,453		36,73,01,000
				402,12,23,060
Less:- Transferred on account of Demerger.....		87,06,25,205		-
Less:- Transferred on account of Demerger/Amalgamation Expenses.....		1,71,99,808		-
Less: Transition provision for Medical benefits as per Revised AS 15 (see Note no.16 in Schedule 11)		33,10,548		38,92,630
			313,00,87,499	380,00,98,045
Balance in Profit and Loss Account			(79,39,44,092)	(60,97,41,536)
TOTAL RUPEES			249,68,30,555	346,86,39,823

SCHEDULE "3" - SECURED LOANS

	Rupees	Rupees	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
1. TERM LOANS FROM BANKS:				
A. Rupee Loans from				
1. New India Co-op. Bank Limited.....			9,69,51,687	9,72,20,965
2. Export - Import Bank of India			11,42,85,720	48,62,00,264
3. The Federal Bank Limited			30,87,50,000	28,91,50,000
4. State Bank of India.....			19,61,39,008	53,81,46,220
5. Industrial Development Bank of India Limited			-	5,85,04,325
6. UTI Bank Limited.....			2,67,19,455	4,85,10,000
7. Bank of India.....			12,75,00,000	11,25,00,000
8. HDFC Bank Limited.....			-	24,27,323
B. Foreign Currency Loans from				
1. Export - Import Bank of India			-	17,73,00,628
2. TERM LOANS FROM OTHERS:				
1. Finance Lease.....			9,58,526	18,60,863
2. Hire purchase liability.....			12,81,475	25,37,616
3. SHORT TERM LOANS FROM BANK:				
(i) Cash Credit and Packing Credit	77,28,93,962			71,06,13,570
(ii) Demand Loan.....	25,96,13,574			61,97,90,269
(iii) Overdraft.....	1,98,01,267			2,07,63,776
			105,23,08,803	135,11,67,615
TOTAL RUPEES			192,48,94,674	316,55,25,819

SCHEDULE "4" - UNSECURED LOANS

	Rupees	Rupees	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
1. FIXED DEPOSITS			70,71,460	2,89,88,000
2. SHORT TERM LOANS AND ADVANCES				
From Banks -				
(i) Short Term and call loans from banks		10,00,00,000		10,00,00,000
(ii) Deferred Credit		18,12,43,132		23,51,719
			28,12,43,132	10,23,51,719
From Others -				
(i) (a) Inter-corporate deposits		57,29,41,535		27,91,43,050
(b) Interest accrued and due.....		1,49,61,959		7,10,707
			58,79,03,494	27,98,53,757
(ii) Sales tax deferment loan			-	5,54,83,995
TOTAL RUPEES			87,62,18,086	46,66,77,471

SCHEDULE "5" - FIXED ASSET

Description of Assets	GROSS BLOCK			DEPRECIATION BLOCK			NET BLOCK						
	Total Cost (after deducting sale proceeds where the cost is not ascertainable) upto 31st March, 2007	Opening Adjustments [see Note IB (x)]	Cost of additions during the year	Cost of deductions during the year	Total Cost (after deducting sale proceeds where the cost is not ascertainable) upto 31st March, 2008	Cumulative Depreciation upto 31st March, 2007	Opening Adjustments [see Note IB (x)] (see Footnote 2 and 3)	Depreciation on deductions for the year	Total Depreciation as at 31st March, 2008	Balance as at 31st March, 2007	Balance as at 31st March, 2008	Impairment Balance as at 31st March, 2008	Balance as at 31st March, 2008
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
TANGIBLE ASSETS													
1. Goodwill	1,22,190	-	-	-	1,22,190	1,22,190	-	-	1,22,190	-	-	-	-
2. Leasehold Land (see Footnote 7)	8,27,14,779	(1,50,000)	87,58,906	-	9,13,23,685	56,46,160	(1,50,000)	-	88,17,094	-	8,25,06,591	-	7,70,68,619
3. Leasehold Improvements	1,11,41,451	-	9,88,564	20,11,888	1,01,18,827	34,78,861	-	39,87,799	54,55,472	-	46,63,355	-	76,62,590
4. Freehold Land (see Footnote 5)	7,00,37,617	(22,45,450)	3,07,31,384	4,09,61,726	5,75,61,825	-	-	-	20,11,188	-	5,75,61,825	-	7,00,37,617
5. Buildings (see Footnote 1,5 and 6)	144,78,63,017	(49,61,44,046)	32,16,17,731	4,21,859	1,27,29,14,843	34,09,84,242	(44,23,43,850)	3,15,69,649	22,98,58,207	-	104,30,56,635	-	110,68,78,776
6. Canal Lining	1,22,884	(1,22,884)	-	-	-	1,16,740	(1,16,740)	-	-	-	-	-	6,144
7. Plant and Machinery (Owned)	468,90,00,841	(315,16,01,462)	22,59,18,704	23,53,91,958	152,79,26,123	263,04,95,949	(181,39,96,279)	15,68,44,244	78,58,37,267	-	74,20,88,858	-	205,85,04,892
(see Footnote 4 and 5)													
8. Plant and Machinery (Leased)	77,97,863	-	-	-	77,97,863	31,50,650	-	8,08,508	39,59,158	-	38,38,705	-	46,47,213
9. Furniture, Fixtures and Office Equipment	64,31,15,318	(8,98,30,906)	5,21,53,678	5,91,14,503	54,63,23,588	38,16,98,376	(4,51,96,464)	5,77,98,527	34,87,73,890	-	19,75,49,698	-	26,14,16,943
10. Shipping Vessels	9,84,17,360	-	9,84,17,360	9,84,17,360	2,51,53,845	2,51,53,845	-	-	13,84,78,720	-	15,14,96,033	-	15,19,26,051
11. Vehicles	28,74,49,785	(2,38,28,558)	7,08,71,920	4,45,18,395	28,99,74,752	13,55,23,734	(1,58,99,675)	4,66,35,226	2,77,80,559	-	22,82,761,699	-	381,14,12,361
Sub Total Tangible Assets	733,77,83,105	(376,39,23,306)	71,10,40,887	48,08,36,988	380,40,63,697	352,63,70,747	(201,77,03,008)	30,09,64,886	28,83,30,618				
INTANGIBLE ASSETS													
12. Computer Software	7,89,65,530	(96,67,026)	31,39,575	51,87,296	6,72,50,783	5,15,16,067	(46,07,666)	1,33,37,946	5,50,59,051	-	1,21,91,732	-	2,74,49,463
13. Brands, Patents and License fees	18,70,66,800	(10,00,000)	5,35,00,000	-	23,95,66,800	8,36,09,524	(3,12,500)	4,27,13,360	12,60,10,384	-	11,35,56,416	-	10,34,57,276
14. Intellectual Property / Distribution Rights	4,15,00,847	-	67,27,082	-	4,82,27,929	1,03,75,212	-	84,35,463	1,88,10,675	-	2,94,17,254	-	3,11,25,635
Sub Total Intangible Assets	30,75,33,177	(1,06,67,026)	6,33,66,657	51,87,296	35,50,45,512	14,55,00,803	(49,20,166)	6,44,86,769	51,87,296		15,51,65,402		16,20,32,374
TOTAL RUPEES	764,53,16,282	(377,45,90,332)	77,44,07,544	48,60,24,285	415,91,09,209	367,18,71,550	(202,26,23,174)	36,54,51,655	29,35,17,914		243,79,27,102		397,34,44,732
<i>Previous Year</i>	<i>703,91,25,501</i>	<i>(45,21,664)</i>	<i>152,36,94,156</i>	<i>91,29,81,711</i>	<i>764,53,16,282</i>	<i>331,10,88,354</i>	<i>(27,53,902)</i>	<i>51,67,63,585</i>	<i>16,14,88,204</i>		<i>397,34,44,732</i>		

Footnotes:

- Buildings (Cost) include: (i) Residential flats and office premises Rs.23,81,69,963; (Previous year Rs.22,93,28,762) (including Rs.77,21,353; (Previous year Rs.69,53,778) in respect of which Co-operative societies are yet to be formed) (ii) Shares in Co-operative Housing Societies, Association of apartment owners and in a company Rs.18,650; (Previous year Rs.17,150) (iii) Premises on freehold land where the Company is yet to be registered as the owner of a proportionate share in the land Rs.28,65,500; (Previous year Rs.28,65,500) (iv) Premises constructed on land belonging to a third party under agreed terms Rs.13,38,848; (Previous year Rs.13,38,848) (v) Jointly owned Residential Premises Rs.28,38,685; (Previous year Rs.28,38,685) (vi) In respect of Office premises of Rs.72,06,806/- at Delhi where conveyance of property is pending.
- (a) The charge for depreciation in the Profit and Loss Account is net of Government grants allocated to income Rs. Nil; (Previous year Rs.2,54,600). Amount yet to be recognised in the Profit and Loss Account as at the year end and shown as Deferred Government grant Rs. Nil; (Previous year Rs.1,64,500).
(b) The charge for depreciation in the Profit and Loss Account includes depreciation amounting to Rs.33,93,000 (Previous year Rs. Nil) in respect of a Subsidiary which has been converted into associate during the year and Rs.2,37,083 (Previous year Rs. Nil) in respect of subsidiary which has been sold off during the year.
- Depreciation Capitalised during the year Rs.5,73,089; (Previous year Rs.44,15,206).
- Plant and Machinery includes equipment acquired on hire purchase costing Rs.1,35,65,093; (Previous year Rs.1,35,65,093) carried at the year end at Rs.37,32,282; (Previous year Rs.51,36,276).
- Assets held for disposal included above are as under:

Description of Assets	As at 31st March, 2008	As at 31st March, 2007	Depreciation for the year	Depreciation for the Previous year
	Rupees	Rupees	year	Previous year
1. Freehold Land (at revaled amount)	-	3,65,03,000	-	-
2. Buildings (at revaled amount)	-	16,239	-	3,761
3. Plant and Machinery (at cost)	-	16,88,551	-	-
		<u>3,82,07,790</u>		<u>3,761</u>

Also see Note no.27 in Schedule 11.

- Building include a jointly owned asset Rs.19,23,428; (Previous year Rs.10,25,000).
- Leasehold Land includes Rs.12,83,513 (Previous Year Rs.12,83,513) at Bhimtal, which is written off in equal 99 yearly instalments, being the lease period.
- Deletion to Plant & Machinery include gains Rs. Nil; (Previous year Rs. 10,02,598) on restatement of foreign currency liabilities attributable to assets acquired from outside India.

SCHEDULE "6" - INVESTMENTS [fully paid-up unless otherwise stated]

	Rupees	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
A. LONG TERM			
1. INVESTMENT IN GOVERNMENT SECURITIES:			
Unquoted			
(i) National Savings Certificate (Deposit with third parties)		8,250	31,250
(ii) 5.5% Rural Electrification Corporation Limited - Bonds		45,00,00,000	45,00,00,000
2. INVESTMENT IN ASSOCIATES:			
Cost of Investment (including Rs. 3,48,44,046; Previous year Rs.66,504 as Capital Reserve net of goodwill on acquisition Rs.45,40,718; Previous year Rs.45,40,718).....	8,76,04,434		1,87,61,752
Add: Adjustments for post-acquisition share of profit/ (loss) of associates (Equity Method).....	(2,51,83,923)		31,64,496
Net Carrying Value.....		6,24,20,511	2,19,26,248
3. TRADE INVESTMENTS:			
Unquoted Equity Shares		1,43,731	1,43,731
4. OTHER THAN TRADE INVESTMENTS:			
(i) Quoted Equity Shares.....	73,93,186		5,01,43,070
(ii) Unquoted Equity Shares.....	1,87,32,067		2,19,756
		2,61,25,253	5,03,62,826
5. INVESTMENT IN MUTUAL FUNDS		28,67,69,028	34,69,39,282
6. INVESTMENT IN IMMOVABLE PROPERTIES:			
(i) Equity Shares	2,500		2,500
(ii) Debentures	3,88,951		3,88,951
		3,91,451	3,91,451
		82,58,58,224	86,97,94,788
B. CURRENT			
OTHER THAN TRADE INVESTMENTS:			
(i) Quoted Equity Shares.....	55,99,250		1,63,59,097
(ii) Quoted - Unit Trust of India.....	1,09,52,200		1,09,52,200
(iii) Unquoted - Investment in Mutual Funds	-		2,43,034
		1,65,51,450	2,75,54,331
		84,24,09,674	89,73,49,119
Less: PROVISION FOR DIMINUTION IN THE VALUE OF INVESTMENTS		9,03,784	9,68,378
TOTAL RUPEES		84,15,05,890	89,63,80,741
Quoted Investments		2,63,04,387	8,21,81,918
Unquoted Investments		81,52,01,503	81,41,98,823
(Cost less Provision for Diminution)		84,15,05,890	89,63,80,741
Market Value of Quoted Investments		24,70,00,802	14,60,92,671

SCHEDULE "7" CURRENT ASSETS, LOANS AND ADVANCES

	Rupees	Rupees	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
CURRENT ASSETS:				
(a) INVENTORIES:				
STORES, SPARES AND LOOSE TOOLS		2,86,69,409		10,52,40,017
STOCK-IN-TRADE				
(i) Raw Materials and Components	52,85,38,269			69,77,66,990
(ii) Stock-in-Process	6,66,17,439			21,51,89,840
(iii) Finished Goods	<u>156,61,87,771</u>			<u>151,66,11,474</u>
		<u>216,13,43,479</u>	219,00,12,888	<u>242,95,68,304</u>
(b) SUNDRY DEBTORS:				
(i) Debts Outstanding for a period exceeding six months:				
(a) Secured, Considered Good	1,49,888			-
(b) Secured, Considered Doubtful	20,15,393			1,91,60,564
(c) Unsecured, Considered Good	25,42,31,035			15,50,10,139
(d) Unsecured, Considered Doubtful	<u>16,59,17,305</u>			<u>9,25,08,690</u>
		<u>42,23,13,621</u>		<u>26,66,79,393</u>
(ii) Other Debts:				
(a) Secured, Considered Good.....	-			2,26,09,926
(b) Unsecured, Considered Good	1,43,30,14,133			146,86,23,662
(c) Considered Doubtful	<u>15,74,224</u>			<u>9,39,61,819</u>
		<u>143,45,88,357</u>		<u>158,51,95,407</u>
		185,69,01,978		185,18,74,800
Less: Provision for Doubtful Debts		<u>16,95,06,922</u>	168,73,95,056	<u>20,56,31,073</u>
				164,62,43,727
(c) CASH AND BANK BALANCES:				
(i) Cash, cheques on hand and remittances in transit.....		9,58,16,413		15,89,44,643
(ii) Bank Balances:				
A. With Scheduled Banks:				
On Current Accounts	57,30,04,096			61,40,18,726
On Margin Accounts	20,93,813			37,03,121
On Deposit Accounts	<u>8,40,56,020</u>			<u>10,36,38,634</u>
		<u>65,91,53,929</u>		<u>72,13,60,481</u>
B. With Others	<u>1,99,94,497</u>			<u>1,58,68,955</u>
		<u>67,91,48,426</u>	77,49,64,839	<u>73,72,29,436</u>
				89,61,74,079
(d) OTHER CURRENT ASSETS:				
Interest and Dividend accrued on Investments			<u>2,56,57,853</u>	2,09,16,605
			467,80,30,636	509,81,42,732
(e) LOANS AND ADVANCES:				
(Unsecured, considered good unless otherwise stated)				
(i) Loans :				
(a) Unsecured, Considered Good	44,37,34,687			24,70,48,859
(b) Secured, Considered Doubtful	47,16,03,005			47,09,05,229
(c) Unsecured, Considered Doubtful	<u>64,813</u>			-
		<u>91,54,02,505</u>		<u>71,79,54,088</u>
Less: Provision for Doubtful Loans	<u>47,16,67,818</u>			<u>47,09,05,229</u>
		44,37,34,687		24,70,48,859
Carried forward.....			467,80,30,636	509,81,42,732

SCHEDULE “7” CURRENT ASSETS, LOANS AND ADVANCES (contd.)

	Rupees	Rupees	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
<i>Balance Brought forward</i>			467,80,30,636	509,81,42,732
(ii) Advances recoverable in cash or in kind or for value to be received:				
(a) Secured	46,91,877			15,15,929
(b) Unsecured	80,27,08,751			107,81,34,544
(c) Considered Doubtful	99,11,687			15,89,346
	<u>81,73,12,315</u>			<u>108,12,39,819</u>
Less: Provision for Doubtful Advances	99,11,687			15,89,346
		80,74,00,628		<u>107,96,50,473</u>
(iii) (a) Taxes paid less provisions including Fringe Benefit Tax (other than deferred tax)		72,93,88,249		63,47,90,554
(b) Deposit with IDBI under Companies Deposit (Surcharge on Income-tax) Scheme 1986.....		5,30,087		5,18,000
(iv) Balance with Central Excise, Custom, Port Trust and Sales Tax				
(a) Considered Good	6,67,73,736			21,89,88,770
(b) Considered Doubtful	-			17,03,593
	<u>6,67,73,736</u>			<u>22,06,92,363</u>
Less: Provision for Doubtful Advances	-			17,03,593
		6,67,73,736		21,89,88,770
(v) Other Deposits		16,89,27,170		4,94,34,449
(vi) VAT Credit receivable (input)		25,754		-
			<u>221,67,80,311</u>	<u>223,04,31,105</u>
TOTAL RUPEES			<u>689,48,10,947</u>	<u>732,85,73,837</u>

SCHEDULE “8” - CURRENT LIABILITIES AND PROVISIONS
1. CURRENT LIABILITIES:

(i) Acceptances		1,19,93,681		29,86,27,467
(ii) Sundry Creditors		145,26,71,345		143,07,24,754
(iii) Customers’/Security Deposits, credit balances and advances against supplies and services to be rendered ...		61,95,34,754		76,48,70,939
(iv) Liability towards Investors’ Education and Protection Fund under section 205C of the Companies Act, 1956, not due				
(1) Unpaid Dividends		41,24,525		47,34,513
(2) Unpaid Matured Deposit (see Footnote 1)		17,81,500		38,70,000
(3) Interest accrued on (2) and (3) above (see Footnote 2).....		13,62,652		22,65,750
		<u>72,68,677</u>		<u>1,08,70,263</u>
(v) Other Liabilities		223,00,38,487		198,88,69,898
(vi) Share Application Money pending Allotment		15,13,154		16,04,50,500
(vii) Interest accrued but not due on loans		54,55,624		1,64,67,646
			<u>432,84,75,722</u>	<u>467,08,81,467</u>
<i>Carried forward</i>			432,84,75,722	467,08,81,467

SCHEDULE "8" - CURRENT LIABILITIES AND PROVISIONS (contd.)

	Rupees	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
<i>Balance Brought forward</i>		432,84,75,722	467,08,81,467
2. PROVISIONS:			
(i) Employee Benefits	13,75,42,071		12,87,46,489
(ii) Provision for Warranties	4,51,15,152		5,67,94,906
(iii) Contingencies [see Note no. 3 (c) in Schedule 11]	9,65,303		59,45,570
(iv) Tax provisions less payments including Fringe Benefit Tax (other than deferred tax).....	62,12,13,391		58,44,39,096
(v) Proposed Dividend	1,90,98,327		4,45,62,763
(vi) Corporate Dividend tax	1,15,64,891		1,17,17,252
		83,54,99,135	83,22,06,076
TOTAL RUPEES		516,39,74,857	550,30,87,543

Footnotes:

1. Includes Rs.6,00,000 (*Previous year Rs. 6,00,000*) in respect of deposits accepted by the Company which are not paid pending receipt of appropriate order from the Court.
2. Includes Rs.5,25,821 (*Previous year Rs.5,25,821*) in respect of deposits accepted by the Company which are not paid pending receipt of appropriate order from the Court.

SCHEDULE "9" - VOLUNTARY RETIREMENT COMPENSATION

	Rupees	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
Opening Balance		2,69,672	6,38,03,545
Add: Paid / Provided during the year.....		-	15,03,55,926
		2,69,672	21,41,59,471
Less: Adjustments in Deferred Tax (see Note no. 2 (d) in Schedule 11).....		-	7,26,32,397
Less: Transferred to Amalgamation Reserve [Adjustment pursuant to the Court Order (see Note no. 2 (d) in Schedule 11)].....		-	14,10,55,148
Less: Amortised		2,02,254	2,02,254
TOTAL RUPEES		67,418	2,69,672

SCHEDULE "10" - MANUFACTURING, TRADING AND OTHER EXPENSES

	Rupees	Rupees	For the year ended 31st March, 2008 Rupees	For the year ended 31st March, 2007 Rupees
1. MATERIALS CONSUMED:				
Raw Materials and Components:				
Opening Stock.....		69,77,66,990		70,76,08,060
Less: Capitalised during the year		38,06,576		-
Less: Transferred on account of Demerger		29,73,59,912		-
Add: Purchases		369,42,88,944		442,59,58,567
		409,08,89,446		513,35,66,627
Less: Provision for reduction in the value of inventory.....		772,32,761		2,34,80,619
Less: Closing Stock.....		52,85,38,269		69,77,66,990
Add: Dyes and Chemicals consumed		-		10,65,65,005
			348,51,18,416	451,88,84,023
<i>Carried forward</i>			349,78,51,334	451,88,84,023

SCHEDULE "10" - MANUFACTURING, TRADING AND OTHER EXPENSES (contd.)

	Rupees	Rupees	For the year ended 31st March, 2008 Rupees	For the year ended 31st March, 2007 Rupees
<i>Balance Brought forward</i>			349,78,51,334	451,88,84,023
2. PURCHASES OF TRADING STOCKS			180,82,47,400	177,95,22,806
3. DIRECT LOTTERY EXPENSES			3,48,159	100,68,77,929
4. STORES, SPARES AND TOOLS CONSUMED			21,96,48,339	33,16,56,446
5. PROCESSING CHARGES			10,87,93,538	19,69,74,288
6. POWER AND FUEL			12,64,97,960	48,28,57,449
7. IN-CHARTERING COSTS			2,96,38,992	14,54,09,216
8. PAYMENTS TO AND PROVISIONS FOR EMPLOYEES:				
(a) Salaries, Wages, Bonus and Commission		165,25,19,312		171,99,14,899
(b) Gratuity		3,14,88,447		2,28,30,020
(c) Ex-Gratia Payments		2,33,12,484		2,23,99,134
(d) Company's Contribution to Provident Fund and Other Funds		8,48,28,651		11,44,36,523
(e) Workmen and Staff Welfare Expenses		10,04,53,565		14,09,28,320
(f) Company's Contribution to Employees' State Insurance Scheme		2,91,01,008		3,22,39,319
			192,16,03,467	205,27,48,215
9. SELLING AND DISTRIBUTION EXPENSES:				
(a) Commission to Dealers		2,76,76,401		6,96,00,873
(b) Brokerage and Discount		5,23,38,144		5,04,73,689
(c) Freight and Forwarding Charges		26,01,47,816		38,35,37,591
(d) Advertisement Expenses		35,84,43,475		42,35,56,187
(e) Selling & Sales Promotion Expenses		29,01,26,791		29,27,11,726
			98,87,32,627	121,98,80,066
10. OTHER EXPENSES:				
(a) Repairs to				
(i) Plant and Machinery	2,21,25,208			11,29,95,750
(ii) Buildings	1,42,81,704			2,34,00,547
(iii) Others	7,84,34,711			12,94,83,969
		11,48,41,623		26,58,80,266
(b) Rent		14,76,18,391		11,07,28,781
(c) Rates and Taxes		8,49,21,418		8,60,61,410
(d) Stamps, Telegrams, Stationery, Printing, Telephones and Other Communication		20,66,04,261		22,18,73,613
(e) Legal and Professional Charges		10,69,62,602		10,61,39,200
(f) Bad Debts/Advances written off	3,30,46,117			2,86,61,953
Less: Provision held	-			4,47,926
		3,30,46,117		2,82,14,027
(g) Provision for Doubtful Debts		2,36,94,462		3,62,18,291
(h) Provision for Warranties		-		42,29,470

SCHEDULE "10" - MANUFACTURING, TRADING AND OTHER EXPENSES (contd.)

	Rupees	Rupees	For the year ended 31st March, 2008 Rupees	For the year ended 31st March, 2007 Rupees
(i) Auditors' Remuneration:				
(i) Audit Fees	42,41,953			50,05,713
(ii) Tax Audit Fees	5,41,339			5,49,839
(iii) Company Law Matters	25,000			32,500
(iv) Other Matters	16,61,109			18,55,308
(v) Service Tax	3,98,013			6,51,745
(vi) Out of Pocket Expenses	1,44,488			1,97,557
		70,11,902		82,92,662
(j) Commission on Profits to Non-whole-time Directors		1,32,00,000		1,30,31,250
(k) Deferred Revenue Expenditure written off - others		5,61,758		3,00,592
(l) Excise duty		21,27,414		43,67,018
(m) Provision for Contingencies		-		59,45,570
(n) Vehicle Expenses		16,12,82,930		17,56,45,184
(o) Travel and Conveyance		20,29,75,907		23,49,04,804
(p) Service Charges		61,95,94,317		49,56,05,975
(q) Miscellaneous Charges		56,40,79,661		41,91,18,478
			244,37,88,516	230,01,92,095
			1113,24,17,414	1403,50,02,533
11. Less: RECOVERIES FROM THIRD PARTIES			29,78,665	2,12,27,255
			1112,94,38,749	1401,37,75,278
12. ADJUSTMENT OF STOCKS:				
Opening Stocks:				
Stock-in-Process	21,51,89,840			20,75,56,292
Finished Goods	151,66,11,474			114,53,16,699
	173,18,01,314			135,28,72,991
Less: Transferred on account of Demerger				-
Stock-in-Process	9,76,16,488			-
Finished Good	29,62,33,803			-
	39,38,50,291			-
Add: Opening Stock of new Joint ventures & Subsidiaries	-			28,36,584
		133,79,51,023		135,57,09,575
Less: Closing Stocks:				
Stock-in-Process	6,66,17,439			21,51,89,840
Finished Goods	156,61,87,771			151,66,11,474
		163,28,05,210		173,18,01,314
Decrease in Excise duty on closing stock		(23,07,695)		(28,61,712)
(Increase) / Decrease in stocks			(29,71,61,882)	(37,89,53,451)
TOTAL RUPEES			1083,22,76,867	1363,48,21,827

SCHEDULE "11"**ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2008****1. SIGNIFICANT ACCOUNTING POLICIES:****A. BASIS OF ACCOUNTING AND USE OF ESTIMATES**

- (i) The financial statements are prepared as per historical cost convention and in accordance with the generally accepted accounting principles in India and the applicable Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006. All the income and expenditure having material bearing on the financial statements are recognised on accrual basis.
- (ii) 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.
- (iii) The financial statements of the Company, its Subsidiaries, Associates and Jointly controlled entities used in the consolidation are drawn upto the same reporting date i.e. 31st March, 2008 except for the financial statements of one Jointly Controlled Entity and one Associate of Eureka Forbes Limited, which is a 100% subsidiary of the Company, which are drawn upto 31st December 2007.

B. PRINCIPLES OF CONSOLIDATION

- (i) The Consolidated Financial Statements relate to Forbes and Company Ltd. ("the Company"), its subsidiaries and jointly controlled entities ("the Group)" which have been prepared in accordance with the Accounting Standards on Consolidated Financial Statements (AS-21) and Financial Reporting of Interests in Joint Ventures (AS-27) notified under the Companies (Accounting Standards) Rules, 2006. Further, the Consolidated Financial Statements include investments in associates accounted for using the equity method in accordance with the Accounting Standard on Accounting for Investments in Associates in Consolidated Financial Statements (AS-23) notified under the Companies (Accounting Standards) Rules, 2006.
- (ii) The financial statements of the Company and its subsidiaries have been combined on line-by-line basis by adding the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra -group transactions resulting in unrealised profits or losses. Interests in joint ventures are aggregated in the consolidated financial statements by using the proportionate consolidation method, which means that the Group's share in book values of like items of assets, liabilities, income and expenses are aggregated after eliminating the intra-group balances and transactions to the extent of the proportionate share of the Group in the joint venture.
- (iii) The excess of cost of investment in the subsidiary / jointly controlled entity over the Company's portion of equity of the subsidiary / jointly controlled entity, at the date on which investment is made, is recognised in the financial statements as Goodwill on Consolidation.
- (iv) The excess of Company's portion of equity of the subsidiaries / jointly controlled entities over the cost of the investments by the Company, at the date on which investments are made is treated as a Capital Reserve on Consolidation.
- (v) Minority interests in the net assets of the subsidiaries consists of :
 - [1] the amount of equity attributable to minorities at the date on which accounts are made.
 - [2] the minorities' share of movements in the reserves since the date the parent- subsidiary relationship came into existence is recognised in the Profit and Loss Account unless the minority interests are committed on the basis of guarantees or other obligations to the Company by way of agreement or memorandum of undertaking.
- (vi) Figures pertaining to the subsidiaries and the interests in jointly controlled entities have been reclassified wherever necessary to bring them in line with the Company's financial statements.

(vii) Subsidiaries:

The Group's financial statements comprise figures aggregated for the Company, its subsidiaries and its interest in jointly controlled entities. Subsidiaries are entities in which the Company owns, either directly or indirectly, more than half of the shares with voting rights or where the Company has a controlling influence on the basis of agreements.

Subsidiaries are included in the consolidated financial statements from the point in time at which the controlling influence is transferred to the Group and are no longer included in the consolidated financial statements from the point in time at which the controlling

SCHEDULE "11"- NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2008 (Contd.)

influence ceases. The controlling influence is usually transferred at the date of acquisition.

The list of subsidiary companies which are included in the consolidation and the Group's holdings therein are as under:

Sr.	Name of the Company	Incorporated In	Percentage Holding (%)	
			For the year ended 31st March, 2008	For the year ended 31st March, 2007
1	Eureka Forbes Limited	India	100.00	100.00
2	Forbes Finance Limited	India	100.00	100.00
3	Latham India Limited	India	100.00	100.00
4	Volkart Fleming Shipping & Services Limited	India	100.00	100.00
5	Aquamall Water Solutions Limited	See Footnote 1	100.00	100.00
6	Forbes Aquamall Limited	See Footnote 2	100.00	100.00
7	Euro Forbes International Pte. Limited	See Footnote 1	100.00	100.00
8	Forbes Facility Services Private Limited	See Footnote 1	100.00	70.00
9	Forbes Doris & Naess Maritime Limited	India	60.00	60.00
10	Forbes Sterling Star Limited	Vanuatu	100.00	100.00
11	Forbes Campbell Services Limited (formerly known as Forbes Services Limited)	India	72.00	72.00
12	Forbes Technosys Limited	India	66.67	100.00
13	Forbes Tinsley Company Limited	India	60.00	60.00
14	Forbes Container Line Pte. Ltd	Singapore	100.00	100.00
15	Forbes Smart Data Limited	India	100.00	100.00
16	Forbes Bumi Armada Ltd (w.e.f 01.04.2007)	India	51.00	-
17	Next Gen Publishing Limited (upto 10.07.2007)	See Footnote 3	-	68.29
18	Warrior (Investment) Limited (upto 31.05.2007)	See Footnote 4	-	100.00
19	Forbes Campbell Holdings Limited (upto 31.05.2007)	See Footnote 4	-	100.00
20	Gokak Textiles Limited (upto 01.04.2007)	See Footnote 5	-	100.00
21	Pro Handyman India Limited (upto 31.12.2007)	See Footnote 5	-	70.00

Footnote:-

1. Subsidiaries of Eureka Forbes Limited.
2. Forbes Aquamall Limited is a wholly owned subsidiary of Aquamall Water Solutions Limited.
3. The entity has ceased to be subsidiary and has become associate w.e.f. 10.07.2007.
4. The entity has amalgated on 31.05.2007 with subsidiary - Forbes Finance Limited.
5. The entity has ceased to be subsidiary.

The financial position and results (post acquisition/pre disposal but prior to elimination of intra-group transactions and balances), goodwill or capital reserve recognised on acquisition, capital commitments and contingent liabilities in respect of the subsidiaries where controlling interests were acquired/sold during the year are given below:

	Forbes Bumi Armada Ltd	Next Gen Publishing Limited		Gokak Textiles Limited		Pro Handyman India Limited	
	For the year ended 31st March, 2008	For the year ended 31st March, 2008 *	For the year ended 31st March, 2007	For the year ended 31st March, 2008	For the year ended 31st March, 2007	For the year ended 31st March, 2008	For the year ended 31st March, 2007
Net block of fixed assets	-	-	3,35,04,805	-	-	-	12,75,186
Intangible Assets	-	-	26,20,771	-	-	-	-
Capital work-in-progress	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-
Current assets, loans and advances	35,22,472	-	8,60,52,964	-	5,00,200	-	11,14,911
Current liabilities and provisions	17,76,544	-	7,84,99,251	-	35,990	-	81,87,176
Secured loans	-	-	23,18,258	-	-	-	-
Unsecured Loans	-	-	6,73,00,000	-	-	-	-
Net Deferred Tax Liabilities	-	-	-	-	-	-	(23,092)
Net Assets	17,45,928	-	(2,59,38,969)	-	4,64,210	-	(58,20,171)
Minority Interests' share	8,55,505	-	-	-	-	-	(17,46,051)
Group's share in Net Assets	8,90,423	-	(259,38,969)	-	4,64,210	-	(40,74,120)
Net Profit or (Loss)	(32,54,072)	(3,83,45,697)	(10,16,91,847)	-	(14,250)	(1,27,62,578)	(63,20,171)
Minority Interests' share	(15,94,495)	-	(2,40,22,834)	-	-	-	(18,96,051)
Group's share	(16,59,577)	(3,83,45,697)	(7,76,69,013)	-	(14,250)	(1,27,62,578)	(44,24,120)
Goodwill/ Capital reserve	-	-	-	-	-	-	-

* Net loss upto the date of sale of subsidiary

SCHEDULE "11"- NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2008 (Contd.)

(viii) **Foreign Subsidiaries**

The consolidated financial statements includes three subsidiaries incorporated outside India whose financial statements have been drawn up in accordance with the generally accepted accounting practices (GAAP) as applicable locally. These financial statements have been re-stated in Indian Rupees considering them as non-integral part of the Group's operations and the resultant exchange gain / loss on conversion has been carried forward as Translation Reserve. In the opinion of the Management, based on the analysis of the significant transactions at subsidiaries, no material adjustments are required to be made to comply with group accounting policies / Indian Accounting Standards.

(ix) The column "Opening Adjustments" in Schedule 5 represents the subsidiaries and jointly controlled entities acquired / sold during the year.

(x) **Jointly Controlled Entities:**

Interests in jointly controlled entities comprise of the share of the Group's interest in a company in which the Group has acquired joint control over its economic activities by contractual agreement.

Interests in jointly controlled entities are included in the consolidated financial statements of the Group from the point in time at which the joint control is transferred to the Group and are no longer included in the consolidated financial statements from the point in time at which the joint control ceases. Interests in joint ventures are aggregated in the consolidated financial statements by using the proportionate consolidation method, which means that the Group's share in book values of like items of assets, liabilities, income and expenses are aggregated after eliminating the intra-group balances and transactions to the extent of the proportionate share of the Group in the joint venture. If the acquisition values of the shares in the joint ventures exceed the share in the net assets, the difference is assigned to Goodwill. If the acquisition cost falls below the share in the acquired joint ventures net assets, the difference is treated as a Capital Reserve.

The financial statements of the following companies which are in the nature of jointly controlled entities have been consolidated as aforesaid.

Sr No.	Name of the Company	Incorporated In	Percentage Holding (%)		
			For the year ended 31st March, 2008	For the year ended 31st March, 2007	
1	Forbes Infotainment Limited	India	49.00	49.00	
2	Nypro Forbes Moulds Private Limited	India	50.00	50.00	
3	Nypro Forbes Products Private Limited	India	50.00	50.00	
4	Edumetry Inc.	USA	50.00	50.00	
5	Forbes Edumetry Limited	India	50.00	50.00	
6	SCI Forbes Ltd	India	25.00	25.00	
7	Forbes Aquatech Limited	See Footnote	India	50.00	50.00
8	Forbes Concept Hospitality Services Private Limited	See Footnote	India	50.00	50.00
9	Forbes Lux Group AG	See Footnote	Switzerland	50.00	50.00
10	Barwil Forbes Shipping Services Limited (up to 21.02.2007)	India	-	50.00	

Footnote:-

Jointly controlled entities of Eureka Forbes Limited.

The movement in the Group's share of the post acquisition reserves of jointly controlled entities are as follows:

	year ended 31st March, 2008	year ended 31st March, 2007
Proportionate Reserves and Surplus as at the beginning of the year.	(35,14,24,368)	(28,50,47,083)
Proportionate Translation Reserves.	(3,74,608)	3,60,453
Proportionate deficit in Profit and Loss Account (net of dividend).	(17,39,64,349)	(6,28,61,305)
Proportionate reversal in respect of investments disposed off.	-	(38,76,433)
Proportionate Reserves and Surplus as at the end of the year.	(52,57,63,325)	(35,14,24,368)

SCHEDULE "11"- NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2008 (Contd.)

The proportionate share of assets, liabilities, income and expenditure of the above jointly controlled entities included in these consolidated financial statements are given below :

	2007-08 Rs	2006-07 Rs
ASSETS		
Net Block (including Capital Work in Progress)	42,91,90,039	41,68,10,086
Investments	1,85,16,061	1,250
Deferred Tax Asset	1,16,767	94,559
Current Assets, Loans and Advances	23,06,42,365	11,82,38,241
Miscellaneous Expenditure	7,68,897	10,62,345
	67,92,34,129	53,62,06,481
LIABILITIES		
Reserves & Surplus	(52,47,98,544)	(34,99,46,194)
Secured Loans	13,44,47,304	11,90,71,080
Unsecured Loans	47,17,73,567	19,49,43,378
Deffered Tax Liability	22,01,808	16,81,116
Current Liabilities & Provisions	28,58,09,777	29,29,36,982
	36,94,33,912	25,86,86,362
INCOME		
Sales	83,07,92,121	127,66,83,637
Services and Other Income	2,20,61,863	59,11,713
	85,28,53,984	128,25,95,350
EXPENSES		
Manufacturing, Trading and Other expenses	89,50,76,424	127,32,68,918
Interest	3,16,01,593	1,10,48,897
Depreciation	6,96,38,010	6,20,56,206
Prior Period Items	(3,02,29,981)	21,411
Taxes -Wealth Tax	852	843
- Income Tax - Current	14,60,529	9,17,000
- Fringe Benefits Tax	5,25,808	8,14,844
- Income Tax - Deferred	4,98,484	(1,48,242)
	96,85,71,719	134,79,79,877

Name of the Joint Venture Company	2007-08		2006-07	
	Contingent Liabilities	Capital Commitment	Contingent Liabilities	Capital Commitment
	Rupees	Rupees	Rupees	Rupees
Forbes Infotainment Limited	14,75,880	-	40,70,19,000	-
Nypro Forbes Moulds Private Limited	23,26,136	-	32,79,000	-
Nypro Forbes Products Private Limited	6,17,871	3,70,751	1,24,000	1,72,84,000
Forbes Edumetry Limited	-	-	-	-
Edumetry Inc.	-	-	-	-
SCI Forbes Ltd	-	78,18,13,200	-	80,13,36,000

(xi) Associate Companies:

Associate companies are defined as companies associate with the Group's operations in which the Group, either directly or indirectly, has a long-term holding usually corresponding to at least 20% but less than of 50% of the voting rights and on the basis of which the Parent Company has had a significant influence (but not control or joint control) during the year, unless it can be clearly proven otherwise.

Holdings in associate companies are reported in accordance with the equity method, meaning that shares in a Company are reported at acquisition value at the date of acquisition and subsequently adjusted with the Group's share of earnings in associate companies. The Group's share of the associate companies' net profit/loss after tax is included in the consolidated profit and loss statement.

The Group's holdings in associate companies are reported in the consolidated balance sheet at an amount corresponding to the Group's share of the associate companies' net assets including goodwill / capital reserve on consolidation and any impairment.

SCHEDULE “11”- NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2008 (Contd.)

When the Group’s shares of any accumulated losses exceed the acquisition value of an investment, the book value is set to zero and the reporting of future losses ceases, unless the Group is committed on the basis of guarantees or other obligations to the company in question.

The portion of unrealised profits and losses corresponding to the Group’s participation in the associate company is eliminated in conjunction with transactions between the Group and the associate companies; however unrealised losses are not eliminated if the cost of the transferred asset cannot be recovered. The corresponding adjustment is made to the value of investments in the associate companies.

The group’s investment in the following Associates are accounted in accordance with AS-23.

Name of the Company	Nature of Business	Percentage Holding (%)		
		For the year ended 31st March, 2008	For the year ended 31st March, 2007	
The Svadeshi Mills Company Limited	See Footnote 1	Textile industry - under liquidation	23.00	23.00
Sea Speed Shipping Agencies Limited	See Footnote 2	Shipping Agency Services	24.00	24.00
Trident Shipping Agencies Limited	See Footnote 2	Shipping Agency Services	24.00	24.00
Sea Falcon Shipping Services Limited	See Footnote 2	Shipping Agency Services	25.00	25.00
High Point Properties Limited	See Footnote 2	Property Development	50.00	50.00
Euro P2P Direct (Thailand) Co. Ltd.	See Footnote 3	Electrical Appliance	49.00	49.00
Next Gen Publishing Ltd.	See Footnote 4	Publication and Media	40.90	-
P. T. Gokak Indonesia	See Footnote 5	Textile industry	22.00	44.00
Warrior Logistics & Shipping Limited		Shipping Agency Services	-	50.00

Footnote :-

- 1 The investments in these associates have been fully provided for since the Group's share of losses exceeds the carrying amounts of the investments, since in view of the Management, there is no further obligation that the Company has guaranteed or otherwise committed for which additional losses are required to be accrued.
- 2 The entity is an associate of Forbes Finance Limited (a wholly owned subsidiary of the Company)
- 3 The entity is an associate of Eureka Forbes Limited (a wholly owned subsidiary of the Company)
- 4 The entity ceased to be subsidiary during the year and has become associate w.e.from 10.07.2007

The details of investment in associates are as under: -

Particulars	The Svadeshi Mills Company Limited	P.T.Gokak Indonesia	Sea Speed Shipping Agencies Limited	Trident Shipping Agencies Limited	Sea Falcon Shipping Services Limited	High Point Properties Limited	Euro P2P Direct (Thailand) Co. Ltd.	Next Gen Publishing Ltd.
No of equity shares	17,69,430	1,375	24,000	24,000	25,000	25,000	4,802	49,08,240
Cost of investments in equity	1,77,75,478	1,12,88,212	93,83,400	43,06,740	50,42,576	2,51,250	11,97,559	6,88,43,680
Post acquisition share in profit	-	-	30,64,660	28,610	168,219	17,810	-	(3,02,06,881)
Provision for Dimintion	1,77,75,476	1,12,88,210	-	-	-	-	11,97,559	-
Carrying cost of equity	2	2	1,33,74,667	51,32,794	50,05,669	2,70,578	-	3,86,36,799

C. FIXED ASSETS AND DEPRECIATION / AMORTISATION
(a) Tangible Fixed assets.

Tangible fixed assets acquired by the Group are reported at acquisition value 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.

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

SCHEDULE "11"- NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2008 (Contd.)

(b) Intangible assets.

Intangible assets are valued at cost less amortisation. These generally comprise of costs incurred to acquire computer software licences and to 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.

DEPRECIATION AND AMORTISATION :**I THE COMPANY : (30.96% of Total Depreciation)**

(a) The methods and the rates of depreciation are as under :

Class of Assets		Year of Acquisition	Method of Providing Depreciation	Rate of Depreciation
(i)	All fixed assets	Upto 30th 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 1st July, 1986	Straight Line Method	Schedule XIV to the Companies Act, 1956
(iii)	Vehicles	From 1st July, 1986 to 31st March, 1999	Written Down Value Method	Schedule XIV to the Companies Act, 1956
		From 1st April, 1999	Written Down Value Method	At the Rate of 40%
(iv)	Shipping vessels	From 1st July, 1986	Written Down Value Method	Schedule XIV to the Companies Act, 1956
(v)	Leasehold land and building thereon	From 1st July, 1986	Straight Line Method	Amortised over the period of the lease.
(vi)	Leasehold improvements	From 1st July, 1986	Straight Line Method	Amortised over the period of the lease.
(vii)	Building constructed on land belonging to third party	From 1st July, 1986	Straight Line Method	At the rate of 20%

II SUBSIDIARIES / JOINTLY CONTROLLED ENTITIES:

(i) Depreciation has been provided on written down value method and at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956 by Eureka Forbes Limited, Volkart Fleming Shipping & Services Limited, Aquamall Water Solutions Limited, Forbes Aquamall Limited and Forbes Facility Services Private Limited (Formerly known as Forbes Abans Cleaning Solutions Private Limited) (47.76% of total depreciation).

(ii) Depreciation has been provided on straight line method at rates and in the manner specified in Schedule XIV to the Companies Act, 1956 by Forbes Doris & Naess Maritime Limited, Forbes Technosys Limited, Forbes Infotainment Limited, Nypro Forbes Moulds Private Limited, Nypro Forbes Products Private Limited and Forbes Edumetry Limited (20.91% of total depreciation).

SCHEDULE “11”- NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2008 (Contd.)

- (iii) Depreciation has not been provided as per Schedule XIV to the Companies Act, 1956 by Forbes Container Line Pte. Limited, Euro Forbes International Pte Limited and Edumetry Inc as they are not incorporated in India (0.37% of total depreciation).
- (iv) Leasehold improvements are amortised on straight line basis over the period of the lease.
- (v) Depreciation has been provided on intellectual property/ distribution rights by Forbes Technosys Limited over the period of 20 quarters.

D. FINANCIAL INCOME AND BORROWING COSTS:

Financial income and borrowing cost include interest income on bank deposits and interest expense on loans. Interest income is accrued over the period of the investments.

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 of 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.

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. INVENTORIES:

I The Company :- (17.90% of Total 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:

Sr. No.	Type	Division (Refer footnote)	Basis of determining costs
1.	Stores, spare parts, components and loose tools Components (Accessories) Others	Personal Wear Others	Specific identification method Continuous weighted average
2	Raw and packing materials (i) Others (ii) Others	Personal Wear Others	Specific identification method Continuous weighted average
3	Stock-in-Process	All	Aggregate of cost of materials, other direct costs and absorbed production overheads (including depreciation) upto stage of completion
4	Finished goods		
	(i) Produced	All	Aggregate of cost of materials, other direct costs and absorbed production overheads (including depreciation) and excise duty
	(ii) Traded	Personal Wear	Specific identification method
		Others	Continuous Weighted Average

Footnotes:

- (a) The other divisions of the Company comprise Engineering, Office Automation, Contract Manufacturing, Logistics Solutions, Personal Wear and Investment and Financing.

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.

SCHEDULE "11"- NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2008 (Contd.)**II. Subsidiaries / Jointly Controlled Entities:**

Inventories of Eureka Forbes Limited, Forbes Facility Services Private Limited (Formerly known as Forbes Abans Cleaning Solutions Private Limited), Forbes Infotainment Limited and Forbes Technosys Limited (75.48% of total Inventory) are valued at lower of cost or net realisable value. Cost is determined using first-in-first-out method. Provision is made for obsolete / slow moving inventories.

Inventories of Aquamall Water Solutions Limited, Forbes Aquamall Limited, Nypro Forbes Moulds Private Limited and Nypro Forbes Products Private Limited (6.62% of total Inventory) are valued at lower of cost or net realisable value. Cost is determined using Weighted Average Method.

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. 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 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.

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

The 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.

The foreign subsidiaries are accounted as non-integral part of the Group and the resultant exchange difference on translation is accounted as Translation Reserve.

I. TAXATION:

The 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.

J. SEGMENT REPORTING:

The accounting policies adopted for segment reporting are in line with the Accounting Standard-17 notified under the Companies (Accounting Standards) Rules, 2006. 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 Group as a whole and are not allocable to segments on reasonable basis, have been included under 'Unallocated Revenue/Expenses/Assets /Liabilities'.

K. DEFERRED REVENUE EXPENDITURE:

Voluntary Retirement Compensation:

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.

SCHEDULE "11"- NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2008 (Contd.)

Preliminary Expenses:

Preliminary Expenses are written off over a period of 5 to 10 years from commencement of commercial production.

L. 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.

M. ACCOUNTING FOR PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

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 (excluding employee benefits) 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.

N. EMPLOYEE BENEFITS:

(I) (i) 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 Group and in the case of some defined contribution plans by the Company along with its employees.

(ii) Defined-contribution plans

These are plans in which the Group 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.

(iii) Defined-benefit plans

Expenses for defined-benefit gratuity and supplemental payment plans 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.

(iv) Short term benefits

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

(v) Other Employee Benefits

Compensated absences which accrue to employees and which can be carried to future periods but are expected to be encashed or availed in twelve months immediately following the year end are reported as expenses during the year in which the employees perform the services that the benefit covers and the liabilities are reported at the undiscounted amount of benefits after deducting amounts already paid. Where there are restrictions on availment or encashment of such accrued benefit or where availment or encashment is otherwise not expected to wholly accrue in next twelve months, the liability on account of benefit is actuarially determined using the projected unit credit method.

O. DISCONTINUING OPERATIONS:

When a component of the Group is disposed off or decided to be disposed off, by way of sale, demerger (spin-off to shareholders) or terminated through abandonment, it is reported as a "Discontinuing Operation", provided that certain criteria are met. A component can be a reportable segment or a smaller unit which can be clearly distinguished, and for which separate financial information is

SCHEDULE “11”- NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2008 (Contd.)

available. Cash flows, results of operations and any gain or loss from disposal are excluded from “Continuing Operations” and reported separately. Prior period assets, liabilities, cash flows and results of operations are reclassified to be comparable. Disposal groups which are not material, are not classified as Discontinued Operations.

P. 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.

Q. DERIVATIVES:

The fair value of derivative contracts is not ascertained as these instruments are not held for trade or speculative purposes. The premium or discount arising at the inception of such forward exchange contracts are amortised as expense or income over the life of contract. 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.

R. 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) notified under companies (Accounting Standards) Rules, 2006.

S. 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 Group’s cash and cash equivalents in the Cash Flow Statement.

T. LEASES:**(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 Group 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 Group’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 Group’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.

U. Goodwill on consolidation:

Goodwill comprises the portion of a purchase price for an acquisition that exceeds the Group’s share of the identifiable assets, with deductions for liabilities, calculated on the date of acquisition.

Goodwill arising from the acquisition of associate companies is included in the value of the holdings in the associate company.

Goodwill is deemed to have an indefinite useful life and is reported at acquisition value with deduction for accumulated impairments. An impairment test of goodwill is conducted once every year or more often if there is an indication of a decrease in value. The impairment loss on goodwill is reported in the consolidated profit and loss account.

2 Discontinuing Operations

- a) The figures for the current year are strictly not comparable with previous year in view of the demerger of Textile Division in to a separate Company viz; Gokak Textiles Limited w.e.f. 1st April 2007 and discontinuation of vacuum cleaner product line from contract manufacturing division w.e.f. 1st October 2007.

SCHEDULE “11”- NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2008 (Contd.)

- b) After discontinuation of the vacuum cleaner product line, the only remaining product line in the contract manufacturing division is electric motors. Discontinuation of vacuum cleaner product line is not disclosed as discontinuing operation in the consolidated financial statements since a major portion of revenue from discontinuing activity was with in the group and thus impact of discontinuation on the Consolidated financial statements is not expected to be material.
- c) The following table summarises the financial information relating to the discontinuing operations of vacuum cleaner product line in contract manufacturing division, in accordance with Accounting Standard 24 (AS-24) notified under the Companies (Accounting Standards) Rules, 2006.

As required under AS-24 the required information in respect of discontinued operations:

	Rupees	
Income	Year ended 31st March 2008	<i>Year ended 31st March 2007</i>
Operating revenues	-	341,20,04,788
Operating costs.....	-	313,86,14,254
Interest (net).....	-	13,08,73,697
Depreciation.....	-	17,50,53,724
Profit before tax / (Loss)	-	(3,25,36,887)
Income tax expense (including wealth Tax & Fringe benefit Tax)	-	2,57,29,657
Profit after tax / (Loss)	-	(5,82,66,544)
Cash flow	Year ended 31st March 2008	<i>Year ended 31st March 2007</i>
Net cash provided by operating activities	-	56,29,23,444
Net cash used in investing activities	-	(68,45,96,440)
Net cash provided by financing activities	-	11,38,53,697
Net cash provided by discontinued operations	-	(78,19,299)
Assets and liabilities	Year ended 31st March 2008	<i>Year ended 31st March 2007</i>
Fixed assets & Capital work in progress.....	-	175,29,22,955
Investments	-	1,000
Current assets, loans and advances	-	143,00,11,668
Total assets	-	318,29,35,623
Secured loans	-	143,01,63,454
Unsecured loans	-	17,06,45,916
Deferred Government Grant	-	1,64,500
Deferred Tax Liability.....	-	11,35,83,847
Current liabilities	-	50,33,99,032
Total liabilities	-	221,79,56,749

- d) The demerger of the Textile division into a separate Company viz; Gokak Textiles Limited was effective from 1st April, 2007, as per the Scheme of demerger approved by the Honourable High Court of Bombay and Honourable High court of Karnataka. The Scheme provides inter-alia, for the adjustment of the difference between the carrying amounts of assets and liabilities of demerged business against the balances in the reserve accounts of the Company in the following sequence:

- i. Amalgamation reserve;
- ii. Capital reserve;
- iii. Securities premium; and
- iv. General reserve

These adjustments are disclosed in Schedule 2, Reserves & Surplus during current year.

SCHEDULE "11"- NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2008 (Contd.)

3 Contingent liability & other amounts not provided for :

- a) In the year 1994-95, the Company had entered in to a Memorandum of Understanding giving sole and exclusive right for developing a part of its land at Chandivali, Mumbai. The Developer had filed a suit against the Company for recession of the said Memorandum of Understanding and has claimed a sum of Rs.32,71,48,253 and has asked interest at 21% per annum with effect from April, 1998. The Company has been advised that the aforesaid claim for Rs.32,71,48,253 and interest at 21% per annum is unjustified and is legally untenable. The Company is contesting the aforesaid claim. The matter is sub-judice.

b) **Other Contingent Liabilities not provided for:**

	For the year ended 31st March, 2008 (Rupees)	<i>For the year ended 31st March, 2007 (Rupees)</i>
(A) Bills discounted.....	1,08,35,442	27,31,79,000
(B) Guarantees issued by bank	13,65,41,435	10,83,62,000
(C) Taxes in dispute :-		-
(i) Entry Tax	-	1,43,77,000
(ii) Sales Tax [Advance paid Rs 12.90 lakhs; (Previous year Rs. 12.90 lakhs)]	50,95,41,681	93,42,96,000
(iii) Property Tax	1,48,04,000	1,19,55,000
(iv) Income-tax [Advance paid Rs 142.37 lakhs; (Previous year Rs. 142.37 lakhs)]	18,43,20,605	11,66,61,000
(v) Wealth-tax	19,74,579	6,51,000
(vi) Excise demand [Advance paid against the demand Rs.21.45 lakhs; (Previous year Rs.21.45 lakhs)]	49,51,18,955	81,34,26,000
(vii) Consumption Tax in West Bengal	8,82,000	8,82,000
(viii) Professional Tax in Karnataka	3,84,650	3,85,000
(D) Labour matters in dispute	14,75,000	2,52,54,000
(E) Claim from Gujrat Electricity Board for alleged diversion of fraction of the power.....		-
consumed and the same has been contested by the Company in the Court	1,88,69,000	1,88,69,000
(F) Share of contingent liabilities of associates	11,11,260	68,100
(G) Guarantees given on behalf of Shipping Principals and Surety Bonds jointly executed		-
with third parties in favour of customs and other parties	24,28,00,000	45,71,30,000
(H) Guarantees given in favour of customs authorities.....	6,00,000	4,00,000
(I) Guarantee Bonds on behalf of others.....	8,69,135	8,71,000
(J) Bonds in favour of Excise/Customs Authorities.....	-	26,83,04,000
(K) Guarantees given in respect of jointly controlled entity	12,00,00,000	25,58,42,000
(L) Pat Hire Charges - Montiko Marine (Patchart Hire)	3,37,24,879	3,51,75,000
(M) Guarantee given in respect of EPCG scheme for Import.....	23,26,136	32,79,000
(N) Bank Guarantee for which the Company has given counter guarantees	2,09,230	3,23,000
(O) Other demands contested by the Company :-		-
(i) Interest on Inter Corporate Deposits	-	2,39,15,000
(ii) Rent	3,00,000	3,00,000
(iii) Creditors Claim	1,64,00,000	1,69,13,000
(iv) Electricity Duty.....	-	10,37,000
(v) Other	75,97,000	27,27,035

The Company does not expect any liability to devolve on it on account of the above referred Contingent Liabilities and therefore no provision is held.

SCHEDULE “11”- NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2008 (Contd.)

- c) Provision for Contingencies, in schedule 8, comprises provisions made in respect of pending disputes with an employee and on other party.

	For the year ended 31st March, 2008 Rupees	<i>For the year ended 31st March, 2007 Rupees</i>
Opening Balance	<u>59,45,570</u>	<u>1,09,18,356</u>
Provisions made during the year	-	59,45,570
Payment made during the year	<u>49,80,267</u>	<u>1,09,18,356</u>
Closing Balance	<u><u>9,65,303</u></u>	<u><u>59,45,570</u></u>

- d) Movement of Provision for Warranty

	For the year ended 31st March, 2008 Rupees	<i>For the year ended 31st March, 2007 Rupees</i>
Opening Balance	<u>5,67,94,906</u>	<u>5,25,65,437</u>
Additional Provision made	<u>4,51,15,152</u>	<u>5,67,94,906</u>
Amount Utilised	<u>5,67,94,906</u>	<u>5,25,65,437</u>
Closing Balance	<u><u>4,51,15,152</u></u>	<u><u>5,67,94,906</u></u>

The above movement has been presented on the basis that the opening provision for warranty is reversed at the beginning of the year and the expenditure during the year is charged to the natural heads of accounts, with the year end provision being re-instated based on the estimates as on that date.

4 In respect of certain subsidiaries:

Based on an Arbitration Agreement with a Company, commission due Rs.Nil (Previous year Rs.2,48,750) has been recognised as income, and has been adjusted towards the amount payable to that Company.

- 5 The Company has signed an undertaking for non-disposal of shares held by it in Nypro Forbes Moulds Pvt. Ltd. and Forbes Sterling Star Ltd. under the promoter's / borrowing agreement.

- 6 Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 94,89,37,694 (Previous year Rs.187,00,72,079) net of advances Rs. 3,76,77,812; (Previous year Rs.33,88,59,619).

- 7 Expenditure on interest of Rs.18,06,79,787 (Previous year Rs.19,49,13,418) is arrived at as under:

	For the year ended 31st March, 2008 Rupees	<i>For the year ended 31st March, 2007 Rupees</i>
1 Interest on Fixed Deposits and other Fixed Loans	<u>9,36,59,960</u>	<u>15,48,43,623</u>
2 Other Interest	<u>15,46,21,438</u>	<u>12,02,86,386</u>
3 Interest on Foreign Currency Loan	<u>-</u>	<u>24,86,956</u>
	<u>24,82,81,398</u>	<u>27,76,16,965</u>
Less:		
(i) Interest Capitalised	1,81,45,816	91,54,622
(ii) Interest received from customers and others	22,84,089	1,90,95,088
(iii) Interest on Income-tax refund	-	2,28,35,433
(iv) Interest on Bank Deposit/Inter Corporate Deposit	4,15,30,047	10,02,901
(v) Others	<u>56,41,659</u>	<u>3,06,15,503</u>
	<u>6,76,01,611</u>	<u>8,27,03,547</u>
	<u>18,06,79,787</u>	<u>19,49,13,418</u>

SCHEDULE "11"- NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2008 (Contd.)

8 Earnings Per Share

S.No.	Particulars	Remarks	For the year ended on 31st March, 2008	For the year ended on 31st March, 2007
1	Profit after share of Associates and Minority Interest	A	4,72,12,624	21,00,17,609
2	Total No. of Equity shares outstanding during the year.	B	1,27,32,218	1,27,32,218
3	Earning per share (Face value being Rs.10 per share)- (Basic & Diluted)	C=A/B	(7.27)	16.49

9 The break-up of deferred tax assets and liabilities.

Break-up of deferred tax assets and liabilities.

	For the year ended 31st March, 2008	For the year ended 31st March, 2008	For the year ended 31st March, 2007	For the year ended 31st March, 2007
	Deferred Tax Assets Rupees	Deferred Tax Liabilities Rupees	Deferred Tax Assets Rupees	Deferred Tax Liabilities Rupees
Depreciation	(15,11,88,205)	(62,55,598)	(74,55,704)	(28,15,22,662)
Voluntary Retirement Compensation	4,15,10,154	-	-	5,55,66,947
Inadmissible Provisions & Liabilities allowed on payment basis	11,49,92,625	16,69,606	2,67,65,801	10,51,96,748
Unabsorbed Depreciation (See foot note)	6,35,72,162	16,76,740	19,29,160	6,16,14,524
	<u>6,88,86,736</u>	<u>(3,61,46,724)</u>	<u>2,12,39,257</u>	<u>(5,91,44,443)</u>

Footnote:-

1 The Deferred Tax Asset (representing brought forward unabsorbed depreciation) is recognised in view of virtual certainty of available taxable income on reversal of timing difference relating to fixed assets.

10 The Company incurred the following expenditure on Research and Development which has been certified by the Management and accepted by the Auditors, without verification.

On Tangible Fixed Assets Rs.Nil; (Previous Year Rs.58,20,991).

On items which have been expensed during the year Rs.18,23,818; (Previous Year Rs..96,96,519).

11 Prior Period Items includes:

	For the year ended 31st March, 2008	For the year ended 31st March, 2007
	Rupees	Rupees
Power and Fuel	10,96,428	-
Repairs and Maintenance	7,28,367	-
Legal & Professional Charges	15,27,304	-
Income from Services	(13,20,758)	-
Incentive from State Government	-	(1,41,18,187)
Consumption	-	1,31,75,381
Others	3,26,81,482	27,098
	<u>3,47,12,823</u>	<u>(9,15,708)</u>

12 Bank balances with scheduled banks on deposit account includes:

- a) (i) Rs.13,46,586; (Previous year Rs.29,71,158) being amounts withheld as retention money against product warranties.
- (ii) Rs.Nil; (Previous year Rs.1,16,320) representing funds blocked for remittance to shipping principals for detention charges as per RBI Rules

SCHEDULE "11"- NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2008 (Contd.)

(iii) Rs.41,24,525; (Previous year Rs.47,34,513) representing funds towards the unpaid dividend; and

b) Rs.8,51,000; (Previous year Rs.14,25,000) held pursuant to Rule 3A of the Companies (Acceptance of Deposits) Rules,1975.

13 Land and building with a written down value of Rs.6,27,24,295 (original cost Rs.8,03,39,404) as at 31st March, 2006, were revalued as on that date at Rs.75,19,89,250 based on a valuation carried out by independent valuers and the difference Rs.68,92,64,955 was credited to the Revaluation Reserve. These assets were sold during the year for consideration aggregating Rs.3,91,00,000 (Previous Year Rs.71,59,81,852). Consequently, a sum of Rs.3,63,31,562 (Previous Year Rs.65,29,33,393) was transferred from the Revaluation Reserve to the General Reserve and a net sum of Rs.25,81,459 (Previous Year Rs.5,15,602) was credited to the Profit and Loss Account.

14 Details of expenses capitalised are as under:

Sr. No.	Head of Accounts	Gross Expenses Amount	Less amount Capitalised Amount	Net Debit to P & L For the year ended 31st March, 2008
i)	Power & Fuel	12,64,97,960	-	12,64,97,960
		48,38,28,791	9,71,342	48,28,57,449
ii)	Rates & Taxes	8,49,21,418	-	8,49,21,418
		8,62,12,278	1,50,868	8,60,61,410
iii)	Legal & Professional Charges	10,69,62,602	-	10,69,62,602
		10,64,01,244	2,62,044	10,61,39,200
iv)	Miscellaneous Charges	56,40,79,661	-	56,40,79,661
		42,05,80,085	14,61,607	41,91,18,478
v)	Depreciation	36,90,81,738	5,73,089	36,85,08,649
		51,67,66,688	44,15,206	51,23,51,482
		<u>125,15,43,379</u>	<u>5,73,089</u>	<u>125,09,70,290</u>
		<u>161,37,89,086</u>	<u>72,61,067</u>	<u>160,65,28,019</u>

15 Exceptional Items

- (i) An Amount of Rs. 1,49,00,385/- on account of irrecoverable advances is written off pursuant to management decision to exit from a subsidiary, Prohandyman India Ltd, in which the company had 70% shareholding.
- (ii) An amount of Rs. 1,18,96,000/- incurred as expenses for acquiring an overseas company in an auction bid which was abandoned in the last leg of auction bid as a result of technical due diligence carried out by the company.

16 Employee Benefit Obligations:-

The Company offers its employees defined contribution plan in the form of provident fund, family pension fund and superannuation fund. Provident fund and family pension fund cover all regular employees while the superannuation fund covers certain executives. Contributions are paid during the year into separate funds under certain fiduciary-type arrangements. While both the employees and the Company pay predetermined contributions into the family pension fund and superannuation fund except in some cases superannuation fund are made only by the Company. The contributions are normally based on a certain proportion of the employee's salary. A sum of Rs.8,48,28,651 (Previous Year Rs.11,44,36,523) has been charged to the revenue account in this respect.

Defined-Benefits Plans:

The Company offers its employees defined-benefits plans in the form of a gratuity scheme (a lump sum amount), leave encashment, post retirement medical benefits and non compete fees. Benefits under the defined benefit plans are typically based either on years of service and the employee's compensation (generally immediately before retirement). The gratuity scheme, leave encashment covers substantially all regular employees, while post retirement medical benefit covers certain executives. In the case of the gratuity scheme, the Company contributes funds to a Gratuity Trust, which is irrevocable, while the gratuity for one of the division, leave encashment, post retirement medical benefit and non compete fees are not funded. Commitments are actuarially determined at year end. On adoption of the revised Accounting Standard (AS-15) on "Employee Benefits" notified under the Companies (Accounting Standards) Rules, 2006, actuarial valuation is done based on "Projected Unit Credit" method. Gains and losses of changed actuarial assumptions are charged to the profit and loss account.

ANNEXED TO AND FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008

The net value of the defined benefit commitment is detailed below:

	(Amount in Rupees)		
	For the year ended 31st March, 2008		
	Funded	Non funded	
	Gratuity	Gratuity	Others (Post retirement medical and non compete fees)
Present Value of Commitments.....	16,90,69,347	82,515	3,25,82,158
Fair Value of Plans.....	13,30,63,672	-	-
Employees above 60 yrs not covered in valuation.....			
Net Liability in the balance sheet	3,60,05,675	82,515	3,25,82,158
Defined benefit commitments:			
Opening balance as at 1st April, 2007	15,73,49,439	17,14,267	97,30,456
Current Service Cost.....	1,25,98,515	99,749	4,57,170
Interest expenses	1,19,32,528	2,570	8,02,762
Paid benefits.....	(3,48,35,208)	-	(39,24,220)
Actuarial (gain) / loss.....	1,87,28,503	11,553	2,55,15,990
Transfer o other Division	32,95,570	-	-
Closing balance as at 31st March, 2008	16,90,69,347	18,28,139	3,25,82,158
Plan Assets			
Opening balance as at 1st April, 2007	13,11,72,016	-	-
Expected return on scheme assets.....	1,04,93,239	-	-
Contributions by the Company	2,06,59,009	-	-
Paid funds.....	(3,48,35,208)	-	-
Actuarial gain / (loss).....	13,91,732	-	-
Transfer Received	41,82,884	-	-
Closing balance as at 31st March, 2008	13,30,63,672	-	-
Return on Plan Assets			
Expected return on plan assets	-	-	-
Actuarial gain / (loss).....	1,04,84,464	-	-
Actual return on plan assets	13,91,732	-	-
Expenses on defined benefit plan:			
Current service costs.....	1,25,98,515	99,749	4,57,170
Past service cost			
Interest expense.....	1,19,32,528	2,570	8,02,762
Expected return on investment.....	(1,04,93,239)	-	-
Net actuarial (gain) / loss	1,73,36,771	11,553	2,55,15,990
Plan amendment / curtailment / settlement.....	-	-	-
Employees above 60 yrs not covered in valuation.....	-	-	-
Expenses charged to the profit and loss account.....	3,13,74,575	1,13,872	2,67,75,922
Investments Details			
	% invested		
	31st March 2008		
Funds Managed by Insurer	77		
Public Sector Unit Bonds	2		
Private Sector Bonds	2		
State/Central Guaranteed securities	-		
Special deposit schemes	4		
Other (excluding bank balances)	15		
	<u>100</u>		

SCHEDULE “11”- NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2008 (Contd.)

The actuarial calculations used to estimate defined benefit commitments and expenses are based on the following assumptions which if changed, would affect the defined benefit commitment's size, funding requirements and pension expense.

	31st March 2008	<i>31st March 2007</i>
Rate for discounting liabilities	8% to 8.25% p.a.	<i>8.04% p.a.</i>
Expected salary increase rate	4% to 6% p.a.	<i>4.42% p.a.</i>
Expected return on scheme assets	8% per annum	<i>8.17% p.a.</i>
Mortality rates	LIC 94-96 Table	<i>LIC 94-96 Table</i>

"The basis used to determined overall expected rate of return on plan assets and the effect on major categories of plan assets is as follows: The major portions of the assets are invested in Special deposit schemes and with Life Insurance Corporation of India (LIC) Based on the asset allocation and prevailing yield rates on these assets classes, the long term estimate of expected rate of return on the fund assets have been arrived at. Assumed rate of return on assets expected to vary from year to year reflecting the returns on matching Govt. bonds."

The Company had adopted revised AS-15 relating to employee benefits notified under the Companies (Accounting Standard) Rules 2006 during the financial year ended 31st March, 2007. All the other group entities have adopted this standard during the financial year ended 31st March, 2008.

As this is the first year of adoption of revised accounting standard by the group entities, corresponding previous figures have not been disclosed. Therefore the previous year figures ad disclosed relate to the companu alone.

The amount of the present value of the obligation, fair value of the plan assets, surplus or deficit in the plan, experience adjustments arising on the plan liabilities and plan assets for the previous three annual periods have not been furnished as the revised AS-15 was adopted by the Company in the financial year 2006-07.

As this is the first year in which the revised AS-15 has been applied the amounts of the present value of the obligations, fair value of the plan assets, surplus or deficit in the plan and experience adjustment arising on plan liabilities and plan assets for the previous four annual periods have not been furnished.

The estimates of future salary increases, considered in the acturial valuation, takes into account, inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

The contribution expected to be made by the Group during the financial year 2008-09 has not been ascertained.

Consequent to the adoption of revised AS-15 by the Group in respect of defined benefit plan, the difference between the liability as at 31st March, 2007 recomputed as above and the liability as on that date that would have resulted had the accounting policy of the previous year been followed, amounting to Rs.33,10,548, (Previous year Rs.38,92,630) has been adjusted against the opening balance of the General Reserves.

- 17** (a) The accounts of the following subsidiaries having a negative net worth as on 31st March, 2008. Have been prepared on “going concern” basis, as the management has plans for revival of these entities.

Name of Subsidiaries	Net Worth Rupees
Latham India Limited.	(5,85,85,122)
Forbes Doris & Naess Maritime Limited.....	(4,82,967)
Forbes Tinsley Co. Limited.....	(6,52,472)
Forbes Technosys Limited.	(4,25,69,869)

- (b) The accounts of the following joint ventures having a negative net worth as on 31st March, 2008. have been prepared on “going concern” basis, as the management has plans for revival of these entities.

Name of Jointly Controlled Entities	Net Worth Rupees
Forbes Infotainment Private Limited.	(32,71,13,847)
Edumetry INC	(181,82,963)
Forbes Edumetry Limited	(88,60,840)
SCI Forbes Limited.....	(1,72,17,457)
Forbes Lux Group.....	(170,88,768)

SCHEDULE "11"- NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2008 (Contd.)

18. Upto March 31, 2007 foreign currency translation differences arising from restatement of foreign currency liabilities relating to fixed assets acquired from outside India were capitalised. Effective April 1, 2007 consequent to the applicability of Accounting Standard (AS-11) on 'The effects of changes in Foreign Exchange Rates' notified under the companies (Accounting Standards) Rules 2006, coming into effect, the Company has accounted for such exchange differences through the profit & loss account and not adjusted against the value of corresponding fixed assets. With respect to such transactions / liabilities directly entered into by the Company, had the Company not changed the accounting policy, its profit before tax would have been lower by Rs.3,27,602.

19 In accordance with the Accounting Standard on Leases (AS-19), notified under the companies (Accounting Standards) Rules, 2006 disclosures in respect of leases are made below :

A. The Company has acquired Plant & Machinery under a finance lease amounting to Rs.77,95,097. The total minimum lease payments (MLP) in respect thereof and the present value of future lease payments, discounted at interest rates implicit in the lease are as follows:

Period	Total MLP		Interest		Principal	
	As at 31st March, 2008	As at 31st March, 2007	As at 31st March, 2008	As at 31st March, 2007	As at 31st March, 2008	As at 31st March, 2007
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Not later than one year	9,65,246	8,19,434	6,720	42,681	9,58,526	7,76,753
Later than one year but not later than five years	-	10,44,888	-	7,274	-	10,84,110
Total	9,65,246	18,64,322	6,720	49,955	9,58,526	18,60,863

- B. (i) 'The Company has taken certain office premises on operating lease basis. Lease payments in respect of such leases recognised in Profit & Loss Account Rs.2,35,76,599; (Previous Year Rs.2,04,53,943).
- (ii) Future minimum lease payments under non-cancellable operating lease period (for lease entered into subsequent to 1st April,2001) are as follows:

Period	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
Not later than one year.....	65,16,598	74,60,490
Later than one year but not later than five years.....	242,90,160	248,86,695
Later than five years.....	1123,41,990	1188,25,530
Total.....	1431,48,748	15,11,72,715

- (iii) Except for the escalation clauses contained in certain lease arrangements providing to increase in the lease payment by a specified percentages / amounts after completion of specified period, the lease agreements do not contain any renewal clause. Further, the lease terms do not contain any exceptional / restrictive covenants other than prior approval of the lessee before renewal of lease.
- (iv) There are no restrictions such as those concerning dividend and additional debt other than in some cases where prior approval of lessor is necessitated for further leasing.
- (v) Other lease arrangements, in respect of which payments are made by the Company, are cancellable.
- C. The Company has given certain office premises on operating lease basis. The details of which are as follows:

Class Of Asset:	Buildings (pro-rata)	
	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
Gross Carrying Amount:.....	9,93,81,151	9,93,27,548
Accumulated Depreciation:.....	2,50,79,657	2,39,01,937
Depreciation for the year.....	11,70,798	11,28,044

Future minimum lease receivable under non-cancellable operating leases is as follows:

Period	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
Not later than one year	91,78,700	90,39,485
Later than one year but not later than five years.	21,04,650	43,15,300
Total	1,12,83,350	1,33,54,785

SCHEDULE "11"- NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2008 (Contd.)

The leasing arrangement entered into by the company are in the nature of operating leases under which the Company leases out the surplus space in building to the other companies. The normal tenure of the arrangement is upto three years.

20 Derivative Instruments

The Company has entered into the following derivative Contracts:

- (i) (a) The following are the outstanding Forward Exchange Contracts entered into by the Company as on 31st March, 2008, which were not intended for trading or speculative purpose.

Particulars	Currency	Amount	Buy/Sell	Cross Currency Amount in Rupees
Export Cotton	-	-	-	-
(b) The following are the outstanding Forward Exchange Contracts entered into by the Company as on 31st March, 2007, which are not intended for trading or speculative purpose.				

Particulars	Currency	Amount	Buy/Sell	Cross Currency Amount in Rupees
Export Cotton	US Dollar	US\$,3,508	Sell	Rs.1,52,507

- (ii) The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

- (a) Amount receivable in foreign currency on account of the following:

	For the year ended 31st March, 2008		For the year ended 31st March, 2007	
	Rupees	FC	Rupees	FC
Export of goods	6,34,21,214	US\$ 16,06,821	11,68,67,514	US\$ 26,95,284
	55,67,888	GBP 71,438	46,75,658	GBP 55,445
	2,89,318	EUR 4,703	69,04,437	EUR 119,952
	-	-	22,521	CHF 638
Commission receivable	39,944	US\$ 1012	33,257	US\$ 767
Loans receivable	47,36,400	US\$ 1,20,000	4,04,63,595	US\$ 9,33,201
	-	-	28,29,000	SGD 1,00,000
	-	-	34,53,600	EUR 60,000
Interest receivable	7,57,824	US\$ 19,200	3,90,240	US\$ 9,000
	-	-	1,06,880	SGD 3,778
	-	-	41,594	EUR 723

- (b) Amounts payable in foreign currency on account of the following:

Import of goods and services	183,11,959	US\$ 4,44,756	1,89,04,299	US\$ 4,31,408
	20,27,655	GBP 24,867	18,57,433	GBP 21,367
	1,79,60,152	EUR 281,860	57,26,314	EUR 97,436
	-	-	12,085	CHF 332
Interest payable	-	-	20,33,774	US\$ 46,412
Loans Payable	22,40,001	US\$,55,336	18,88,48,381	US\$ 43,09,639
Deposits payable	17,406	US\$ 430	17,177	US\$ 392

- (c) **Advances Given**

For Capital Goods	3,06,01,094	EUR 497,417	1,89,70,164	EUR 329,572
	16,15,704	US\$ 40,935	18,06,334	CHF 41,659

- (d) **Advances Received**

From Supplier	18,93,331	US\$ 46,772	13,72,048	US\$ 31,311
	701	EUR 11	13,870	EUR 236

- (e) **Investments**

Forbes Sterling Star Ltd.	45,370	US\$ 1,000	45,370	US\$ 1,000
Edumetry INC.	35,48,000	US\$ 80,000	35,48,000	US\$ 80,000
Forbes Container Lines Ltd.	1,08,12,000	SGD 380,000	23,40,000	SGD 80,000
Euro Forbes International Pte Ltd.	9,38,85,000	SGD 35,00,000	9,38,85,000	SGD 35,00,000
Fobes Lux Group	1,86,20,750	CHF 5,00,000	1,86,20,750	CHF 5,00,000

- (f) **Guarantee Given**

Export Import Bank of India	-	-	13,58,42,000	US\$ 31,00,000
Standard Chartered Bank	4,45,28,000	US\$ 11,00,000	4,82,02,000	US\$ 11,00,000

- (g) **Cash & Bank Balances**

Forbes Container Lines Pte. Ltd.	59,75,600	US\$ 1,51,396	-	-
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SCHEDULE "11"- NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2008 (Contd.)

21 (a) Related Party Disclosures

(i) Names of related parties and nature of related party relationship year ended 31st march 2008.

(A) Holding Company / Ultimate Holding Company

1 Shapoorji Pallonji & Company Limited (Ultimate Holding Company)

2 Sterling Investment Corporation Private Limited (Holding Company)

(B) Fellow Subsidiaries :

1	Abhipreet Trading Co. Pvt. Ltd.	30	Grand View Estate Pvt. Ltd.
2	Afcons (Overseas) Constructions and Investments Pvt. Ltd.	31	Hazarat & Company Pvt. Ltd.
3	Afcons Arethusa Offshore Services Ltd.	32	Highstreat Developers Pvt. Ltd.
4	Afcons BOT Construction Pvt. Ltd.	33	Khajrana Ganesh Properties Pvt. Ltd.
5	Afcons Dredging & Marine Services Ltd.	34	Lucrative Properties Pvt. Ltd.
6	Afcons Infrastructure Ltd.	35	Magpie Finance Pvt. Ltd.
7	Archaic Properties Pvt. Ltd.	36	Manjri Developers Pvt. Ltd.
8	Bengal Shapoorji Business Parks Pvt. Ltd.	37	Manjri Horse Breeders Farm Pvt. Ltd.
9	Bengal Shapoorji Infrastructure Development Pvt. Ltd.	38	Manjri Stud Farm Pvt. Ltd.
10	Blue Riband Properties Pvt. Ltd.	39	Mazsons Builders & Developers Pvt. Ltd.
11	Cama Properties Pvt. Ltd.	40	Meriland Estates Pvt. Ltd.
12	Chinsha Properties Pvt. Ltd.	41	Mileage Properties Pvt. Ltd.
13	Corporate Apparel USA, Inc.	42	Niel Properties Pvt. Ltd.
14	Cyrus Chemicals Pvt. Ltd.	43	Palchin Real Estates Pvt. Ltd.
15	Cyrus Engineers Pvt. Ltd.	44	Precaution Properties Pvt. Ltd.
16	Cyrus Investments Ltd.	45	Ramili Investments Pvt. Ltd.
17	Delna Finance & Investments Pvt. Ltd.	46	Relationship Properties Pvt. Ltd.
18	Doris Properties Pvt. Ltd.	47	S.C. Impex Pvt. Ltd.
19	East View Estate Pvt. Ltd.	48	Shachin Real Estate Pvt. Ltd.
20	Euphoria Properties Pvt. Ltd.	49	Shapoorji & Co. Pvt. Ltd.
21	First Future Properties Pvt. Ltd.	50	Shapoorji Data Processing Pvt. Ltd.
22	Firstrock Infrastructure Pvt. Ltd.	51	Shapoorji Drilling Enterprises Pvt. Ltd.
23	Flooraise Developers Pvt. Ltd.	52	Shapoorji Hotels Pvt. Ltd.
24	Floral Finance Pvt. Ltd.	53	Shapoorji Pallonji Infrastructure Capital Co. Ltd.
25	Floreat Investments Ltd.	54	Shapoorji Pallonji (Gwalior) Pvt. Ltd.
26	Flotilla Finance Pvt. Ltd.	55	Shapoorji Pallonji Biotech Park Pvt. Ltd.
27	Forvol International Services Ltd.	56	Shapoorji Pallonji Finance Ltd.
28	Gokak Textiles Ltd.	57	Shapoorji Pallonji Ports Pvt. Ltd.
29	Gossip Properties Pvt. Ltd.	58	Shapoorji Pallonji Power Co. Ltd.

SCHEDULE "11"- NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2008 (Contd.)

59	Sharus Building Services Pvt.Ltd.	65	SP Fabricators Pvt. Ltd.
60	Shatranj Properties Pvt. Ltd.	66	SP Infocity Developers Pvt. Ltd.
61	SP Agri Management Services Pvt. Ltd.	67	SSS Electricals (India) Ltd.
62	SP Aluminium Systems Pvt. Ltd.	68	Sterling Generators Pvt. Ltd.
63	SP Architectural Coatings Ltd.	69	Sunny View Estates Pvt. Ltd.
64	SP Bioscience Pvt. Ltd.	70	Think Ahead Properties Pvt. Ltd.
		71	United Motors (India) Ltd.

(C) Associate Companies

1	Euro P2P Direct (Thailand) Co. Ltd. (Associate of a subsidiary)
2	High Point Properties Ltd. (Associate of a subsidiary)
3	Next Gen Publishing Ltd. (from 10/07/2007)
4	P T Gokak Indonesia (Associate of a subsidiary)
5	Sea-Falcon Shipping Services Ltd. (Associate of a subsidiary)
6	Sea-Speed Shipping Agencies Ltd. (Associate of a subsidiary)
7	The Svadeshi Mills Company Ltd.
8	Trident Shipping Agencies Ltd. (Associate of a subsidiary)

(D) Key Management Personnel :

1	Deputy Chairman and Managing Director, Mr. K. C. Mehra.
2	Executive Director (Finance), Mr. C. G. Shah.
3	Chief Operating Officer, Mr. Ashok Barat.
4	Managing Director of Eureka Forbes Limited - Ms. S.G. Goklaney

21 (a) Related Party Disclosures

(ii) Transactions with related parties

(Rupees)

Nature of Transactions		Related Party				Total
		Referred to	Referred to	Referred to	Referred to	
		in A above	in B above	in C above	in D above	
	Purchases					
1	Goods and Materials	-	2,42,08,210	-	-	2,42,08,210
2	Services Rendered	-	57,49,189	4,23,215	-	61,72,404
3	Fixed Assets	2,57,688	-	-	-	2,57,688
4	Investment	-	-	-	-	-
	Sales					
5	Goods and Materials	-	-	-	-	-
6	Services Rendered	1,36,543	39,31,743	3,09,151	-	43,77,437
7	Fixed Assets	38,53,532	-	-	-	38,53,532
8	Investment	-	-	-	-	-
	Expenses					
9	Rent	17,99,903	5,58,949	3,31,690	-	26,90,542
10	Repairs and other Expenses	26,30,602	1,06,79,498	2,72,166	-	1,35,82,266

SCHEDULE "11"- NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2008 (Contd.)
(Rupees)

Nature of Transactions		Related Party				Total
		Referred to	Referred to	Referred to	Referred to	
		in A above	in B above	in C above	in D above	
11	Recovery of Expenses	-	5,74,174	-	6,356	5,80,530
12	Dim. in Value of Investment	-	-	-	-	-
13	Agency Commission	-	-	-	-	-
14	Interest Paid	1,76,98,468	23,37,500	63,88,381	-	2,64,24,349
15	Dividend Paid	3,11,27,100	12,40,526	-	-	3,23,67,626
16	Professional Fees	-	-	-	-	-
17	Directors Fees	-	-	-	7,000	7,000
18	Provision /Write offs	-	-	6,97,776	-	6,97,776
19	Loss on sale of Investments	-	-	-	-	-
	Income					
20	Rent and Other Service Charges	2,12,50,000	50,34,860	8,51,095	-	2,71,35,955
21	Interest Received	-	4,44,825	14,07,398	-	18,52,223
22	Dividend Received	-	-	-	-	-
23	Profit on sale of Investment	-	-	-	-	-
24	Provision /Write backs	-	-	2,56,740	-	2,56,740
25	Misc. Income	-	-	5,40,000	-	5,40,000
	Other Receipts					
26	Deputation of Staff	-	-	8,22,169	-	8,22,169
27	Other Reimbursements	-	9,51,063	6,48,327	-	15,99,390
	Finance					
28	Loans and Advances Given	-	1,63,18,590	17,20,431	-	1,80,39,021
29	Loans and Advances Taken	5,31,23,500	-	53,194	-	5,31,76,694
30	Deposits Given	-	-	6,97,776	-	6,97,776
31	Deposits Taken	7,00,00,000	-	50,50,000	-	7,50,50,000
32	Repayment of Deposits Taken	1,70,00,000	-	12,00,000	-	1,82,00,000
33	Repayment of Deposits Given	-	-	5,53,00,000	-	5,53,00,000
	Outstandings					
34	Sundry Creditors	41,71,998	13,80,997	2,72,166	-	58,25,161
35	Interest accrued and due	2,03,47,483	34,30,523	-	-	2,37,78,006
36	Sundry Debtors	36,90,759	39,93,221	20,15,393	-	96,99,373
37	Loans and Advances	25,59,98,041	1,76,00,608	44,22,73,035	-	71,58,71,684
38	Advance for Capital Purchase	-	-	-	-	-
39	Prov. for Doubtful Loans and Adv.	-	-	43,91,03,005	-	43,91,03,005
40	Provision for Doubtful Debts	-	-	20,15,393	-	20,15,393
41	Deposits Payable	43,83,15,000	-	7,23,00,000	-	53,81,15,000
42	Deposits Receivable	-	-	-	-	-
43	Prepaid Expenses	-	-	-	-	-
	Remuneration					
44	Paid / Payable	-	-	-	4,77,50,996	4,77,50,996
45	Outstanding	-	-	-	-	-
46	Recoverable	-	-	-	-	-
	Guarantees					
47	Given	-	-	-	-	-
48	Outstanding	-	-	-	-	-

Note:

Above transactions have been reported to the extent such reporting was included in standalone financial statements of the Company, its subsidiaries and jointly controlled entities. The disclosure in the respective subsidiaries and jointly controlled entities is for related parties as applicable to the standalone financial statements and not the "Group".

SCHEDULE "11"- NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2008 (Contd.)

21 (a) Related Party Disclosures

(iii) Transactions with related parties for the year ended 31st March, 2008 includes :

	Nature of Transactions	A	A	B	B	B	B
		Shapoorji Pallonji & Company Limited	Sterling Investment Corporation Private Limited	Forvol International Services Ltd.	Gokak Textiles Ltd.	Shapoorji Pallonji Ports Pvt. Ltd.	United Motors (India) Ltd.
	Purchases						
1	Goods and Materials	-	-	-	2,42,08,210	-	-
2	Services Rendered	-	-	57,49,189	-	-	-
3	Fixed Assets	2,57,688	-	-	-	-	-
	Sales						
4	Services Rendered	-	-	-	35,39,340	-	-
5	Fixed Assets	38,53,532	-	-	-	-	-
	Expenses						
6	Rent	-	17,41,272	5,58,949	-	-	-
7	Repairs and other Expenses	-	17,07,667	1,04,17,708	-	-	-
8	Recovery of Expenses	-	-	5,74,174	-	-	-
9	Interest Paid	-	1,71,38,880	-	-	-	-
10	Dividend Paid	-	2,91,42,232	-	-	-	-
11	Directors Fees	-	-	-	-	-	-
12	Provision /Write offs	-	-	-	-	-	-
	Income						
13	Rent and Other Service Charges	2,12,50,000	-	-	35,65,902	-	-
14	Interest Received	-	-	-	14,44,825	-	-
15	Provision /Write backs	-	-	-	-	-	-
16	Misc. Income	-	-	-	-	-	-
	Other Receipts						
17	Deputation of Staff	-	-	-	-	-	-
18	Other Reimbursements	-	-	4,51,837	2,92,136	2,07,090	-
	Finance						
19	Loans and Advances Given	-	2,65,00,000	-	1,62,06,000	-	-
20	Loans and Advances Taken	17,58,500	-	-	-	-	-
21	Deposits Given	-	-	-	-	-	-
22	Deposits Taken	2,00,00,000	5,00,00,000	-	-	-	-
23	Repayment of Deposits Taken	-	1,70,00,000	-	-	-	-
24	Repayment of Deposits Given	-	-	-	-	-	-
	Outstandings						
25	Sundry Creditors	-	-	11,74,281	-	-	26,388
26	Interest accrued but not due	-	1,95,69,541	-	-	-	34,30,523
27	Sundry Debtors	36,90,759	-	-	42,63,565	-	-
28	Loans and Advances	-	25,49,55,000	-	-	-	-
29	Prov. for Doubtful Loans and Adv.	-	-	-	-	-	-
30	Provision for Doubtful Debts	-	-	-	-	-	-
31	Deposits Payable	2,00,00,000	3,30,00,000	-	-	-	-
	Remuneration						
32	Paid / Payable	-	-	-	-	-	-
	Total	7,08,10,479	45,07,54,592	1,89,26,138	5,35,19,978	2,07,090	34,56,911

SCHEDULE "11"- NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2008 (Contd.)

C	C	C	C	D	D	D	D	TOTAL
Next Gen Publishing Ltd.	Sea-Speed Shipping Agencies Ltd.	The Svadeshi Mills Company Ltd.	Trident Shipping Agencies Ltd.	Deputy Chairman and Managing Director, Mr.K.C. Mehra	Executive Director (Finance), Mr.C.G. Shah	Chief Operating Officer, Mr.Ashok Barat	Managing Director of Eureka Fobes Limited - Mr. S.G. Goklaney	
-	-	-	-	-	-	-	-	2,42,08,210
-	-	-	-	-	-	-	-	57,49,189
-	-	-	-	-	-	-	-	2,57,688
-	-	-	-	-	-	-	-	35,39,340
-	-	-	-	-	-	-	-	38,53,532
-	3,31,690	-	-	-	-	-	-	26,31,911
-	-	-	-	-	-	-	-	1,21,25,375
-	-	-	-	-	-	-	-	5,74,174
-	48,91,918	-	-	-	-	-	-	2,20,30,798
-	-	-	-	-	-	-	-	2,91,42,232
-	-	-	-	7,000	-	-	-	7,000
-	-	6,97,776	-	-	-	-	-	6,97,776
-	-	-	-	-	-	-	-	2,48,15,902
14,07,398	-	-	-	-	-	-	-	28,52,223
-	-	-	2,56,740	-	-	-	-	2,56,740
5,40,000	-	-	-	-	-	-	-	5,40,000
-	8,22,169	-	-	-	-	-	-	8,22,169
-	6,47,597	-	-	-	-	-	-	15,98,660
-	-	-	-	-	-	-	-	4,27,06,000
-	-	-	-	-	-	-	-	17,58,500
-	-	6,97,776	-	-	-	-	-	6,97,776
-	-	-	-	-	-	-	-	7,00,00,000
-	-	-	-	-	-	-	-	1,70,00,000
5,53,00,000	-	-	-	-	-	-	-	5,53,00,000
2,72,166	-	-	-	-	-	-	-	14,72,835
-	-	-	-	-	-	-	-	2,30,00,064
-	-	20,15,393	-	-	-	-	-	99,69,717
-	-	43,91,03,005	-	-	-	-	-	69,40,58,005
-	-	43,91,03,005	-	-	-	-	-	43,91,03,005
-	-	20,15,393	-	-	-	-	-	20,15,393
-	5,60,50,000	-	1,52,50,000	-	-	-	-	12,43,00,000
-	-	-	-	3,82,83,909	45,78,449	48,88,638	1,89,42,384	28,409,471
5,75,19,564	6,27,43,374	88,36,32,348	1,55,06,740	3,82,83,909	45,78,449	48,88,638	1,89,42,384	164,54,93,685

SCHEDULE "11"- NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2008 (Contd.)

21 (b) **Related Party Disclosures**

(i) **Names of related parties and nature of related party relationship for the year ended 31st March, 2007.**

(A) **Holding Company / Ultimate Holding Company**

- 1 Shapoorji Pallonji & Company Limited (Ultimate Holding Company)
- 2 Sterling Investment Corporation Private Limited (Holding Company)

(B) **Fellow Subsidiaries :**

- | | |
|---|---|
| 1 Bengal Shapoorji Developers Pvt Ltd
(formerly known as Calligra Finvest Private Limited) | 29 Shapoorji Pallonji Infrastructure Capital Co. Limited |
| 2 East View Estate Private Limited | 30 Cama Properties Private Limited |
| 3 Khajrana Ganesh Properties Private Limited | 31 Afcons Dredging & Marine Services Ltd |
| 4 Bengal Shapoorji Housing Developments Pvt Ltd
(formerly known as Milvin Investments Private Limited) | 32 Afcons BOT Construction Pvt Ltd |
| 5 Shapoorji & Co.Private Limited | 33 Shapoorji Pallonji Finance Limited |
| 6 Shapoorji Pallonji (Gwalior) Private Limited | 34 Shapoorji Pallonji Biotech Park Private Limited |
| 7 Palchin Real Estates Private Limited | 35 Shapoorji Hotels Private Limited |
| 8 Sharus Building Services Private Limited | 36 Afcons Infrastructure Limited |
| 9 Meriland Estates Private Limited | 37 Afcon Pauling (India) Limited |
| 10 Shapoorji Pallonji Ports Private Limited | 38 Tensaccial India Limited |
| 11 Highstreet Developers Private Limited | 39 Kier Afcons (India) Limited |
| 12 Flooraise Developers Private Limited | 40 Hazarat & Company Private Limited |
| 13 Skyscape Developers Private Limited | 41 SSS Electricals (India) Limited |
| 14 Windward Builders Private Limited | 42 Afcons Arethusa Offshore Services Limited |
| 15 DelnaFinance & Investments Private Limited | 43 Floral Finance Private Limited |
| 16 Mazsons Builders & Developers Private Limited | 44 Floreat Investment Limited |
| 17 Sunny View Estates Private Limited | 45 Kolland Developers Private Limited |
| 18 Shachin Real Estate Private Limited | 46 Flotilla Finance Private Limited |
| 19 Chinsha Properties Private Limited | 47 Ramili Investments Private Limited |
| 20 Grand View Estate Private Limited | 48 S.C.Impex Private Limited |
| 21 Sterling Generators Private Limited | 49 Shapoorji Data Processing Private Limited |
| 22 Forvol International Services Limited | 50 Shapoorji Drilling Enterprises Private Limited |
| 23 Manjri Stud Farm Private Limited | 51 United Motors (India) Limited |
| 24 Magpie Finance Private Limited | 52 SP Infocity Developers Private Limited |
| 25 Abhipreet Investments Private Limited | 53 SP Aluminium Systems Private Limited |
| 26 Cyrus Chemicals Private Limited | 54 SP Fabricators Private Limited |
| 27 Cyrus Engineers Private Limited | 55 SP Architectural Coatings Limited |
| 28 Cyrus Investments Limited | 56 Shapoorji Pallonji Power Co. Limited |
| | 57 Afcons (Overseas) Constructions and Investments Pvt. Ltd |

(C) **Associate Companies**

- 1 Eurp P2P Direct (Thailand) Co. Ltd (Associate of a Subsidiary)
- 2 The Svadeshi Mills Company Limited
- 3 Warrior Logistic & Shipping Limited (upto 21.02.2007)
- 4 P T Gokak Indonesia
- 5 Sea Speed Shipping Agencies Limited (Associate of a Subsidiary)
- 6 Trident Shipping Agencies Limited (Associate of a Subsidiary)
- 7 Sea Falcon Shipping Services Limited(Associate of a Subsidiary)
- 8 High Point Properties Limited (Associate of a Subsidiary)

(D) **Key Management Personnel :**

- 1 Mr. K. C. Mehra, Dy Chairman and Managing Director - Forbes & Company Limited
- 2 Mr. C. G. Shah, Executive Director (Finance) - Forbes & Company Limited
- 3 Mr. S. G. Goklaney, Managing Director - Eureka Forbes Limited
- 4 Chief Operating Officer, Mr. Ashok Barat - Forbes & Company Limited

SCHEDULE "11"- NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2008 (Contd.)

21 (b) Related Party Disclosures

(ii) Transactions with related parties for the year ended 31st March 2007.

(Rupees)

Nature of Transactions		Related Party				Total
		Referred to in A above	Referred to in B above	Referred to in C above	Referred to in D above	
	Purchases					
1	Goods and Materials	1,53,483	-	-	-	1,53,483
2	Services Rendered	-	47,13,501	1,72,161	-	48,85,662
3	Fixed Assets	2,94,06,985	-	-	-	2,94,06,985
4	Investment	-	-	-	-	-
	Sales					
5	Goods and Materials	7,40,151	4,29,324	62,87,775	-	74,57,250
6	Services Rendered	47,04,165	12,57,135	1,02,325	-	60,63,625
7	Fixed Assets	-	21,63,97,348	18,000	-	21,64,15,348
8	Investment	-	-	-	-	-
	Expenses					
9	Rent	29,89,031	80,19,611	1,55,120	4,80,000	1,16,43,762
10	Repairs and other Expenses	7,57,579	1,09,28,848	1,518	-	1,16,87,945
11	Recovery of Expenses	41,82,572	8,71,851	27,688	-	50,82,111
12	Dim. in Value of Investment	-	-	-	-	-
13	Interest Paid	22,78,291	9,94,750	60,42,627	-	93,15,668
14	Dividend Paid	4,44,67,286	17,72,180	-	4,295	4,62,43,761
15	Provision /Write offs	-	-	10,87,482	-	10,87,482
16	Loss on sale of Investments	-	3,97,348	-	-	3,97,348
	Income					
17	Rent and Other Service Charges	12,64,959	18,81,588	75,94,707	-	1,07,41,254
18	Interest Received	-	11,31,781	-	-	11,31,781
19	Dividend Received	-	-	7,50,030	-	7,50,030
20	Profit on sale of Investment	-	-	-	-	-
21	Provision /Write backs	-	-	36,000	-	36,000
22	Misc. Income	-	-	-	-	-
	Other Receipts					
	Finance					
23	Deposits Given	5,71,13,750	-	10,91,734	-	5,82,05,484
24	Deposits Taken	4,00,000	1,34,75,000	53,50,000	-	1,92,25,000
25	Repayment of Deposits Taken	-	-	1,22,00,000	-	1,22,00,000
26	Repayment of Deposits Given	-	-	36,000	-	36,000
	Outstandings					
27	Sundry Creditors	52,02,588	14,35,682	3,64,657	-	70,02,927
28	Interest accrued and due	17,67,043	9,94,750	340	-	27,62,133
29	Sundry Debtors	18,90,638	6,43,992	42,50,411	-	67,85,041
30	Loans and Advances	-	1,40,97,645	44,01,57,418	-	45,42,55,063
31	Prov. for Doubtful Loans and Adv.	-	-	43,86,61,969	-	43,86,61,969
32	Provision for Doubtful Debts	-	-	20,15,393	-	20,15,393
33	Deposits Payable	5,71,13,750	-	7,49,50,000	-	13,20,63,750
	Remuneration					
34	Paid / Payable	-	-	-	1,66,41,073	1,66,41,073
35	Outstanding	-	-	-	29,22,600	29,22,600
36	Recoverable	-	-	-	-	-
	Guarantees					
37	Given	-	-	13,58,42,000	-	13,58,42,000
38	Outstanding	-	-	13,58,42,000	-	13,58,42,000

Note:

Above transactions have been reported to extent such reporting was included in standalone financial statements of the Company, its subsidiaries and jointly controlled entities. The disclosure in the respective subsidiaries and jointly controlled entities is for related parties as applicable to the standalone financial statements and not the "Group".

SCHEDULE "11"- NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2008 (Contd.)

21 (b) Related Party Disclosures

(iii) Transactions with related parties for the year ended 31st March, 2007 includes :

		A	A	B	B	B	B	B
	Nature of Transactions	Shapoorji Pallonji & Company Limited	Sterling Investment Corporation Private Limited	Shapoorji Pallonji Ports Pvt. Ltd.	Windward Builders Pvt. Ltd.	Forvol International Services Limited	United Motors (India) Ltd.	SP Fabricators Pvt. Ltd.
	Purchases							
1	Goods and Materials	1,53,483	-	-	-	-	-	-
2	Services Rendered	-	-	-	-	47,13,501	-	-
3	Fixed Assets	2,94,06,985	-	-	-	-	-	-
	Sales							
4	Goods and Materials	-	-	-	-	-	-	-
5	Services Rendered	47,04,165	-	-	-	-	-	12,57,135
6	Fixed Assets	-	-	-	21,63,97,348	-	-	-
	Expenses							
7	Rent	22,10,402	-	-	-	80,19,611	-	-
8	Repairs and other Expenses	-	-	-	-	1,06,74,912	-	-
9	Recovery of Expenses	41,82,572	-	5,82,852	-	-	-	-
10	Interest Paid	-	22,78,291	-	-	-	9,94,750	-
11	Dividend Paid	-	4,16,31,761	-	-	-	-	-
12	Provision /Write offs	-	-	-	-	-	-	-
13	Loss on sale of Investments	-	-	-	3,97,348	-	-	-
	Income							
14	Rent and Other Service Charges	12,64,959	-	-	-	16,61,492	-	-
15	Interest Received	-	-	-	11,31,781	-	-	-
16	Dividend Received	-	-	-	-	-	-	-
17	Provision /Write backs	-	-	-	-	-	-	-
	Finance							
18	Deposits Given	-	5,71,13,750	-	-	-	-	-
19	Deposits Taken	-	-	-	-	-	1,34,75,000	-
20	Repayment of Deposits Taken	-	-	-	-	-	-	-
21	Repayment of Deposits Given	-	-	-	-	-	-	-
	Outstandings							
22	Sundry Creditors	27,34,739	24,67,849	-	-	14,14,300	-	-
23	Interest accrued but not due	-	17,67,043	-	-	-	9,94,750	-
24	Sundry Debtors	18,90,638	-	-	-	-	-	-
25	Loans and Advances	-	-	-	-	-	-	-
26	Prov. for Doubtful Loans and Adv.	-	-	-	-	-	-	-
27	Provision for Doubtful Debts	-	-	-	-	-	-	-
28	Deposits Payable	-	5,71,13,750	-	-	-	-	-
	Remuneration							
29	Paid / Payable	-	-	-	-	-	-	-
30	Outstanding	-	-	-	-	-	-	-
	Guarantees							
31	Given	-	-	-	-	-	-	-
32	Outstanding	-	-	-	-	-	-	-
		4,65,47,943	16,23,72,444	5,82,852	21,79,26,477	2,64,83,816	1,54,64,500	12,57,135

SCHEDULE "11"- NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2008 (Contd.)

C	C	C	C	C	D	D	D	TOTAL
The Svadeshi Mills Company Limited	Warrior Logistic & Shipping Services Limited	PT Gokak Indonesia	Sea-Speed Shipping Agency Ltd.	Trident Shipping Agency Ltd.	Deputy Chairman and Managing Director, Mr.K.C. Mehra	Executive Director (Finance), Mr.C.G. Shah	Chief Operating Officer, Mr.Ashok Barat (5.9.2006)	
-	-	-	-	-	-	-	-	1,53,483
-	-	-	-	-	-	-	-	47,13,501
-	-	-	-	-	-	-	-	2,94,06,985
-	-	62,87,775	-	-	-	-	-	62,87,775
-	-	-	-	-	-	-	-	59,61,300
-	-	-	-	-	-	-	-	21,63,97,348
-	-	-	-	-	-	-	-	1,02,30,013
-	-	-	-	-	-	-	-	1,06,74,912
-	-	-	-	-	-	-	-	47,65,424
-	-	-	39,38,377	14,84,358	-	-	-	86,95,776
-	-	-	-	-	-	-	-	4,16,31,761
10,87,482	-	-	-	-	-	-	-	10,87,482
-	-	-	-	-	-	-	-	3,97,348
-	-	-	49,62,993	25,74,102	-	-	-	1,04,63,546
-	-	-	-	-	-	-	-	11,31,781
-	7,50,030	-	-	-	-	-	-	7,50,030
36,000	-	-	-	-	-	-	-	36,000
-	-	-	-	-	-	-	-	5,71,13,750
-	-	-	50,00,000	-	-	-	-	1,84,75,000
-	80,00,000	-	-	42,00,000	-	-	-	1,22,00,000
36,000	-	-	-	-	-	-	-	36,000
-	-	-	-	-	-	-	-	66,16,888
-	-	-	-	-	-	-	-	27,61,793
20,15,393	-	8,00,000	14,08,667	-	-	-	-	61,14,698
43,84,05,229	-	-	-	-	-	-	-	43,84,05,229
43,84,05,229	-	-	-	-	-	-	-	43,84,05,229
20,15,393	-	-	-	-	-	-	-	20,15,393
-	-	-	5,15,50,000	2,29,50,000	-	-	-	13,16,13,750
-	-	-	-	-	84,39,050	58,12,050	23,89,973	1,66,41,073
-	-	-	-	-	7,22,600	15,00,000	7,00,000	29,22,600
-	-	13,58,42,000	-	-	-	-	-	13,58,42,000
-	-	13,58,42,000	-	-	-	-	-	13,58,42,000
88,20,00,726	87,50,030	27,87,71,775	6,68,60,037	3,12,08,460	91,61,650	73,12,050	30,89,973	175,77,89,868

SCHEDULE “11”- NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2008 (Contd.)

22 (A) Segment Reporting year ended 31st March 2008

The Company has disclosed Business Segment as the primary segment. Segments have been identified taking into account the nature of the products, risks and returns organisation structure and internal reporting system.

The Company’s operations predominantly relate to manufacture of “Home appliances”, “Textile and personal wear”, “Online Lottery business”, “Engineering”, “Logistics Solutions” and others which comprises of (a) Contract Manufacturing (b) Office Automation products (c) Investment and Financing activity.

The Company caters mainly to the needs of the Domestic and Export Markets.

Segment Revenue, Segment Results, Segment Assets and Segment Liabilities include the respective amounts identifiable to each of the segments as also amounts allocated on a reasonable basis.

i) Information about Primary Business Segments :

	<i>(Rupees)</i>							
	Home Appliances	Textile and personal wear	Engineering	Logistics Solutions	Online Lottery	Others	Unallocated	Total
Gross Segment Revenue :	837,48,54,589	4,10,23,983	91,34,23,257	83,58,32,768	56,56,68,635	156,38,15,690	28,15,41,557	1257,61,60,479
Less: Intersegment Revenue	5,56,19,656	-	2,77,352	5,77,00,186	-	55,38,10,458	19,71,06,327	86,45,13,979
Net Segment Revenue from continuing Operations:	831,92,34,933	4,10,23,983	91,31,45,905	77,81,32,582	56,56,68,635	101,00,05,232	8,44,35,230	1171,16,46,500
Net Segment Revenue from discontinuing Operations:								-
Net Segment Revenue :	831,92,34,933	4,10,23,983	91,31,45,905	77,81,32,582	56,56,68,635	101,00,05,232	8,44,35,230	1171,16,46,500
Segment Results :								
Net Segment Results from continuing Operations:	48,74,08,844	(6,63,30,705)	13,80,41,840	(2,32,47,841)	(5,28,54,769)	(9,46,74,730)		38,83,42,639
Net Segment Results from discontinuing Operations:								-
(Profit / Loss before Tax, Interest and Investment Income and Prior period items from each Segment)	48,74,08,844	(6,63,30,705)	13,80,41,840	(2,32,47,841)	(5,28,54,769)	(9,46,74,730)		38,83,42,639
Add: Income from Investments								5,19,04,298
Add: Profit on sale of Investments								3,25,30,932
Less: Provision for diminution in the value of Investments								-
Add / Less Prior Period items								(3,47,12,823)
(Profit / Loss before Tax and Interest from each Segment)								43,80,65,046
Less : Interest (Net)								18,06,79,787
Profit Before Tax								25,73,85,259
Provision for Taxation								
Current (including Wealth Tax)								17,78,59,640
Deferred								1,35,18,166
Profit after Tax								6,60,07,453
Capital Employed								
Segment Assets								
★ Fixed Assets, Capital work in Progress and Capital Advances	88,48,05,740	94,90,919	46,91,23,567	76,28,03,851	45,12,292	66,80,81,721	-	279,88,18,090
Investments	-	-	-	-	-	-	84,15,05,890	84,15,05,890
Current Assets, Loans and Advances (net of Tax Assets)	440,89,81,524	18,46,67,541	46,17,27,915	34,54,76,331	46,78,991	73,42,32,530	2,56,57,853	616,54,22,685
Advance Tax (net of provisions)	-	-	-	-	-	-	72,93,88,249	72,93,88,249
Deferred Tax Assets	-	-	-	-	-	-	6,88,86,736	6,88,86,736
Deferred Revenue Expenditure	3,10,970	-	-	67,418	-	816,280	-	11,94,668
Total Segment Assets from continuing Operations	529,40,98,234	19,41,58,460	93,08,51,482	110,83,47,600	91,91,283	140,31,30,531	166,54,38,728	1060,52,16,318
Total Segment Assets from discontinuing Operations								-

SCHEDULE "11"- NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2008 (Contd.)

Total Segment Assets	529,40,98,234	19,41,58,460	93,08,51,482	110,83,47,600	91,91,283	140,31,30,531	166,54,38,728	1060,52,16,318
Segment Liabilities								
Loan Funds	-	-	-	-	-	-	280,11,12,760	280,11,12,760
Deferred Government Grant	-	-	-	-	-	-	-	-
Current Liabilities and Provisions (Including Tax Liabilities)	310,44,31,208	69,95,993	14,96,51,855	30,22,05,978	4,63,82,713	92,15,28,829	63,27,78,282	516,39,74,858
Deferred Tax Liabilities	-	-	-	-	-	-	29,09,252	29,09,252
Total Segment Liabilities from continuing Operations	310,44,31,208	69,95,993	14,96,51,855	30,22,05,978	4,63,82,713	92,15,28,829	343,68,00,294	796,79,96,870
Total Segment Liabilities from discontinuing Operations	-	-	-	-	-	-	-	-
Total Segment Liabilities	310,44,31,208	69,95,993	14,96,51,855	30,22,05,978	4,63,82,713	92,15,28,829	343,68,00,294	796,79,96,870
Net Segment Assets	218,96,67,026	18,71,62,467	78,11,99,627	80,61,41,622	(3,71,91,430)	48,16,01,702	(177,13,61,567)	263,72,19,448
Capital Expenditure including Capital Work in Progress from continuing Operations	29,09,25,163	18,91,224	10,48,43,568	11,71,23,530	2,82,748	9,52,22,464		61,02,88,697
Capital Expenditure including Capital Work in Progress from discontinuing Operations	-	-	-	-	-	-	-	-
Capital Expenditure including Capital Work in Progress	29,09,25,163	18,91,224	10,48,43,568	11,71,23,530	2,82,748	9,52,22,464		61,02,88,697
Segment Depreciation from continuing Operations	17,27,64,401	42,91,737	5,97,00,447	2,22,76,838	5,39,62,106	5,59,74,454		36,89,69,983
Segment Depreciation from discontinuing Operations	-	-	-	-	-	-	-	-
Segment Depreciation	17,27,64,401	42,91,737	5,97,00,447	2,22,76,838	5,39,62,106	5,59,74,454		36,89,69,983
Non-Cash Expenses other than depreciation from continuing Operations	5,60,68,838	26,72,025	5,79,722	9,60,74,770	(8,30,503)	3,31,34,387		18,76,99,239
Non-Cash Expenses other than depreciation from discontinuing Operations	-	-	-	-	-	-	-	-
Non-Cash Expenses other than depreciation	5,60,68,838	26,72,025	5,79,722	9,60,74,770	(8,30,503)	3,31,34,387		18,76,99,239

ii) Information about Geographical Business Segments :

	With in India	Outside India	Unallocated	Total
Revenue	1098,50,52,868	64,21,58,402	8,44,35,230	1171,16,46,500
Assets	793,65,36,669	100,32,40,921	166,54,38,728	1060,52,16,318
Cost of additions to Fixed Assets during the year	60,97,23,710	5,64,987	-	61,02,88,697

(B) Year ended 31st March, 2007

Segment Reporting

The Company has disclosed Business Segment as the primary segment. Segments have been identified taking into account the nature of the products, risks and returns organization structure and internal reporting system.

The Company's operations predominantly relate to manufacture of "Home appliances", "Textile and personal wear", "Online Lottery business" "Engineering" and others which comprises of (a) Contract Manufacturing (b) Logistics solution activity mainly catering to needs of the Shipping Industry (c) Office Automation products (d) Investment and Financing activity.

The Company caters mainly to the needs of the Domestic and Export Markets.

Segment Revenue, Segment Results, Segment Assets and Segments Liabilities include the respective amounts identifiable to each of the segments as also amounts allocated on a reasonable basis.

SCHEDULE "11"- NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2008 (Contd.)

i) Information about Primary Business Segments :

(Rupees)

	Home Appliances	Textile and personal wear	Engineering	Logistics Solutions	Online Lottery	Others	Unallocated	Total
Gross Segment Revenue :	766,18,22,067	354,32,18,100	80,42,78,725	63,32,38,368	110,32,54,698	172,48,80,320	25,58,73,570	1572,65,65,848
Less: Intersegment Revenue	1,75,15,314	1,08,99,055	3,32,095	2,30,26,064	-	75,25,55,161	15,61,77,689	96,05,05,378
Net Segment Revenue from continuing Operations:	764,43,06,753	12,03,45,419	80,39,46,630	61,02,12,304	110,32,54,698	97,23,25,159	9,96,95,881	1135,40,86,844
Net Segment Revenue from discontinuing Operations:		341,19,73,626						341,19,73,626
Net Segment Revenue :	764,43,06,753	353,23,19,045	80,39,46,630	61,02,12,304	110,32,54,698	97,23,25,159	9,96,95,881	1476,60,60,470
Segment Results :								
Net Segment Results from continuing Operations:	50,67,57,933	(2,92,06,961)	12,19,18,278	(1,80,33,927)	(211,26,343)	(17,01,71,525)		39,01,37,455
Net Segment Results from discontinuing Operations:		9,41,18,772						9,41,18,772
(Profit / Loss before Tax, Interest and Investment Income and Prior period items from each Segment)	50,67,57,933	6,49,11,811	12,19,18,278	(1,80,33,927)	(211,26,343)	(17,01,71,525)		48,42,56,227
Add: Income from Investment								3,93,31,257
Add: Profit on sale of Investments								6,03,64,624
Less: Provision for diminution in the value of Investments								(59,142)
Add / Less Prior Period items								9,15,708
(Profit / Loss before Tax and Interest from each Segment)								58,48,08,674
Less : Interest (Net)								19,49,13,418
Profit Before Tax								38,98,95,256
Provision for Taxation								
Current (including Wealth Tax)								20,35,56,786
Deferred								20,50,614
Profit after Tax								18,42,87,856

Capital Employed

Segment Assets

Goodwill on Consolidation							60,05,723	60,05,723
★ Fixed Assets, Capital work in Progress and Capital Advances	78,55,61,827	176,48,14,387	42,43,45,356	76,31,47,748	5,85,52,372	74,03,79,962	-	453,68,01,652
Investments	-	-	-	-	-	-	89,63,80,741	89,63,80,741
Current Assets, Loans and Advances (net of Tax Assets)	325,13,48,620	161,03,88,348	44,17,79,307	52,41,95,454	75,84,672	85,84,86,882	-	669,37,83,283
Advance Tax (net of provisions)	-	-	-	-	-	-	63,47,90,554	63,47,90,554
Deferred Tax Assets	-	-	-	-	-	-	2,12,39,257	2,12,39,257
Deferred Revenue Expenditure	5,40,821	-	-	2,69,672	-	11,48,187	-	19,58,680
Total Segment Assets from continuing Operations	403,74,51,268	19,22,77,562	86,61,24,663	128,76,12,874	6,61,37,044	160,00,15,031	155,84,16,275	960,80,34,717
Total Segment Assets from discontinuing Operations		318,29,25,173						318,29,25,173
Total Segment Assets	403,74,51,268	337,52,02,735	86,61,24,663	128,76,12,874	6,61,37,044	160,00,15,031	155,84,16,275	1279,09,59,890
Segment Liabilities								
Loan Funds							363,22,03,290	363,22,03,290
Deferred Government Grant	-	1,64,500	-	-	-	-	-	1,64,500
Current Liabilities and Provisions (net of Tax Liabilities)	247,46,80,957	51,48,45,638	13,86,13,519	46,15,55,707	20,69,59,397	111,02,75,978	59,61,56,348	550,30,87,544
Deferred Tax Liabilities	-	-	-	-	-	-	5,91,44,443	5,91,44,443

SCHEDULE "11"- NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2008 (Contd.)

Total Segment Liabilities from continuing Operations	247,46,80,957	168,94,298	13,86,13,519	46,15,55,707	20,69,59,397	111,02,75,978	428,75,04,081	869,64,83,937
Total Segment Liabilities from discontinuing Operations		49,81,15,840						49,81,15,840
Total Segment Liabilities	247,46,80,957	51,50,10,138	13,86,13,519	46,15,55,707	20,69,59,397	111,02,75,978	428,75,04,081	919,45,99,777
Net Segment Assets	156,27,70,311	286,01,92,597	72,75,11,144	82,60,57,167	(14,08,22,353)	48,97,39,053	(272,90,87,806)	359,63,60,113
Capital Expenditure including Capital Work in Progress from continuing Operations	31,25,08,324	24,77,081	1707,64,572	47,94,16,394	2,80,65,869	8,91,21,125		108,23,53,365
Capital Expenditure including Capital Work in Progress from discontinuing Operations	-	70,04,66,320	-	-	-	-	-	70,04,66,320
Capital Expenditure including Capital Work in Progress	31,25,08,324	70,29,43,401	17,07,64,572	47,94,16,394	2,80,65,869	8,91,21,125		178,28,19,685
Segment Depreciation from continuing Operations	17,03,24,226	32,42,969	4,92,46,154	112,44,025	4,96,46,054	5,35,94,330		33,72,97,758
Segment Depreciation from discontinuing Operations	-	17,50,53,724	-	-	-	-	-	17,50,53,724
Segment Depreciation	17,03,24,226	17,82,96,693	4,92,46,154	112,44,025	4,96,46,054	5,35,94,330		51,23,51,482
Non-Cash Expenses other than depreciation from continuing Operations	1,29,62,865	1,40,802	3,10,479	9,32,30,543	4,75,748	93,76,122	59,142	11,65,55,701
Non-Cash Expenses other than depreciation from discontinuing Operations	-	230,34,754	-	-	-	-	-	230,34,754
Non-Cash Expenses other than depreciation	1,29,62,865	231,75,556	3,10,479	9,32,30,543	4,75,748	93,76,122	59,142	13,95,90,455
ii) Information about Geographical Business Segments :								
					With in India	Outside India	Unallocated	Total
Revenue					1208,71,38,950	272,08,27,646	9,96,95,881	1476,60,60,470
★ Assets					1065,49,43,308	57,76,00,306	155,84,16,275	1279,09,59,889
Cost of additions to Fixed Assets during the year					177,90,50,650	37,69,035	-	178,28,19,685
★ including Revaluation Surplus Rs. 3,63,31,562								

23 Figures of previous years have been regrouped, wherever necessary.

For and on behalf of the Board

MR. ASHOK BARAT Managing Director

MR. C. G. SHAH Executive Director
(Finance)

MR. A. T. SHAH Company Secretary

Mumbai, 7th July, 2008

To
The Members of
Forbes & Company Limited

Dear Member,

Annual Report 2007-08 – Corrigendum

Kindly note that the Annual Report for 2007-08 which has already been dispatched to you contained following errors :

1. On Page 25 – the details of remuneration to Whole-time Directors should be read as under :

	Mr. K. C. Mehra Rs.	Mr. C. G. Shah Rs.
a) Salary and allowance	1,24,57,764	38,64,008
b) Post retirement benefits	2,35,40,954	-
c) Benefits and perquisites	13,46,791	1,48,641
d) Bonus / Commission	-	-
e) Pension – contribution to PF & Superannuation Fund	9,23,400	5,50,800

Yours faithfully,
For FORBES & COMPANY LIMITED

A.T.Shah
Company Secretary.



Registered Office : Forbes Building, Charanjit Rai Marg., Fort, Mumbai - 400 001.
89TH ANNUAL GENERAL MEETING ON WEDNESDAY, THE 27TH AUGUST, 2008 AT 4.00 P.M.
 VENUE : Indian Merchants Chambers, Walchand Hirachand Hall, 4th Floor, Churchgate, Mumbai - 400 020.

ATTENDANCE SLIP

1. I certify that I am a registered Shareholder of the Company.
2. I certify that I am a proxy appointed by the above-named shareholder(s)
3. Please strike out whichever is not applicable.

 (Shareholder's/Proxy's Full Name)

 (Shareholder's/Proxy's Signature)

Regd. Folio:

* DP ID No.

* Client ID No.

- (1) Shareholder/Proxy holder must bring the Attendance Slip to the meeting and hand it over at the entrance duly signed.
 - (2) Shareholders are requested to advise change in their address, if any, to the Company's Registrars and Share Transfer Agents, TSR Darshaw Ltd. Unit : Forbes & Company Ltd. 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai 400 011. The information should be signed by all the shareholders registered under the Ledger Folio.
- * Applicable for Shareholder's holding shares in electronic form.

----- ✂ ----- TEAR HERE ----- ✂ -----



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

PROXY FORM

I/We _____ of _____
 in the district of _____ being a member(s) of the above-named Company, hereby appoint
 _____ of _____ in the district of _____ or failing him
 _____ of _____ in the district of _____
 as my/our proxy to attend and vote for me/us on my/our behalf at the 89th Annual General Meeting of the Company to be held on Wednesday, the
 27th August, 2008 and at any adjournment thereof.
 Signed this _____ day of _____ 2008.

Please Affix
 Re. 1
 Revenue
 Stamp

FOR OFFICE USE ONLY

PROXY NO. :

Signature(s) of the Shareholder(s)

REGD FOLIO :

* DP ID No.

* Client ID No

NO OF SHARES

* Applicable for shareholder's holding shares in electronic form.

Note : Kindly deposit the Proxy Form at the Registered Office of the Company not later than 48 hours before the commencement of the Annual General Meeting. Proxy need not be a shareholder of the Company.

Xpressbanker - Range of Offerings



Basic



Advanced



CTS



Internet
Banking



Bulk Cash
Deposit



E-drop box



Self Check in Kiosk installed at Chhatrapati Shivaji Domestic Airport, Mumbai



MICR :



Kiosk, Fee stamper, Hand held terminal :



POS machines :



ECR machines :



Note counting machines :

FORBES & COMPANY LIMITED

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

