

FORBES & COMPANY LIMITED

ANNUAL REPORT 2011-2012





DESIGN & DEVELOPMENT FOR HIGH PERFORMANCE TOOLS



CONTROL PANEL FOR POWER PROJECTS

DIRECTORS:	SHAPOOR P. MISTRY	<i>Chairman</i>
	ASHOK BARAT	<i>Managing Director</i>
	D. B. ENGINEER	
	N. D. KHURODY	
	R. N. JHA	
	S. L. GOKLANEY	
	T. R. DOONGAJI	
	KAIWAN D. KALYANIWALLA	
	D. SIVANANDHAN <i>(from 14.03.2012)</i>	
	JIMMY J. PARAKH <i>(from 29.03.2012)</i>	
	JAI L. MAVANI <i>(from 22.05.2012)</i>	
SECRETARY:	A. T. SHAH	<i>Company Secretary</i>
MANAGEMENT:	ASHOK BARAT	<i>Managing Director</i>
	AMIT MITTAL	<i>Director (Finance)</i>
	C. A. KARNIK	<i>Director (Human Resources)</i>
	DILIP SANGLE	<i>Director (Engineering)</i>
	A. NAGENDRA	<i>Chief Operating Officer – Shipping & Logistics</i>
AUDITORS:	MESSRS. DELOITTE HASKINS AND SELLS	
SOLICITORS AND ADVOCATES:	MESSRS. CRAWFORD BAYLEY & CO.	
BANKERS:	PUNJAB NATIONAL BANK	
	STANDARD CHARTERED BANK	
	IDBI BANK LIMITED	
	HDFC BANK LIMITED	

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

PLOT B-13, WALUJ INDUSTRIAL AREA
AURANGABAD 431 133

MUMBAI CHANDIVALI ESTATE,
SAKI POWAI ROAD,
MUMBAI 400 072

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

CONTAINER FREIGHT STATIONS:

NHAVA SHEVA VESHVI, POST – DIGHODE
TALUKA – URAN,
DIST. RAIGAD 410 206

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

REGISTERED OFFICE: FORBES BUILDING,
CHARANJIT RAI MARG,
FORT,
MUMBAI 400 001

NINETY-THIRD ANNUAL REPORT 2011-2012

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**Annual General Meeting will be held on Tuesday, 21st August, 2012 at 4.00 p.m.
at M.C. Ghia Hall, Bhogilal Hargovindas Building, 18/20 Kaikhushru
Dubash Marg, (Behind Prince of Wales Museum), Mumbai 400001.**

NOTICE

NOTICE is hereby given that the NINETY-THIRD ANNUAL GENERAL MEETING of the shareholders of FORBES & COMPANY LIMITED will be held at M.C. Ghia Hall, Bhogilal Hargovindas Building, 18/20 Kaikhushru Dubash Marg, (Behind Prince of Wales Museum), Mumbai 400001 on Tuesday, the 21st August, 2012 at 4.00 p.m. to transact the following business:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2012, 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 Mr. D. Sivanandhan, as a Director 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 and is eligible, 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 his intention to propose his candidature for the office of Director.
4. To appoint Mr. Jimmy J. Parakh, as a Director 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 and is eligible, 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 his intention to propose his candidature for the office of Director.
5. To appoint Mr. Jai L. Mavani, as a Director 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 and is eligible, 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 his intention to propose his candidature for the office of Director.
6. Mr. N.D. Khurody who retires by rotation is not seeking re-appointment and the vacancy would be filled by the Board of Directors.
7. To appoint a Director in place of Mr. S. L. Goklaney who retires by rotation and is eligible for re-appointment.
8. To appoint Messrs. Deloitte Haskins & Sells, Chartered Accountants, as Auditors and to authorise the Board of Directors to fix their remuneration.

For and on behalf of the
Board of Directors

SHAPOOR P. MISTRY
Chairman

Mumbai, 29th May, 2012.

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 businesses at items 3, 4, and 5 are annexed hereto.
3. Corporate members are requested to send to the Company a duly certified copy of the Board Resolution authorising their representative to attend and vote at the Annual General Meeting.
4. Pursuant to the direction under Section 212(8) of the Companies Act, 1956 and exemption granted by the Central Government vide their General Circular No.2/2011 dated 8th February, 2011, 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, 2012. 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 at the Registered Office of the Company and of the subsidiary companies concerned.
5. The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, 31st July, 2012 to Monday, 6th August, 2012 (both days inclusive).
6. The Dividend, when declared, will be paid within 30 days from the date of declaration to those shareholders whose names appear on the Register of Members on 6th August, 2012. 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.
7. Shareholders are requested to immediately notify the REGISTRAR AND SHARE TRANSFER AGENTS or the DEPOSITORY PARTICIPANTS (in case of shares which have been dematerialised) of any change in their address.
8. **The Ministry of Corporate Affairs ("MCA"), Government of India has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by Companies. MCA has issued a Circular No.17/2011 dated 21st April, 2011 stating that the service of notice / document by a company to its Members may now be made through electronic mode, after giving an advance opportunity to the Member to register his e-mail address and changes therein from time to time with the Company or with the concerned depository. Keeping this in view, your Company had vide its circulars dated 12th May, 2011 and 7th June, 2011 requested you to advise your email address in case you wish to receive documents such as the Notice of the Annual General Meeting, Audited Financial Statements, Directors' Report, Auditors' Report, Balance Sheet, Profit & Loss Account, Explanatory Statement etc., henceforth in electronic mode. We are confident that you would appreciate the "Green Initiative" taken by MCA and co-operate in helping the Company implement the e-governance initiatives of the Government.**
9. As a measure of austerity, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are therefore, requested to bring their copies of the Annual Report to the Meeting.
10. Pursuant to Clause 5A of the Listing Agreement entered into with Bombay Stock Exchange Ltd., the Company had sent reminders on 3rd August, 2011, 23rd December, 2011 and 29th March, 2012 to the shareholders whose share certificates have remained unclaimed.
11. Please address all communications including lodging of Transfer Deeds to-

REGISTRAR 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.comWebsite : www.tsrdarashaw.com

Branch Offices

1. TSR Darashaw Ltd.
503, Barton Centre, 5th floor,
84, Mahatma Gandhi Road,
Bangalore 560 001
Tel.:080 25320321
Fax:080 25580019
email: tsrdlbang@tsrdarashaw.com
2. TSR Darashaw Ltd.
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Kolkata 700 071
Tel.:033 22883087
Fax:033 22883062
email: tsrdlcal@tsrdarashaw.com
3. TSR Darashaw Ltd.
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Jamshedpur 831 001
Tel.:0657 2426616
Fax:0657 2426937
email: tsrdljsr@tsrdarashaw.com
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

Agent

- (1) M/s. Shah Consultancy Services Pvt. Ltd.
3, Sumatinath Complex,
Pritam Nagar, Akhada Road, Ellisbridge,
Ahmedabad 380 006
Telefax: 079 26576038
Email: shahconsultancy8154@gmail.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 400 001
Telephone: 022 40749117
Email: ashok.shah@forbes.co.in

Kindly quote your Ledger Folio No. in all correspondences with the Company or Registrar and Share Transfer Agents.

ANNEXURE TO NOTICE

Explanatory Statement under Section 173 of the Companies Act, 1956

Item 3:

The Board of Directors, on 14th March, 2012, appointed, Mr. D. Sivanandhan as 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. D. Sivanandhan 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 ₹ 500, signifying his intention to propose Mr. D. Sivanandhan as a candidate for appointment as a Director.

Mr. D. Sivanandhan, aged 61 years, is Retired Director General of Police, Maharashtra. He is a post graduate in Economics and was Assistant Professor in the University of Madras. He joined IPS during 1976 and has served in different agencies like Intelligence Bureau, Central Bureau of Investigation etc. in various capacities. He is the recipient of Meritorious Service Medal and the President’s Distinguished Services Medal.

The Directors consider that the services of Mr. D. Sivanandhan will be useful to the Company having regard to his knowledge and experience on the security aspects covering assets, operations and personnel of the Company and recommend that he be appointed as a Director of the Company.

Mr. D. Sivanandhan is interested in the Resolution at item 3 of the Notice since it relates to his appointment.

Item No.4:

The Board of Directors, on 29th March, 2012, appointed, Mr. Jimmy J. Parakh as 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. Jimmy J. Parakh 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 ₹ 500, signifying his intention to propose Mr. Jimmy J. Parakh as a candidate for appointment as a Director.

Mr. Jimmy J. Parakh, aged 63 years, is a Bachelor of Commerce (Hons.) from Mumbai University and a Fellow Member of the Institute of Chartered Accountants of India. He has over 37 years of experience in the Real Estate and Construction Sector, in addition to General Management including mergers and acquisitions. He is on the Board of various companies.

The Directors consider that the services of Mr. Jimmy J. Parakh 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. Jimmy J. Parakh is interested in the Resolution at item 4 of the Notice since it relates to his appointment.

Item No.5:

The Board of Directors, on 22nd May, 2012, appointed, Mr. Jai L. Mavani as 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. Jai L. Mavani 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 ₹ 500, signifying his intention to propose Mr. Jai L. Mavani as a candidate for appointment as a Director.

Mr. Jai L. Mavani, aged 40 years, is a Member of the Institute of Chartered Accountants of India. He has worked with firms like Arthur Andersen, KPMG and PWC. His industry specialization includes Infrastructure, Real Estate and Private Equity. His skills include Mergers & Acquisitions, tax & regulatory and private equity fund structuring.

The Directors consider that the services of Mr. Jai L. Mavani 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. Jai L. Mavani is interested in the Resolution at item 5 of the Notice since it relates to his appointment.

For and on behalf of the
Board of Directors

SHAPOOR P. MISTRY
Chairman

Mumbai, 29th May, 2012.

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

Note: The information in respect of the Directors to be appointed and re-appointed, as required pursuant to the provisions of Clause 49 IV (G) (i) of the Listing Agreement, is given in Annexure “AC” to the Report on Corporate Governance.

DIRECTORS' REPORT

To,
The Shareholders,

Your Directors submit their Report and the Audited Accounts of the Company for the year ended 31st March, 2012.

1. FINANCIAL RESULTS:

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

	For the year ended 31st March, 2012	₹ in Crores For the year ended 31st March, 2011
Revenue from Operations and Other Income	286.94	251.65
Less: Expenses	271.62	245.43
Profit/(Loss) after Interest and before Depreciation	15.32	6.22
Less: Depreciation	12.12	13.62
Profit/(Loss) after Depreciation and before exceptional items	3.20	(7.40)
Add: Exceptional items	1.53	4.89
Profit/(Loss) before tax	4.73	(2.51)
Less: Tax expense/ (credit)		
-Current tax relating to previous year	-	(0.10)
Profit/(Loss) from continuing operations	4.73	(2.41)
Add : Profit for the year from discontinuing operations	-	2.99
Profit for the year	4.73	0.58
Add : Balance brought forward from previous year	(43.37)	(43.95)
Balance carried to Balance Sheet	(38.64)	(43.37)

2. The Company has earned net profit after tax of ₹ 4.73 crores. As per the provisions of the Companies Act, 1956, the Company is required to set off losses of the earlier years, before declaring any dividend for the year; the accumulated losses to be set off exceed the current year's profit. However, the Board of Directors, encouraged by the performance of the Company, have proposed payment of dividend out of reserves at the maximum permissible rate of 10% (*Previous year - Nil*)

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

3.1 ENGINEERING DIVISION:

Precision Tools:

After two years of slow growth, there was a significant improvement in the performance of this vertical. This was achieved with a continued focus on up-gradation of manufacturing facilities with installation of state of the art CNC machines at Aurangabad and Mumbai plants, as well as expansion of manufacturing facilities at Aurangabad for solid carbide tools and spring washers. To improve on-time delivery to customers, a consumption-based inventory management system was implemented that will result in reduced working capital, besides improving competitiveness in the market place.

An arrangement with IIT, Mumbai was entered into to jointly research and work on improving the technological edge in the areas of high performance tools and coating technology.

Opportunities for international tie-ups are being explored to enable new product offerings as well as to enhance the product portfolio of threading and cutting tools.

Industrial Automation:

The setting up of facilities at Aurangabad with a dedicated team will enable a renewed focus to project execution for the Industrial Marking Automation Business. Strong systems and processes have been set up and various initiatives in Line Automation and allied areas are being made to expand the product range through sales and technology tie ups with market leaders in such products.

Both the Precision Tools and Industrial Automation businesses, have undergone the ISO 9001-2008 certification audit process for all the five manufacturing plants and have been recommended for certification.

Energy Solutions:

The major initiative started for building in-house capabilities for turnkey execution of projects resulted in bagging of several energy efficiency projects from customers like Maruti Suzuki India Limited (MSIL), Rashtriya Chemicals and Fertilizers Limited (RCF), Bharat Heavy Electricals Limited (BHEL) and Mather

& Platt, with a total order book position of over ₹ 70 crores as on 31st March, 2012. This vertical also, successfully completed erection and commissioning of steam turbines of capacity 7 MW at Bharat Petroleum - Kochi, Chennai Petrochemicals - Chennai, HPCL - Mittal Energy Ltd. at Bhatinda, Indian Oil - Jorhat and KRIBHCO - Surat and others. Installations for the turbine packaging and refurbishing facility at Waluj, Aurangabad have been completed and several packaging jobs, including those for Maruti Suzuki, MRPL, were executed.

Several new initiatives are underway in the areas of Solar Power as a project developer as well as technology-based turnkey execution of Photovoltaic-based Solar Power for grid-connected and off-grid projects. To validate various design and technology options in the area of Photovoltaic-based Solar Power technology, an association with IIT, Mumbai has been agreed.

3.2 LOGISTICS, CONTAINER FREIGHT STATIONS AND SHIPPING RELATED ACTIVITY:

Container Freight Stations:

The Company's Container Freight Stations at Mundra and Veshvi witnessed an upsurge in volumes, both, for export cargo and import cargo. Through focussed marketing efforts the customer base was enhanced, both, in Mundra and Veshvi Container Freight Stations. The thrust remained on aggressive marketing, profitable customer acquisition and improvement in operational efficiencies. This has resulted in turnaround of CFS business with a substantial improvement in, both, turnover and profitability compared to previous year.

In order to improve operational efficiencies in Mundra and Veshvi Container Freight Stations it has been decided to procure three Reach Stackers, a core equipment at any CFS which till now was being hired by us. Two of these would be deployed at the Mundra Container Freight Station and one at the Veshvi Container Freight Station. It is also proposed to develop some portions of the undeveloped container yards at both the Container Freight Stations for increasing the handling capacity as well as for providing more flexibility for handling of cargo.

The Division would incur a capital expenditure of aggregate ₹ 15 crores on procuring Reach Stackers and development of container yards.

Freight Forwarding:

This vertical expanded its capabilities in freight forwarding activity during the year, which resulted in revenue growth of 76% over previous year. Some of the initiatives taken were reopening of Air Cargo office in Mumbai, handling of Project Cargo, which included Odd Dimensional Cargo (ODC) and heavy lifts, greater focus on Import Cargo and hinterland coverage, etc. Customer Meets were hosted in strategically important cities, to reposition the Division as a total logistics solution provider i.e. end-to-end logistics solution provider and not merely as port-to-port logistics service provider. Various other marketing initiatives were undertaken, like participation in logistics exhibitions, issuing advertisements in all India trade journals and papers to target the intended market segments. These resulted in getting awarded freight forwarding assignments from some of the

major corporate houses, through bidding process despite heavy competition.

Overall the Shipping & Logistics division has grown significantly during the year in terms of revenue and profitability. The focus, going forward, is to maintain the momentum and achieve a reasonable revenue growth with improved margins and optimize on costs, thereby achieving customer delight.

3.3 OTHERS:

During the year, the Company successfully settled the long-pending dispute relating to the sale of plot of land at Chandivali. Pursuant to the out of court settlement with the buyer, both the parties will jointly develop their respective share in the plot of land. Work relating to obtaining necessary regulatory approvals is in progress.

Since the balance sheet date, the Company has also successfully reached an out of court settlement on a dispute and concluded the deal for the sale of a 5-acre parcel of land at a prime location in Chennai; the proceeds of which have been used to repay debt. The Company continues its efforts to monetise the value of its real estate (through rentals and otherwise) in order to get long-term benefits.

The Company continues to make substantial investments in IT infrastructure and applications to support its businesses. These investments have significantly helped the management in having a better control over its operations through online availability of real time information. They have also resulted in significant savings in the cost of executive time and travel.

3.4 FINANCE AND CORPORATE:

The Company had undertaken legal and financial restructuring of its businesses, which has started showing positive results. The losses of ₹ 46.47 crores in FY 2008-2009 had, gradually, come down to a small profit of ₹ 0.60 crores in FY 2010-2011 and this year it has improved further to ₹ 4.73 crores. This has been achieved with improvement in the operating performance of all the business segments in which the Company is operating. It is also important to note that, unlike in the past years, the reported profit is without extra-ordinary income items such as, dividend from any of the subsidiary companies or profit from sale / buy-back of shares or profit from sale of property, and despite bearing the costs associated with the infusion of funds in various JVs and subsidiaries, which are making losses.

With the relentless focus on economical unit realizations, strict cost control, efficient working capital management, etc., the generated cash had helped funding the investments in JVs and subsidiaries as well as bringing down its debt level significantly from ₹ 148.92 crores in March 2009 to ₹ 135.43 crores in March 2012 which resulted in a reduction in interest costs, despite a period of increasing interest rates, from ₹ 16.46 crores in 2008-2009 to ₹ 12.54 crores in 2011-2012.

Consequently, the Company's credit rating from both CRISIL and ICRA has steadily improved every year from A+ (Stable) in 2009, to AA- (Stable) in 2010 by CRISIL and A+ (with positive outlook) by ICRA (both of which continue at same levels).

3.5 OUTLOOK FOR FUTURE AND POST BALANCE SHEET EVENTS:

The company's businesses continue to grow with the Engineering Division, on a standalone basis, making profits whilst the Shipping Division is nearing break even for the first few months of the current financial year (FY 2012-2013). It is expected that this momentum will continue though with the slowing down of the economy, continued inflation and RBI reluctant to reduce rates (to tame inflation) there will be some impact on the automobile sector and consequently on the Company's performance. The management is working actively to contain the same. Several initiatives are underway to also bolster the performance and profitability of the CFS and Freight Forwarding business. The steep and sudden depreciation of the rupee vis-a-vis the dollar during the year has impacted the Company also as its Energy Solutions business imports turbines whilst the sale is in Rupee terms; this will also have an impact in the current financial year as some of the contracts entered into last year had long lead times and will be executed in the current year. The Company has started to hedge its forex exposures and is putting in a robust hedging policy in this respect with appropriate systems and processes. This apart, dialogues are on with both the customers and supplier to try and mitigate the impact through additional compensation / reduced rate respectively.

The Standby Charter covenant of SCI Forbes (SCIF) has been negotiated with the banks who have agreed to keep the same suspended – this has been implemented w.e.f. 1st July, 2011; consequently the cash losses through the Company's P&L (₹ 5.5 crores in the 1st quarter of 2011-2012 and ₹ 22 crores per year on an annualized basis) has stopped from that date.

4. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES:

4.1 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. These are also available for inspection to any investor, at the registered office of the Company and that of the subsidiary company concerned.

4.2 Eureka Forbes Limited (EFL)

In a year of global gloom, low consumer sentiments and the news of slowdown in almost all segments of the economy, EFL has performed commendably well with an impressive growth in revenue and profit.

EFL entered into Packaged Drinking Water business through the franchisee model during the financial year. Further, EFL ventured into a new product category of solar products for mass markets under the brand name "Eurodiya" and with a mission to "light up a million lives".

Aquamall Water Solutions Limited, a wholly-owned subsidiary company of EFL introduced automated water dispensing units with pre-paid smart cards for 24x7 water dispensing and

monitoring.

As in earlier years, EFL received awards and recognition during the year also.

During the year, EFL, through its wholly-owned subsidiary in Mauritius, has acquired a 25% stake in Lux International AG, (Lux). Lux is a Switzerland headquartered white goods multinational company and had an existing joint venture relationship with EFL in various geographies around the world. This relationship has been developed on and being expanded with the acquisition of the stake in Lux by EFL and will help it to get a 'global footprint' for its products and services.

4.3 Forbes Technosys Limited (FTL)

During the last one year, FTL has made great strides as a company in multiple dimensions. Its turnover doubled as some of its businesses like Kiosk business, Recharge business have grown substantially.

FTL has a strong order book with orders from large nationalized banks and other Government Departments. It also made an entry into new market segments and added several new customers like Volkswagen, Shriram Finance, Maruti Suzuki, Eureka Forbes, etc. It secured DGS&D approval for kiosks and got first order for 80 ATVMs (Automatic Ticket Vending Machines) from Western Railway. Its product portfolio has been enhanced with the successful introduction of Bulk Cash Deposit kiosks, The Megabanker, a multi-function ATM, ATVMs, Enterprise Mobility Solutions etc. In order to meet the growing market demand for kiosks and ATMs, FTL has established its second manufacturing facility.

FTL has received several awards both at the National and International levels. It has been actively involved with sustainability issues, and some of its products have been designed to operate on solar power. It will be taking further actions towards undertaking sustainability measures that will enable it to become a corporation that offers products that enhance sustainability to its customers through "green" products and services.

4.4 Forbes Container Line Pte. Limited (FCL)

It was a very difficult year for the shipping business all over the world. The freight rates were lower due to excess supply of vessels on all the trade routes, whereas costs had gone up, mainly due to increase in the oil prices. With this double impact, shipping lines all over the world had suffered losses for the year. FCL also was adversely impacted by the same phenomenon.

However, FCL managed to consolidate its position on its trade routes, which would benefit FCL in due course, with the expected improvement in the freight rates. It is also planning to start its own office in Dubai during the current financial year.

FCL is putting in concerted efforts on improving its freight forwarding business from its office in Singapore and the Shanghai representative office. These are expected to improve further with the Dubai office becoming operational.

4.5 SCI Forbes Limited (SCIF)

During the financial year ended on 31st March, 2012, all the four ships of SCIF were fully operational.

As per the Loan Agreement with the Lenders, under the “Standby Charter” arrangement of the “Sponsor’s Support Deed”, 2 ships viz. M.T. Asavari and M.T. Neelambari were given on charter to the Shipping Corporation of India Limited and other 2 ships viz. M.T. Bhairavi and M.T. Malhari to Forbes & Company Limited. This arrangement of the “Standby Charter” with promoters was terminated with effect from 1st July, 2011, after receiving necessary approvals from the Lenders.

The ships were put in the YAMOONA Pool for chartering and operating by them alongwith a pool of tankers of other vessel owners till February 2012; since when they have been deployed with the MARIDA Pool, a larger pool with several tankers trading in Europe and cross Atlantic trade, resulting in better income distribution for SCIF ships.

The chemical trade market had been very poor and has not fully recovered after the financial crisis in the west. Further, the market was affected by an oversupply of tonnage which has kept the freight levels at a low. The earnings were also affected by an increase in fuel prices.

During the year, the earnings took a beating during the winter months and did not recover after the Chinese New Year. The western market picked up in the winter for movement of clean petroleum products, which aided the chemical markets also. But the Chemical trade was affected with oversupply of ships and the USA/EU sanctions on Iranian trade of chemicals and, import of palm oil was badly affected, thereby putting pressure on freight rates.

The threat of piracy continues to plague shipping in the Arabian Sea and costs are still being incurred for anti-piracy measures.

The year ahead may see some marginal improvement in freight rates from Quarter 3 of 2012.

4.6 Forbes Bumi Armada Offshore Limited (FBOL)

FBOL was awarded 7 years contract by Oil and Natural Gas Corporation Ltd. (ONGC) for providing 1 No. Floating Production Storage and Offloading Vessel (FPSO) on Charter Hire, including O&M, to them. The Company has signed a contract with an overseas company for supply of FPSO. It is preparing its office setup in India for the O&M of the FPSO. The operations are expected to commence at the specified location in December, 2012.

4.7 Assets of the Svadeshi Mills Company Limited (Svadeshi)

continue to be in the hands of the Official Liquidator, High Court, Bombay. An application to get Svadeshi out of liquidation had been filed with the Hon’ble High Court, Bombay, *inter alia*, praying for permanent stay on the Order passed by the High Court ordering winding up of Svadeshi and, to hand over to the applicants the entire undertaking of Svadeshi. The High Court had dismissed the application and directed the Official Liquidator

to proceed expeditiously for winding up of Svadeshi. The Company had filed an appeal before the Division Bench against the Order of the High Court. The appeal came up for hearing before the Division Bench, which has suggested to the workers to make an attempt to settle the grievances among themselves. The appeal against the Order is yet to be heard finally by the Division Bench.

Your Company being a secured creditor with adjudicated dues by the Official Liquidator, will receive the amounts due to it in either case; it is just a matter of time during which a nominal interest also accrues on the dues.

5. DIRECTORS:

- i) Mr. Pallonji S. Mistry, Chairman Emeritus, retired from the Board of Directors of the Company with effect from 21st February, 2012. Mr. Pallonji S. Mistry had been a member of the Board since 20th February, 2002. Board places on record their sincere appreciation of the valuable guidance provided by Mr. Pallonji S. Mistry to the Board and the Company management over the period of his association with the Company.
- ii) Mr. Cyrus P. Mistry decided to step down as a Director of the Company with effect from 9th December, 2011 upon his appointment as the Deputy Chairman of Tata Sons Limited. Mr. Cyrus P. Mistry had been a member of the Board since 23rd June, 2003 and over the period of his association with the Company he had made valuable contribution to the deliberations at the Board Meetings. Board places on record their sincere appreciation of the services rendered by Mr. Cyrus P. Mistry to the Board and the Company over the period of his association with the Company.
- iii) Mr. S. L. Goklaney is due to retire by rotation and the Board of Directors commends his re-appointment as Director of the Company.
- iv) Mr. N. D. Khurody, who also retires by rotation, is not seeking re-appointment in view of his advancing years. The Board of Directors has decided to accept his request with deep regret. Mr. Khurody joined the Board of Directors of the Company on 17th March, 2004. During his tenure as the Director of the Company, Mr. Khurody has rendered valuable services to the Company and the Board of Directors of the Company. Board places on record their sincere appreciation for the same.

Board of Directors has decided, for the time being, not to make new appointment in the resultant vacancy on the Board of Directors.
- v) Mr. D. Sivanandhan, Mr. Jimmy J. Parakh and Mr. Jai L. Mavani were appointed Additional Directors on the Board of Directors of the Company. They hold office upto the date of the ensuing Annual General Meeting and items regarding their appointment are included in the Notice convening the Annual General Meeting. The Board of Directors commends their appointment as Directors of the Company.

6. LATE MR. D. S. SOMAN:

Mr. D. S. Soman, a former Director of the Company, passed away on 9th October, 2011.

Mr. D. S. Soman was invited to the Board of Directors of the erstwhile, Forbes Forbes Campbell & Co. Ltd., in 1988. He was invited to the newly constituted Board of Directors of the Company, after amalgamation of Forbes Forbes Campbell & Co. Ltd., with the Company, in 1992 and since then, he had been a Director of the Company till his retirement on 22nd September, 2010, when he decided to retire in view of his advancing years. Mr. Soman was also the Chairman of Audit Committee of Board of Directors of the Company. The Board places on record their heartfelt condolences for the sad demise of Mr. Soman.

7. INTERNAL CONTROLS AND SYSTEMS:

The Company has an internal control system, 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 a team under the direct supervision of the Head of Internal Audit. The findings of such internal audits are periodically reviewed by the management and suitable actions taken to address the gaps, if any, noted arising from such audits. 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, information technology, risk analysis and risk management are inter-woven to provide a meaningful support to the management of the business.

8. 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; the 'Management Discussion and Analysis of Results of Operation' forms a part of this report and is not again repeated in the Corporate Governance Report.

9. 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.

10. AUDITORS AND AUDIT REPORT:

You are requested to appoint Auditors for the current year and authorise the Board to fix their remuneration. It is proposed to re-appoint Messrs. Deloitte Haskins & Sells, Chartered Accountants as 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. The Audit Report forms a part of the Annual Report.

The Auditors have referred to certain matters in their report to the shareholders, which are self-explanatory.

Consequent to the issue of Order No. 52/26/CAB-2010 dated 30th June, 2011 and 24th January, 2012 by the Central Government, the cost accounts of the Engineering Division of the Company for the financial year 2011 – 2012 onwards are required to be audited by a Cost Accountant. For the financial year 2011 – 2012, the Central Government has approved the appointment of Kishore Bhatia & Associates, Cost Accountants, who have commenced the audit.

11. CORPORATE SOCIAL RESPONSIBILITY:

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.

12. 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 Company-wide awareness of risk management policies and practices are 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 is 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.

13. HUMAN RESOURCE DEVELOPMENT AND INDUSTRIAL RELATIONS:

A new Organisational Development initiative "Development Centre" was carried out for top 8 leaders. This exercise was

undertaken to build leadership pipeline and develop senior leaders in order to enable them to run businesses more efficiently. This exercise will also be used for planning succession and drawing career paths for potential performers.

Recruitment – a major initiative was undertaken to recruit professionals with domain knowledge in a timebound plan so as to strengthen businesses to deliver performance as per stipulated Business plans.

Industrial Relations

Maintained cordial relations with various Unions and helped in encouraging and boosting the productivity. No man-hours and production were lost due to industrial unrest.

General

Participated in HR Surveys in order to abreast our knowledge regarding various trends in the Industry.

14. 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.

15. 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.

For and on behalf of the
Board of Directors

SHAPOOR P. MISTRY
Chairman

Mumbai, 29th May, 2012

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. Energy Audit suggestion implemented for Chandivali factory.
2. ESCO Project for Centralised Air Conditioning Plant implemented
3. Electrical Transformers optimization achieved for Chandivali Plant.
4. Modification in filtration system for lower power consumption for Chandivali Factory.

(b) Additional investments proposals:

1. Revised layout for better lighting and ventilation
2. Centralized air conditioning system for Administration building

(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 optimize use of energy through operational methods will continue.
2. Saving of approx. ₹ 12,00,000 p.a. due to the measure taken at (a)(2) above.

(B) Technology Absorption:

Required details are set out in Form 'B'

(C) Foreign exchange earnings and outgo:

(₹ In Lakhs)

(a) Foreign exchange earnings:

1 Exports of goods calculated on F.O.B. basis	1,481.83
2 Charter hire income	549.28
3 Commission and other Services	46.49
4 Freight and Insurance recoveries	21.28
Total	2,098.88

(b) Foreign exchange outgo:

1 Imports calculated on CIF basis – Raw material	1,506.64
2 Imports calculated on CIF basis – Components	533.87
3 Imports calculated on CIF basis – stores, spares and tools	131.79
4 Imports calculated on CIF basis – purchase for re-sale	395.64
5 Imports calculated on CIF basis – Capital Goods	298.66
6 Charter hire charges	1,061.75
7 Commission to overseas agents	29.45
8 Foreign travel	42.60
9 Royalty	37.28
10 Others	164.19
Total	4,201.87


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 by the Company | <ul style="list-style-type: none"> a) Development of Application specific tool geometries for High performance taps b) Custom tools in Solid Carbide Tools c) Initiation for technical collaboration with an Italian company in laser technology d) O.E.E. improvement program implementation e) Entry in aerospace component manufacturing |
| 2. Benefits derived as a result of the above R & D: | New products developed by R&D have been commercialized which will yield better market share |
| 3. Future course of action: | <ul style="list-style-type: none"> a) New products – HSS Drills b) Launch programme for new products. c) Branding exercise to further strengthen brands in market place d) Focus on High growth area from these developments- Aerospace, Auto and power sectors. |

(B) Technology Absorption, Adaptation and Innovation:

- | | |
|---|--|
| 1. Efforts, in brief, made towards technology absorption, adaptation and innovation | <ul style="list-style-type: none"> a) High performance drill geometries adopted for custom tools in solid carbide tools product segment. b) Automation in marking solutions business. c) Manufacturing of aerospace components requiring high degree of accuracy and reliability. d) New Filtration system for better environment e) Indigenous development of Threading technology. f) Solution for usage of very low pressure dry, saturated steam (below 10 kg/cm²g) for power generation and mechanical drive applications g) Solution for high back-pressure (> 15 kg/cm²g) mechanical drive turbines |
| 2. Benefits derived as a result of the above | <ul style="list-style-type: none"> a) Benefits accrued to the Company in terms of increased realization per tool resulting into higher profitability, enhancement of productivity, quality and consistency. b) Higher tool reliability in market place. c) Business increase derived from cost benefit to the customers |
| 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. | |
| <ul 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 style="text-align: center;">Nil and Not Applicable</p> |

Annexure forming part of Directors' Report for the year ended 31st March, 2012
(Note: Position indicated is as at 31st March, 2012, unless otherwise indicated.)

Report on Corporate Governance

PARTICULARS	COMPLIANCE
1. Brief statement on Company's philosophy on code of governance	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. – (a) Balancing need for transparency with the need to protect the interests of the Company. (b) Balancing the need for empowerment at all levels with the need for accountability and (c) Interaction with all stakeholders including shareholders, employees, lenders and regulatory authorities.
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. 31 st March, 2012 See Annexure AA
i. Promoter Directors	1
ii. Managing/Executive Directors	1
iii. Non-Executive Directors	9 (including 1 included in (i) above)
iv. Independent Non-Executive Directors	6 (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 promoter and more than one half of the Board of Directors of the Company consists of Independent Directors.
b. Attendance of each Director at the Board of Directors meeting and last Annual General Meeting	See Annexure AA
c. Mention about other Boards or Board Committees in which each Director is a Member or Chairperson.	See Annexure AB
d. Number of Board Meetings held and dates of the Board Meeting	9 Board Meetings were held on the following dates – 28.04.2011 24.08.2011 15.03.2012 04.07.2011 25.10.2011 19.07.2011 16.01.2012 29.07.2011 06.02.2012 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 Ethics for Board of Directors and Senior Management :</p> <p>The Company has adopted a Code of Ethics for Board of Directors and Senior Management (the Code). The Code has been communicated to the Directors and the members of the Senior Management. All Board members and senior management have confirmed compliance with the Code for the year ended 31st March, 2012. 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 (V) of the Listing Agreement, the Certificate from Mr. Ashok Barat, Managing Director and Mr. Amit Mital, Director (Finance) was placed before the Board of Directors at their meeting held on 29th May, 2012.</p>	

3. Audit Committee:			
i. Brief description of terms of reference of Audit Committee	Terms of reference of the Audit Committee include – <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. B. Engineer (Chairman)	6	6
	* Mr. R. N. Jha	6	6
	** Mr. Ashok Barat	6	6
	* Mr. T. R. Doongaji	6	5
	* Non-Executive Independent Director ** Executive Director All members are financially literate and one member has Accounting expertise. The Chairman of the Audit Committee was present at the last Annual General Meeting. Mr. A. T. Shah, the Company Secretary, acts as the Secretary of the Committee.		
iv. Number of Audit Committee Meetings held and dates of the Audit Committee Meeting	6 Audit Committee meetings were held on the following dates - 27.04.2011 25.10.2011 18.07.2011 21.11.2011 28.07.2011 06.02.2012 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.		
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. Pallonji S. Mistry <i>(Ceased to be a member and the Chairman w. e. f. 21.2.2012)</i>	1	1
	Mr. Shapoor P. Mistry <i>(Appointed Chairman w. e. f. 15.3.2012)</i>	1	-
	Mr. R. N. Jha	1	1
	Mr. N. D. Khurody	1	1
	Mr. T. R. Doongaji	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 Wholetime Directors as per format listing out the following:	Mr. Ashok Barat ₹			
(a) Salary and allowance	89,10,996			
(b) Benefits and Perquisites	14,27,999			
(c) Bonus/Commission	-			
(d) Pension-Contribution to PF & Superannuation Fund	7,29,000			
Total	1,10,67,995			
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.			
Service Contract	1.4.2008 to 31.3.2013 @ @ Subject to retirement policy of the Company			
Notice Period	Six months			
Severance fees	Nil			
Stock Options	Nil			
B. Details of remuneration paid to Non-Wholetime Directors and number of shares held by them in the Company.	No. of shares	Directors' fees ₹	Commission paid ₹	Total ₹
Mr. Pallonji S. Mistry (Ceased to be a Director of the Company w. e. f. 21.2.2012)	Nil	70,000	Nil	70,000
Mr. Shapoor P. Mistry	Nil	60,000	Nil	60,000
Mr. Cyrus P. Mistry (Ceased to be a Director of the Company w. e. f. 9.12.2011)	Nil	30,000	Nil	30,000
Mr. D. B. Engineer	385	1,40,000	Nil	1,40,000
Mr. N. D. Khurody	Nil	80,000	Nil	80,000
Mr. R. N. Jha	Nil	1,60,000	Nil	1,60,000
Mr. S. L. Goklaney	Nil	80,000	Nil	80,000
Mr. T. R. Doongaji	Nil	1,30,000	Nil	1,30,000
Mr. Kaiwan D. Kalyaniwalla	Nil	80,000	Nil	80,000
Mr. D. Sivanandhan (Appointed a Director of the Company w. e. f. 14.3.2012)	Nil	10,000	Nil	10,000
Mr. Jimmy J. Parakh (Appointed a Director of the Company w. e. f. 29.3.2012)	Nil	Nil	Nil	Nil
The remuneration by way of commission to the Non-wholetime Directors is decided by the Remuneration Committee of 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 27.8.2008, approved 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 1.4.2008.				

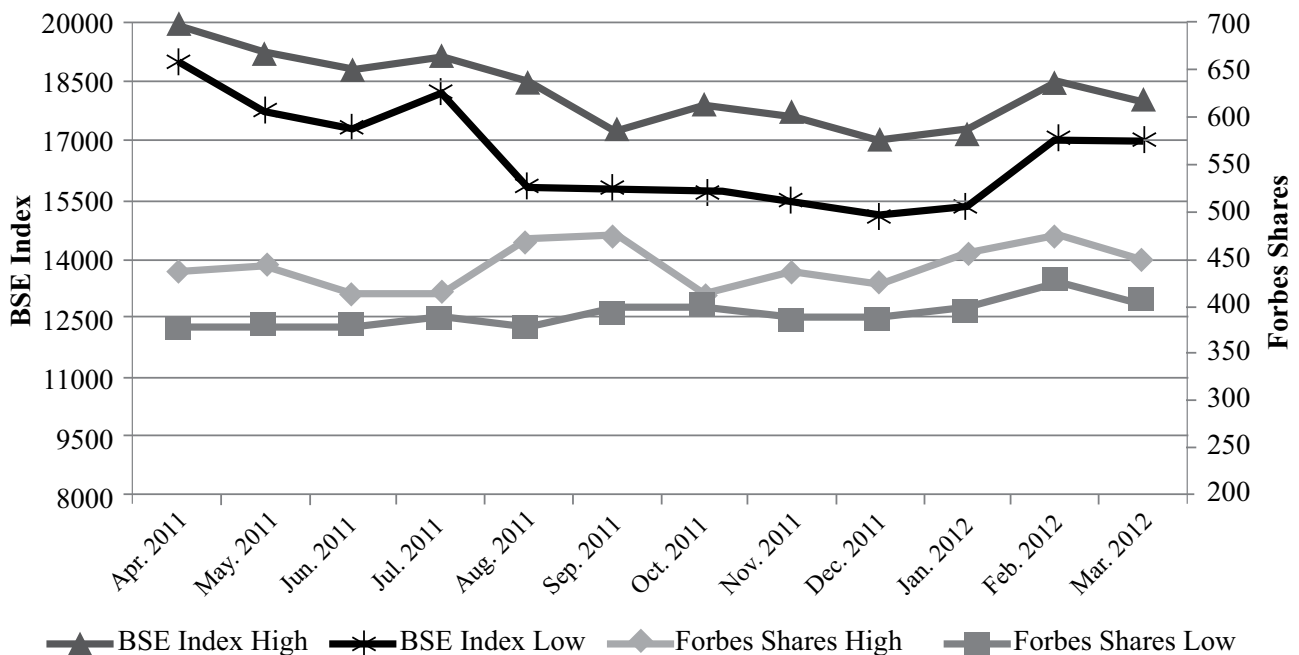
5. Shareholders Committee:			
i. Name of non-executive Director heading the committee	Mr. Pallonji S. Mistry <i>(Ceased to be a member and the Chairman w. e. f. 21.2.2012)</i> Mr. Kaiwan D. Kalyaniwalla <i>(Appointed Chairman w. e. f. 15.3.2012)</i>		
ii. Name and designation of Compliance Officer	Mr. A. T. Shah Company Secretary		
iii. No. of Shareholders complaints received. & iv. No. of complaints not solved to the satisfaction of the Shareholders.		Total	Of which Court Cases
	Pending as on 1.4.2011 *	12	12
	Add: Received	7	—
		19	12
	Less: Solved to the satisfaction of the Shareholders	7	—
	Balance	12	12
	* There are 12 pending Court cases (inclusive of 5 pending cases relating to erstwhile FAL Industries Ltd.), which remain pending as at 31 st March, 2012.		
v. No. of pending share transfers	There is one share transfer comprising of 67 shares received on 26.3.2012 pending for approval as on 31.3.2012.		
6. General Body Meetings			
i. Location and time where last three AGMs were held	AGM on Wednesday, the 3 rd September, 2009 at 4.00 p.m. at Indian Merchants' Chambers, Walchand Hirachand Hall, IMC Building, 4 th Floor, IMC Marg, Churchgate, Mumbai 400020	AGM on Wednesday, the 22 nd September, 2010 at 4.00 p.m. at Indian Merchants' Chambers, Walchand Hirachand Hall, IMC Building, 4 th Floor, IMC Marg, Churchgate, Mumbai 400020	AGM on Wednesday, the 24 th August, 2011 at 4.00 p.m. at Indian Merchants' Chambers, Walchand Hirachand Hall, IMC Building, 4 th Floor, IMC Marg, Churchgate, Mumbai 400020
ii. Details of Special Resolutions passed in the previous 3 AGMs	<p>(1) AGM – 3rd September, 2009: There was no Special Resolution passed at this Annual General Meeting. Note: At the Extra-ordinary General Meeting held on 26th May, 2009, under the direction of the High Court of Judicature at Bombay, the Shareholders have approved the Scheme of Arrangement between Volkart Fleming Shipping & Services Limited in terms of Sections 391 to 394 of the Companies Act, 1956 for the demerger and transfer of Shipping Agency Division of Volkart Fleming Shipping & Services Limited into Forbes & Company Limited, effective from 7th December, 2009.</p> <p>(2) AGM – 22nd September, 2010: There was no Special Resolution passed at this Annual General Meeting.</p>		

(3) AGM - 24th August, 2011:	
(i) Payment of remuneration to Mr. Ashok Barat as per the Agreement dated 3 rd December, 2008 entered into between the Company and Mr. Ashok Barat, as minimum remuneration in the event the Company has no profits or its profits are inadequate during the period of three years from 1 st April, 2011 to 31 st March, 2014 or during the tenure of Mr. Ashok Barat, as the Managing Director, whichever period is less.	
iii. Whether any special resolution passed last year through postal ballot, details of voting pattern.	No
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 in 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 statutory 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 Communication:	
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.	Results are made available on the official Website of the Company i.e. www.forbes.co.in and are made available to the Bombay Stock Exchange Ltd. which are placed by them on their website i.e. www.bseindia.com
v. The presentation made to institutional investors or to the analysts.	The Company does not have a practice of making presentation to institutional investors and analysts.
vi. Whether Management Discussion and Analysis is a part of Annual Report or not.	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 Tuesday, the 21 st August, 2012 at 4.00 p.m. at M.C. Ghia Hall, Bhogilal Hargovindas Building, 18/20 Kaikhushru Dubash Marg, (Behind Prince of Wales Museum), Mumbai 400001.
ii. Financial Year	Financial year of the Company ends on 31 st March, each year and the last year has ended on 31 st March, 2012.

iii. Book Closure Date	The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, the 31 st July, 2012 to Monday, the 6 th August, 2012.
iv. Dividend Payment date	The dividend, when declared, will be paid within 30 days from the date of declaration to those shareholders, whose names appear on the Registrar of Members on 6 th August, 2012. In respect of shares held in dematerialised form in the depository system, the dividend will be paid to the beneficial owners as per the lists 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 ₹ 10 each are as under:

Month	Forbes Shares High	Forbes Shares Low	No. of shares	BSE Index High	BSE Index Low	BSE 500 High	BSE 500 Low
April, 2011	439.00	375.05	13,608	19,811.14	18,976.19	7,651.27	7,381.56
May, 2011	444.00	380.05	1,82,851	19,253.87	17,786.13	7,463.28	6,932.82
June, 2011	415.00	381.00	1,68,566	18,873.39	17,314.38	7,291.32	6,789.01
July, 2011	415.00	390.00	38,279	19,131.70	18,131.86	7,417.00	7,103.90
August, 2011	470.00	378.00	63,251	18,440.07	15,765.53	7,197.91	6,165.06
September, 2011	475.25	392.55	84,406	17,211.80	15,801.01	6,711.06	6,208.73
October, 2011	410.50	398.75	14,020	17,908.13	15,745.43	6,796.79	6,135.65
November, 2011	435.00	387.15	26,981	17,702.26	15,478.69	6,787.42	5,899.25
December, 2011	423.00	385.00	88,901	17,003.71	15,135.86	6,416.65	5,683.02
January, 2012	455.95	396.40	4,79,414	17,258.97	15,358.02	6,562.69	5,734.21
February, 2012	474.95	427.70	2,90,515	18,523.78	17,061.55	7,166.28	6,522.13
March, 2012	452.00	407.30	1,56,755	18,040.69	16,920.61	7,001.32	6,556.03

viii. Performance of Forbes Share Price in comparison to BSE Index



<p>ix. Registrar and Share Transfer & Agents and x Share Transfer System</p>	<p>Shares of the Company held in physical form can be transferred by lodging Transfer Deeds and Share Certificates with Registrar 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.</p> <p>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. Shares of the Company are traded compulsorily in dematerialised form.</p>																																																																											
<p>xi a. Distribution of Shareholding</p>	<p>– Distribution by category as on 31.3.2012</p> <table border="1" data-bbox="534 648 1466 963"> <thead> <tr> <th>Category</th> <th>No. of shares</th> <th colspan="2">%</th> </tr> </thead> <tbody> <tr> <td>Promoters</td> <td>94,61,691</td> <td colspan="2">73.35</td> </tr> <tr> <td>Central/State Government Institutions</td> <td>1,10,343</td> <td colspan="2">0.86</td> </tr> <tr> <td>Nationalised Banks</td> <td>19,815</td> <td colspan="2">0.15</td> </tr> <tr> <td>Nationalised Insurance Companies & Mutual Fund</td> <td>48,183</td> <td colspan="2">0.38</td> </tr> <tr> <td>FII & NRI/FBC</td> <td>12,24,154</td> <td colspan="2">9.49</td> </tr> <tr> <td>Public</td> <td>20,34,430</td> <td colspan="2">15.77</td> </tr> <tr> <td>Total</td> <td>1,28,98,616</td> <td colspan="2">100.00</td> </tr> </tbody> </table> <p>– Distribution by size as on 31.3.2012</p> <table border="1" data-bbox="534 1002 1466 1425"> <thead> <tr> <th>Holding</th> <th>No. of Shareholders</th> <th>No. of shares</th> <th>% Shareholders</th> </tr> </thead> <tbody> <tr> <td>1 to 25</td> <td>3,069</td> <td>37,486</td> <td>27.41</td> </tr> <tr> <td>26 to 50</td> <td>2,912</td> <td>1,20,664</td> <td>26.00</td> </tr> <tr> <td>51 to 100</td> <td>3,024</td> <td>2,23,716</td> <td>27.00</td> </tr> <tr> <td>101 to 500</td> <td>1,668</td> <td>3,98,673</td> <td>14.89</td> </tr> <tr> <td>501 to 1000</td> <td>304</td> <td>2,31,002</td> <td>2.72</td> </tr> <tr> <td>1001 to 5000</td> <td>185</td> <td>3,69,483</td> <td>1.65</td> </tr> <tr> <td>5001 to 10000</td> <td>15</td> <td>93,561</td> <td>0.13</td> </tr> <tr> <td>10001 & above</td> <td>22</td> <td>1,14,24,031</td> <td>0.20</td> </tr> <tr> <td>Total</td> <td>11,199</td> <td>1,28,98,616</td> <td>100.00</td> </tr> </tbody> </table>				Category	No. of shares	%		Promoters	94,61,691	73.35		Central/State Government Institutions	1,10,343	0.86		Nationalised Banks	19,815	0.15		Nationalised Insurance Companies & Mutual Fund	48,183	0.38		FII & NRI/FBC	12,24,154	9.49		Public	20,34,430	15.77		Total	1,28,98,616	100.00		Holding	No. of Shareholders	No. of shares	% Shareholders	1 to 25	3,069	37,486	27.41	26 to 50	2,912	1,20,664	26.00	51 to 100	3,024	2,23,716	27.00	101 to 500	1,668	3,98,673	14.89	501 to 1000	304	2,31,002	2.72	1001 to 5000	185	3,69,483	1.65	5001 to 10000	15	93,561	0.13	10001 & above	22	1,14,24,031	0.20	Total	11,199	1,28,98,616	100.00
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<p>xi b. Dematerialisation of shares & liquidity</p>	<p>Status of dematerialisation of Shares and Liquidity as on 31.3.2012</p> <table border="1" data-bbox="534 1471 1466 1804"> <thead> <tr> <th>Details</th> <th>No. of shares</th> <th>% of Share Capital</th> <th>No. of Accounts</th> </tr> </thead> <tbody> <tr> <td>National Securities Depository Ltd.</td> <td>1,17,10,768</td> <td>90.79</td> <td>4,437</td> </tr> <tr> <td>Central Depository Services (India) Ltd.</td> <td>5,60,352</td> <td>4.34</td> <td>1,319</td> </tr> <tr> <td>Total dematerialized</td> <td>1,22,71,120</td> <td>95.13</td> <td>5,756</td> </tr> <tr> <td>Physical</td> <td>6,27,496</td> <td>4.87</td> <td>5,443</td> </tr> <tr> <td>Total</td> <td>1,28,98,616</td> <td>100.00</td> <td>11,199</td> </tr> </tbody> </table>				Details	No. of shares	% of Share Capital	No. of Accounts	National Securities Depository Ltd.	1,17,10,768	90.79	4,437	Central Depository Services (India) Ltd.	5,60,352	4.34	1,319	Total dematerialized	1,22,71,120	95.13	5,756	Physical	6,27,496	4.87	5,443	Total	1,28,98,616	100.00	11,199																																																
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<p>xii. Outstanding GDR / ADR / Warrants or any Convertible instruments, Conversion date and likely impact on equity.</p>	<p>The Company has not issued any of these instruments so far.</p>																																																																											

xiii. (a) Plant locations :	1. A7, MIDC Area, Chikalthana, Aurangabad – 431 210, Maharashtra 2. Plot B-13, Waluj Industrial Area, Waluj, Aurangabad – 431 133, Maharashtra 3. Chandivali Estate, Saki Powai Road, Mumbai – 400 072, Maharashtra 4. Plot No.C-17/18, Road No.16, Wagle Industrial Estate, Thane – 400 604, Maharashtra	
(b) Container Freight Stations:	Veshvi, Post – Dighode, Taluka – Uran, Dist. Raigad – 410 206, Maharashtra Bharat CFS Zone 1, Old Port Road, MP and SEZ, Mundra - 370 421, Gujarat	
ix. Address for Correspondence	Investors are requested to please direct all transfer requests, correspondence, queries, to Registrar and Share Transfer Agents at the following address :	
	TSR Darashaw Ltd. Unit: Forbes & Company Ltd. 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai 400011	Tel. : 91 22 66568484 Fax : 91 22 66568494 Business Hours:10.00 a.m. to 3.30 p.m. (Monday to Friday) E-mail: csg-unit@tsrdarashaw.com Website: www.tsrdarashaw.com

For and on behalf of the
Board of Directors

SHAPOOR P. MISTRY
Chairman

Mumbai, 29th May, 2012

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 Ethics for Board of Directors and Senior Management for the year ended 31st March, 2012.

For FORBES & COMPANY LIMITED

ASHOK BARAT
Managing Director

Mumbai, 29th May, 2012

Annexure forming part of Corporate Governance Report for the year ended 31st March, 2012.

ANNEXURE 'AA'

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 * (Ceased to be a Director of the Company w.e.f. 21.2.2012)	Non-Executive Promoter	8 *	6	Yes
2. Mr. Shapoor P. Mistry	Non-Executive Promoter	9	6	Yes
3. Mr. Ashok Barat	Executive	9	8	Yes
4. Mr. Cyrus P. Mistry * * (Ceased to be a Director of the Company w.e.f. 9.12.2011)	Non-Executive Promoter	6 *	3	No
5. Mr. D. B. Engineer	Non-Executive Independent	9	8	Yes
6. Mr. N. D. Khurody	Non-Executive Independent	9	7	No
7. Mr. R. N. Jha	Non-Executive Independent	9	9	Yes
8. Mr. S. L. Goklaney	Non-Executive Non-Independent	9	8	Yes
9. Mr. T. R. Doongaji	Non-Executive Independent	9	7	Yes
10. Mr. Kaiwan D. Kalyaniwalla	Non-Executive Independent	9	8	Yes
11. Mr. D. Sivanandhan ** (Appointed a Director of the Company w.e.f. 14.03.2012)	Non-Executive Independent	1 **	1	No**
12. Mr. Jimmy J. Parakh ** (Appointed a Director of the Company w.e.f. 29.03.2012)	Non-Executive Non-Independent	**	—	No**

Annexure forming part of Corporate Governance Report for the year ended 31st March, 2012.**ANNEXURE 'AB'**

Members of the other Boards of Directors or Board Committees in which the Director being a Director as at 31st March, 2012 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 on other Boards	No. of other Committees (other than Forbes & Company Ltd.) in which Chairman / Member	
		Chairman	Member
Mr. Pallonji S. Mistry* <i>*(Ceased to be a Director of the Company w.e.f. 21.2.2012)</i>	9	Nil	Nil
Mr. Shapoor P. Mistry	11	Nil	NIL
Mr. Ashok Barat	8	Nil	1
Mr. Cyrus P. Mistry * <i>*(Ceased to be a Director of the Company w.e.f. 9.12.2011)</i>	6	Nil	1
Mr. D. B. Engineer	7	2	3
Mr. N. D. Khurody	6	1	1
Mr. R. N. Jha	3	1	2
Mr. S. L. Goklaney	3	Nil	1
Mr. T. R. Doongaji	1	Nil	Nil
Mr. Kaiwan D. Kalyaniwalla	4	Nil	4
Mr. D. Sivanandhan ** <i>** (Appointed a Director of the Company w.e.f. 14.03.2012)</i>	Nil	Nil	Nil
Mr. Jimmy J. Parakh ** <i>** (Appointed a Director of the Company w.e.f. 29.03.2012)</i>	4	Nil	4

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.

Annexure forming part of Corporate Governance Report for the year ended 31st March, 2012.

ANNEXURE 'AC'

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 Director	Mr. S. L. Goklaney	Mr. D. Sivanandhan	Mr. Jimmy J. Parakh	Mr. Jai L. Mavani
Date of Birth	6 th April, 1947	3 rd February, 1951	1 st October, 1949	4 th September, 1971
Date of first Appointment	26 th July, 2006	14 th March, 2012	29 th March, 2012	22 nd May, 2012
Qualification	B.Sc.	Post Graduate in Economics, IPS (Retired)	B.Com (Hons.), F.C.A.	B.Com, Chartered Accountant
Relationships between directors inter-se	Not related to any director of the Company.	Not related to any director of the Company.	Not related to any Director of the Company.	Not related to any Director of the Company.
Expertise in specific functional areas	Mr. S. L. Goklaney has wide and varied experience in marketing and general management. He has been with Eureka Forbes Ltd. since 1987 where he has worked in various capacities. Presently he is Executive Vice-Chairman of Eureka Forbes Ltd.	Mr. D. Sivanandhan, worked as an Assistant Professor in the University of Madras before joining IPS during 1976. He served in different capacities all over the Maharashtra State, before he retired as the Director General of Police of Maharashtra State during 2011. Since then he is working in the Special Task Force formed by the PMO through NSA for revamping the internal and external security of India.	Mr. Jimmy J. Parakh has wide and varied experience in real estate and construction sector in addition to general management including mergers and acquisitions. Mr. Parakh has been associated with the Shapoorji Pallonji Group for over 30 years. Mr. Parakh has been instrumental in shaping the growth of multiple businesses / companies including turning around existing businesses. Currently, Mr. Parakh is based in Mauritius and he continues to be an Advisor to the Shapoorji Pallonji Group.	Mr. Jai L. Mavani has worked with firms like Arthur Andersen, KPMG and with PWC. His industry specialization includes Infrastructure, Real Estate and Private Equity. Mr. Mavani's skills include M & A, tax & regulatory and private equity fund structuring.
List of Companies in which Directorship held as on 31 st March, 2012	<u>PUBLIC COMPANIES</u> 1. Eureka Forbes Ltd. 2. Aquamall Water Solutions Ltd. 3. Forbes & Company Ltd. 4. Forbes Enviro Solutions Ltd.	<u>PUBLIC COMPANIES</u> 1. Forbes & Company Ltd.	<u>PUBLIC COMPANIES</u> 1. Afcons Infrastructure Ltd. 2. Forbes & Company Ltd. 3. Next Gen Publishing Ltd. 4. Sterling & Wilson Ltd. 5. United Motors (India) Ltd.	<u>PUBLIC COMPANIES</u> 1. Forbes & Company Ltd.
Member of the Board Committees	<u>Audit Committee</u> 1. Eureka Forbes Ltd.	Nil	<u>Audit Committee</u> 1. Afcons Infrastructure Ltd. 2. Next Gen Publishing Ltd. 3. Sterling Investment Corporation Pvt. Ltd. <u>Shareholders' / Investors Grievance cum Share Transfer cum ESOP Share Allotment Committee.</u> 1. Afcons Infrastructure Ltd.	Nil
No. of shares held	Nil	Nil	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 on 31st March, 2012 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 has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of corporate governance as stipulated in the said clause. 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 Clause 49 of the abovementioned Listing Agreement.

I have also to state that no investor grievance was pending for a period exceeding one month against the Company as per the information furnished by the Company's Registrars.

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.

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

Mumbai, 29th May, 2012.

SUMMARISED BALANCE SHEET

(₹ in Lakhs)

Year/ Period	Subscribed Capital	Reserves and Surplus	Bank Borrowings, Acceptance And Loans	Other Liabilities and Provisions	Total	Gross Block	Less: Total Depreciation	Net Investments Block	Current Assets	Loans and Advances	Cash and Bank Balances	Miscellaneous Expenditure to the extent not written off	
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	2347.23	77.51	-
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	13027.41	2213.74	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	13505.73	47815.81	21308.84	6928.99	14379.85	13365.49	9452.46	8557.98	2060.02	-
2008-2009	1289.86	13005.55	14891.97	12907.02	42094.40	21841.46	7510.21	14331.25	17893.46	5961.07	3022.76	763.00	122.86
2009-2010	1289.86	12019.35	9469.26	12889.57	35668.04	21913.77	8886.76	13027.01	13330.97	4713.66	3375.81	1220.59	-
2010-2011	1289.86	12077.19	10504.86	12376.78	36248.69	20301.01	8143.31	12157.70	13922.99	5091.85	3507.55	1568.60	-
2011-2012	1289.86	12399.99	13543.32	11604.05	38837.22	21494.31	9736.93	11757.38	14639.84	5719.92	5571.02	1149.06	-

\$\$ 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

(₹ in Lakhs)

Year/ Period	Raw Material Stores, Fuel and Power etc. after adjustment of Stocks	Payment to and Provisions for Employees including VRS	Other expenses	Interest	Depreciation	Exceptional Items	Taxation	Profit/(Loss) after Taxation	Sales and other Income	Total (Gross) Dividend Amount	Dividend per share (₹)	Earning per share (₹)	Net worth per share (₹)
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
1998-99	25197.81	5556.06	5469.69	1266.64	1560.88	-	4.00	500.09	39555.17	186.60	1.50	4.02	14.03
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
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
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
2003-2004\$\$	25394.74	5961.58	8173.57	752.70	1622.72	-	214.43	1575.04	43694.78	498.14	4.00	12.65	148.71
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
2005-2006\$\$\$	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	13145.53	4067.27	8309.97	1047.75	1125.54	-	119.67	242.65	28128.80	193.48	1.50	1.88	150.77
2008-2009	9807.75	4406.91	8961.81	1466.97	1199.12	-	102.32	(4749.11)	21195.77	-	-	(36.82)	109.88
2009-2010	6187.16	4243.74	9222.76	1420.46	1654.31	-	204.00	(1226.18)	21706.25	-	-	(9.51)	103.18
2010-2011	6610.93	3662.92	13533.18	1193.05	1363.86	-	2.39	57.84	26424.17	-	-	0.45	103.63
2011-2012	6090.91	4049.79	15722.71	*1299.79	1211.50	** (152.98)	-	472.71	28694.43	128.99	1.00	3.66	106.14

\$\$ After amalgamation of Bradma of India Ltd. And Campbell Knitwear Ltd. With the Company

@ Calculated on the Weighted average Share Capital enhanced by Right Shares allotted on 1st July,1993

@@ After the right Issue

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

* Includes Other Finance Cost.

** As per revised schedule VI requirement

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST MARCH, 2012**

AUDITORS' REPORT TO THE MEMBERS OF FORBES & COMPANY LIMITED

1. We have audited the attached Balance Sheet of **FORBES & COMPANY LIMITED** ("the Company") as at 31st March, 2012, the Statement of Profit and Loss and the 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 conducted our audit in accordance with the auditing standards 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 the 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. *Attention is invited to Note 50 to the financial statements relating to loans given to The Svadeshi Mills Company Limited and its subsidiary, Coromandel Garments Limited, aggregating ₹ 4,756.77 lakhs in respect of which full provision has been made, arising inter alia from our enquiry under Section 227(1A)(a) of the Companies Act, 1956.*
4. Without qualifying our opinion, we draw attention to Note 39 to the financial statements regarding provision not having been made in the previous year for the loss of ₹ 513.33 lakhs, materialised during the period 1st April, 2011 to 30th June, 2011, by way of charge to the Statement of Profit and Loss for that year, arising out of a commitment made by the Company pursuant to a standby charter agreement entered with SCI Forbes Limited (SFL), a joint venture entity, to charter vessels from SFL, at charter-hire charges specified in the aforesaid agreement, in the event the vessels are not on charter with a lender approved third party. This matter was referred to in our audit report on the financial statements for the previous year as a subject matter of qualification. During the current year, with effect from 1st July, 2011, the aforesaid standby charter agreement has been suspended. Had the provision, as aforesaid, been made in the previous year, the profit for the current year ended 31st March, 2012 would have been higher by ₹ 513.33 lakhs; however, this has no impact on the Reserves and Surplus as at 31st March, 2012.
5. Without qualifying our opinion, we draw attention to Note 51 to the financial statements regarding no provision for diminution having been made on the Company's investments in equity shares and preference shares aggregating ₹ 7,090 Lakhs in its Joint Venture Company, viz. SCI Forbes Limited, held as non-current, for the reasons stated in the said Note.
6. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government 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.
7. *The financial statements are subject to adjustments that may arise on completion of detailed review and reconciliation, by the Management, of account balances of trade payables and other current liabilities aggregating ₹ 2,386.15 lakhs and, trade receivables, long-term / short-term loans & advances and other current assets aggregating ₹ 1,321.48 lakhs, relating to the Company's Shipping and Logistics segment, the effect of which could not be determined on the profit for the year and the reserves and surplus as at the year end. Our audit report for the year ended 31st March, 2011 contained a similar qualification. [See Note 52 to the financial statements].*
8. Further to our comments in the Annexure referred to in paragraph 6 above and read with paragraphs 3 to 5 above, we report that:
 - (i) *subject to the matter stated in paragraph 7 above*, 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;
 - (ii) *subject to the matter stated in paragraph 7 above*, 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;
 - (iii) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - (v) 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 *subject to the matter stated in paragraph 7 above*, give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
 - (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and

(c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

9. On the basis of written representations received from the Directors as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No. 117366W)

Rajesh K Hiranandani
Partner
(Membership No. 36920)

MUMBAI, 29th May, 2012

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 6 of our report of even date)

- (i) Having regard to the nature of the Company's business/activities/result, clauses (xii), (xiii), (xiv), (xv), (xviii), (xix) and (xx) of CARO are not applicable.
- (ii) In respect of its fixed assets:
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation for most of its fixed assets.
 - (b) The fixed assets were physically verified during the year by a firm of Chartered Accountants appointed by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. As explained to us, the discrepancies noticed on verification between the physical assets and book records were material and appropriately dealt with in the books of account.
 - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii) In respect of its inventories:
- (a) As explained to us, the inventories 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 were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion, the Company has generally maintained proper records of its inventories and the discrepancies noticed on physical verification, as identified by the Management and according to the information and explanations given to us, are not considered to be material taking into account the nature of the Company's business.
- (iv) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- (v) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, the internal control system is generally commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, 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 that needed to be entered in the Register maintained under the said Section have been so entered.
 - (b) Such transactions in excess of ₹ 5 Lakhs are only in respect of professional fees, where, having regard to the explanations that such service is of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, we are unable to comment whether the transaction was made at the prevailing market price at the relevant time.
- (vii) According to the information and explanations given to us, the Company has not accepted any deposits from the public during the year. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956.
- (viii) In our opinion, the internal audit functions carried out during the year by firms of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (ix) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that *prima facie* the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (x) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and other material statutory dues applicable to it with the appropriate authorities except in case of Tax Deducted at Source and Service tax relating to the Company's shipping and logistics segment, wherein the Company is generally not regular in depositing dues with the appropriate authorities and there have been substantial delays.

- (b) There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Excise Duty and other material statutory dues in arrears as at 31st March, 2012 for a period of more than six months from the date they became payable except for the following:

Name of the Statute	Nature	Amount (₹ in Lakhs)	Due Date
The Bombay Labour Welfare Fund Act, 1953	Unpaid Wages and Bonus	1.57	Prior to 1 st April 2009

- (c) Details of dues of Income Tax, Sales Tax, Wealth Tax and Excise Duty which have not been deposited as at 31st March, 2012 on account of disputes, are given below:

Statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Amount (₹ in Lakhs)
Income-Tax Act, 1961	Income-Tax	Income-Tax Appellate Tribunal	Assessment Years :- 1989-90, 1997-98, 2003-04 to 2005-06	520.68
		Commissioner of Income-Tax (Appeals)	Assessment Years :- 1990-91 to 1993-94, 1995-96, 1998-99, 2001-02,2002-03, 2005-06 to 2008-09	701.02
Wealth Tax Act, 1957	Wealth Tax	Commissioner of Wealth Tax (Appeals)	Assessment Years :- 1996-97 to 2000-01	19.74
Sales Tax Laws	Sales Tax (including interest and penalty)	Commercial Tax Officer, Chennai	2004-05	3.95
		Madras High Court	1989-90, 1998-99, 1999-00	435.08
		Sales Tax Appellate Tribunal, Cuttak	1992-93	3.76
		Sales Tax Appellate Tribunal, Patna	1990-91 to 1993-94	45.66
		Deputy Commissioner of Appeals, Mumbai	1993-94, 1999-00	41.50
		Deputy Commissioner of Appeals, Kolkata	2002-03, 2005-06 to 2006-07	23.29
		Deputy Commissioner of Appeals, New Delhi	1987-88, 2003-04	1.48
		Sales Tax Appellate Tribunal, Mumbai	1994-95, 1997-98 to 2002-03	43.88
		Asst. Commissioner of (CT) Thiruvanniyar Assessment Circle	2000-01 to 2005-06	172.75
The Central Excise Act, 1944	Excise Duty (including interest and penalty)	Additional Commissioner of Central Excise	2000 to 2003	54.99
		Custom Excise & Service Tax Appellate Tribunal, New Delhi	2003 to 2007	4,624.87

Statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Amount (₹ in Lakhs)
The Central Excise Act, 1944	Excise Duty (including interest and penalty)	Custom Excise & Service Tax Appellate Tribunal, Chennai	1995-96	9.38
		Assistant Commissioner of Central Excise	2000 to 2004	6.95
		Commissioner of Central Excise, Chennai	December 2003 to December 2004 and November 2006 to February 2007	28.42
		Commissioner of Central Excise, Mumbai-II	2010-2011	6.25

The aforesaid disputed dues exclude property tax of ₹ 1,195.85 Lakhs not deposited pending resolution of the representation made by the Company to the Assistant Assessor & Collector, Municipal Corporation of Greater Mumbai against the enhanced ratable value assessed by the said authority.

- (xi) The accumulated losses i.e. deficit in the statement of profit and loss of the Company as at the end of the financial year, deducted from the Reserves and Surplus, are less than fifty per cent of its net worth.
- (xii) The Company has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (xiii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks and financial institutions. The Company has not issued any debentures.
- (xiv) In our opinion and according to the information and explanations given to us, term loans have been applied for the purposes for which they were obtained.
- (xv) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis amounting to ₹ 4,905.18 Lakhs have, *prima facie*, been used for long-term investments.
- (xvi) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No. 117366W)

Rajesh K Hiranandani
Partner
(Membership No. 36920)

MUMBAI, 29th May, 2012

BALANCE SHEET AS AT 31ST MARCH, 2012

	Note No.	₹ in Lakhs	As at 31st March, 2012 ₹ in Lakhs	As at 31st March, 2011 ₹ in Lakhs
I EQUITY AND LIABILITIES				
1 Shareholders' funds				
a	3	1,289.86		1,289.86
b	4	12,399.99		12,077.19
			13,689.85	13,367.05
2 Non-current liabilities				
a	5	8,534.27		4,234.15
b	6	380.25		-
c	7	517.11		462.69
			9,431.63	4,696.84
3 Current liabilities				
a	8	3,760.38		4,165.06
b	9	3,482.58		3,062.24
c	10	7,257.85		9,922.52
d	11	1,214.93		1,036.86
			15,715.74	18,186.68
			38,837.22	36,250.57
TOTAL				
II ASSETS				
1 Non-current assets				
a Fixed assets				
(i)	12A	10,747.04		11,432.25
(ii)	12B	432.25		508.01
(iii)		574.13		50.14
		11,753.42		11,990.40
b	13	14,639.84		13,922.99
c	14	2,882.07		2,581.77
			29,275.33	28,495.16
2 Current assets				
a	15	1,853.25		1,889.53
b	16	3,808.28		3,201.34
c	17	1,149.06		1,568.60
d	18	2,688.95		744.79
e		3.96		3.96
f	19	58.39		347.19
			9,561.89	7,755.41
			38,837.22	36,250.57
TOTAL				

See accompanying notes forming part of the financial statements

1 to 53

In terms of our report attached
For DELOITTE HASKINS & SELLS
 Chartered Accountants

SHAPOOR P. MISTRY
 ASHOK BARAT

Chairman
 Managing Director

RAJESH K. HIRANANDANI
 Partner
 Mumbai, 29th May, 2012

AMIT MITTAL
 Director (Finance)

A. T. SHAH
 Company Secretary

D.B. ENGINEER
 N.D. KHURODY
 R.N. JHA
 S.L. GOKLANEY
 T.R. DOONGAJI
 KAIWAN D. KALYANIWALLA
 D. SIVANANDHAN
 JIMMY J. PARAKH
 JAI L. MAVANI
 Mumbai, 29th May, 2012

Directors

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

	Note No.	₹ in Lakhs	Year ended 31st March, 2012 ₹ in Lakhs	Year ended 31st March, 2011 ₹ in Lakhs
A CONTINUING OPERATIONS				
I				
Revenue from operations (gross).....	20	29,891.11		24,469.20
Less: Excise duty.....		1,480.85		1,103.30
Revenue from operations (net).....			28,410.26	23,365.90
II	21		284.17	1,798.76
Other income.....				
III Total revenue (I + II).....			28,694.43	25,164.66
IV Expenses:				
Cost of materials consumed.....	22	5,355.35		3,750.59
Purchases of stock-in-trade.....	42B	586.06		845.40
Changes in inventories of finished goods, work-in-progress and stock-in-trade.....	23	149.50		39.82
Employee benefits expense.....	24	4,049.79		3,652.58
Finance costs.....	25	1,299.79		1,218.92
Depreciation and amortisation expense.....	26	1,211.50		1,362.08
Other expenses.....	27	15,722.71		15,035.16
Total expenses			28,374.70	25,904.55
V Profit / (loss) before exceptional items and tax (III - IV).....			319.73	(739.89)
VI Exceptional items.....	28		152.98	489.42
VII Profit / (loss) before tax (V + VI).....			472.71	(250.47)
VIII Tax expense / (credit):				
Current tax relating to prior years.....			-	(9.61)
IX Profit / (loss) from continuing operations (VII - VIII).....			472.71	(240.86)
B DISCONTINUING OPERATIONS	37			
X (i) Loss before tax from discontinuing operations.....			-	(129.53)
X (ii) Gain on disposal of assets / settlement of liabilities attributable to the discontinuing operations.....			-	428.23
X (iii) Less: Tax expense of discontinuing operations				
(a) on ordinary activities attributable to the discontinuing operations.....			-	-
(b) on gain on disposal of assets / settlement of liabilities.....			-	-
XI Profit for the year from discontinuing operations [X(i) + X(ii) - X(iii)].....			-	298.70
C TOTAL OPERATIONS				
XII Profit for the year (IX + XI).....			472.71	57.84
XIII Earnings per equity share:	35			
Basic and diluted earnings per equity share (nominal value of share ₹ 10)			₹ 3.66	₹ 0.45
See accompanying notes forming part of the financial statements	1 to 53			

In terms of our report attached
For **DELOITTE HASKINS & SELLS**
Chartered Accountants

RAJESH K. HIRANANDANI
Partner
Mumbai, 29th May, 2012

AMIT MITTAL
Director (Finance)

A.T. SHAH
Company Secretary

SHAPOOR P. MISTRY
ASHOK BARAT

Chairman
Managing Director

D.B. ENGINEER
N.D. KHURODY
R.N. JHA
S.L. GOKLANEY
T.R. DOONGAJI
KAIWAN D. KALYANIWALLA
D. SIVANANDHAN
JIMMY J. PARAKH
JAI L. MAVANI
Mumbai, 29th May, 2012

Directors

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012

Note No.	Year ended 31st March, 2012 ₹ in Lakhs	Year ended 31st March, 2011 ₹ in Lakhs
Profit before tax (total operations)	472.71	48.23
Adjustments for -		
Depreciation and amortisation expense.....	1,211.50	1,363.86
Net gain on sale / surrender for buy-back of long-term investments in subsidiary companies.....	-	(1,623.84)
Interest on long-term investments in a subsidiary company.....	(0.93)	(0.17)
Interest on bank deposits.....	(18.38)	(5.31)
Interest on inter-corporate deposits	(57.83)	(17.29)
Finance costs.....	1,299.79	1,218.92
Dividend on long-term investments.....	(0.07)	(0.07)
Loss on sale / write off of fixed assets (net).....	62.08	55.42
Provision for doubtful trade receivables.....	94.75	124.53
Provision for doubtful loans and advances.....	95.73	95.53
Bad trade receivables / advances written off.....	65.75	151.63
Credit balances / excess provision written back.....	(185.43)	(116.95)
Unrealised exchange (gain) / loss [net].....	(20.53)	1.11
Exceptional items		
- Prior period adjustment - written down value of fixed assets written-off in previous year now written back.....	(46.11)	-
- Profit on sale of land and building.....	(68.00)	(1,849.02)
- Impairment of fixed assets no longer required written back.....	-	(150.00)
- Write off of investment in a subsidiary company	-	917.59
- Provision for diminution in the value of investment in a subsidiary company.....	-	156.39
	(114.11)	(925.04)
	2,432.32	322.33
Operating profit before working capital changes	2,905.03	370.56
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Inventories	36.28	113.22
Trade receivables	(917.68)	(581.68)
Short-term loans and advances.....	(577.41)	295.99
Long-term loans and advances	(9.87)	160.73
Other current assets.....	271.58	(339.39)
	(1,197.10)	(351.13)
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	528.23	(1,555.91)
Other current liabilities.....	(1,501.37)	880.31
Other Long term liabilities.....	380.25	-
Short-term provisions.....	28.17	(72.14)
Long-term provisions	54.42	(69.27)
	(510.30)	(817.01)
	(1,707.40)	(1,168.14)
Cash generated from / (used in) operations.....	1,197.63	(797.58)
Income taxes paid (net of refunds).....	(351.43)	(265.11)
(a) Net cash flow from / (used in) operating activities...	846.20	(1,062.69)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012 (contd...)

	Note No.	Year ended 31st March, 2012 ₹ in Lakhs	Year ended 31st March, 2011 ₹ in Lakhs
Cash flows from investing activities:			
Capital expenditure on fixed assets including capital advances		(1,038.45)	(413.58)
Proceeds from sale of fixed assets.....		231.74	1,938.80
Purchase / subscription of long-term investments			
- in subsidiaries.....		(716.75)	(635.00)
- in joint ventures.....		-	(1,280.00)
- others.....		(0.10)	-
Proceeds from sale / surrender for buy-back of long-term investments in subsidiaries.....		-	1,872.84
Loans and advances given to related parties.....		(1,747.94)	(412.00)
Loans and advances given to related parties realised...		300.00	412.00
Bank balances not considered as cash and cash equivalents matured	17(b)	5.22	0.72
Interest received.....		76.27	22.60
Dividend received.....		0.07	0.07
(b) Net cash flow (used in) / from investing activities		(2,889.94)	1,506.45
Cash flows from financing activities:			
Proceeds from long-term borrowings.....		5,432.42	3,000.00
Repayment of long-term borrowings.....		(2,082.71)	(2,087.70)
Proceeds from short-term borrowings.....		5,124.49	15,650.00
Repayment of short-term borrowings.....		(5,422.77)	(15,423.53)
Net decrease in cash credit and packing credit.....		(107.37)	(84.47)
Finance costs.....		(1,308.93)	(1,203.95)
(c) Net cash flow (used in) / from financing activities...		1,635.13	(149.65)
(d) Net (decrease) / increase in cash and cash equivalents (a + b + c).....		(408.61)	294.11
(e) Cash and cash equivalents as at the commencement of the year		1,464.61	1,170.50
(f) Cash and cash equivalents as at the end of the year 17(a)		1,056.00	1,464.61

Footnote:

The Cash-flow statement reflects the combined cash flows pertaining to continuing and discontinuing operations.

See accompanying notes forming part of the financial statements

In terms of our report attached
For **DELOITTE HASKINS & SELLS**
Chartered Accountants

RAJESH K. HIRANANDANI
Partner
Mumbai, 29th May, 2012

AMIT MITTAL
Director (Finance)

A.T. SHAH
Company Secretary

SHAPOOR P. MISTRY
ASHOK BARAT

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D. SIVANANDHAN
JIMMY J. PARAKH
JAI L. MAVANI
Mumbai, 29th May, 2012

Chairman
Managing Director

Directors

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

1. Corporate Information

Forbes & Company Limited is one of the oldest companies of the world that is still in business. The Company traces its origin to the year 1767 when John Forbes of Aberdeenshire, Scotland started his business in India. Over the years, the Management of the Company moved from the Forbes Family to the Campbells to the Tata Group and now finally to the well known Shapoorji Pallonji Group. The Company is mainly engaged in the Engineering, Real estate and Shipping & Logistics business and listed on the Bombay Stock Exchange.

2. Significant accounting policies

(a) Basis of accounting

The financial statements are prepared under historical cost convention on an accrual basis and in accordance with the generally accepted accounting principles in India, the provisions of the Companies Act, 1956 and the applicable Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006.

(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. Difference between the actual result and estimates are recognised in the period in which the results are known / materialised.

(c) Fixed assets and depreciation / amortisation

1. Tangible fixed assets and depreciation

Tangible fixed assets are carried at cost of acquisition or construction less accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price (excluding refundable taxes), borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Depreciation is calculated on pro-rata basis on straight line method. Items costing less than and up to Rs. 5,000 are fully depreciated, in the year of acquisition.

The estimated useful lives of the tangible fixed assets are as under:

Sr.	Class of assets	Estimated useful life
(i)	All fixed assets other than those specified in items (ii) to (v) below	Based on Schedule XIV to the Companies Act, 1956
(ii)	Vehicles	4 Years
(iii)	Leasehold land and building thereon	Lower of period of lease and useful life based on Schedule XIV rates
(iv)	Building constructed on land belonging to third party	5 Years
(v)	Assets taken on finance lease	Lower of period of lease and useful life based on Schedule XIV rates

2. Intangible assets and amortisation

Intangible assets, being computer software, are carried at cost, net of accumulated amortisation and accumulated impairment losses, if any. The cost comprises acquisition and implementation cost of software for internal use (including software coding, installation, testing and certain data conversion).

Research costs are charged to the statement of profit and loss as they are incurred.

Cost of software is amortised over a period of 5 years being the estimated useful life.

(d) Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the lower of recoverable amount and the carrying amount that would have been determined had no impairment loss been recognised.

(e) Investments

All investments being long-term are carried at cost, less provision for diminution other than temporary, in value, if any.

(f) Borrowing costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are recognised as an expense in the period in which they are incurred.

(g) Foreign currency transactions and translation

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the date of the transaction. Monetary items denominated in foreign currency at the year-end are translated at year end rates. The exchange differences arising on settlement / translation are recognised in the statement of profit and loss. Non-monetary items denominated in foreign currency are carried at historical cost.

Accounting for Forward Contracts: Premium / discount on forward exchange contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts if such contracts relate to monetary items as at the Balance Sheet date. Exchange differences on such contracts are recognised in the statement of profit and loss.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

(h) Inventories

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

Sl. No.	Type	Basis of determining costs
(i)	Stores, spare parts, components and loose tools	Continuous weighted average
(ii)	Raw and packing materials	Standard cost adjusted for variances based on weighted average purchase price
(iii)	Work-in-progress	Aggregate of cost of materials, other direct costs and absorbed production overheads (including depreciation) up to the stage of completion based on standard cost adjusted for variances
(iv)	Finished goods	Aggregate of cost of materials, other direct costs and absorbed production overheads (including depreciation) based on standard cost adjusted for variances and including excise duty
(v)	Stock-in-trade (in respect of goods acquired for trading)	Standard cost adjusted for variances based on weighted average purchase price

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

(i) Earnings per share

Basic Earnings per share are calculated by dividing the net profit / (loss) after tax for the year attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year.

(j) Revenue recognition**1. Sale of products**

Sale of products is recognised when risk and rewards of ownership of the products are passed on to the customers, which is generally on despatch of goods. Export sales are recognised on the basis of Bill of lading / Airway bill. Sales are stated net of returns, trade discounts and VAT/Sales Tax.

2. Sale of services

- (i) Multimodal transport income and expenses in case of export handling activities is recognised at the date of bill of lading / airway bill and in case of import handling activities, when the relevant documents (i.e. delivery orders) are delivered to the customers.
- (ii) Charter-hire income and container freight station ground rent income is recognised on an accrual basis.
- (iii) Income from other services is recognised as and when the services are performed.

3. Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

4. Dividend

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

(k) Employee benefits**1. Provident fund**

The eligible employees of the Company are entitled to receive post-employment benefits in respect of provident fund, in which both the employees and the Company make monthly contributions at a specified percentage of the employees' eligible salary (currently 12% of employees' eligible salary). The contributions are made to the Government Family Pension Fund / provident fund managed by the trust set up by the Company which are charged to the statement of profit and loss as incurred.

In respect of contribution to the trust set up by the Company, since the Company is obligated to meet interest shortfall, if any, with respect to covered employees, such employee benefit plan is classified as defined benefit plan in accordance with the Guidance on implementing Accounting Standard (AS) 15 (Revised) on Employee Benefits issued by the Accounting Standard Board of the Institute of Chartered Accountants of India. The Company makes provision for such interest short fall if any, based on an independent external actuarial valuation carried out at the end of the year.

2. Superannuation

The eligible employees of the Company are entitled to receive post-employment benefits in respect of superannuation fund in which the Company makes an annual contribution at a specified percentage of the employees' eligible salary (currently up to 15% of employees' eligible salary). The contributions are made to the Life Insurance Corporation of India (LIC). Superannuation is classified as defined contribution plan as the Company has no further obligations beyond making the contribution. The Company's contribution to defined contribution plan is charged to the statement of profit and loss as incurred.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

3. Gratuity

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of six months subject to maximum amount prescribed. For certain categories of employees, lump sum amount equivalent to one month salary for services up to 15 years; for services above 15 years but equals to or less than 25 years, one month salary up to 15 years and 15 days salary for services in excess of 15 years; and for services above 25 years, one month salary up to 15 years, 15 days salary for services in excess of 15 years upto 25 years and one-third monthly salary for services in excess of 25 years, payable for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service. The Company has obtained insurance policies with LIC and makes an annual contribution to LIC for amounts notified by LIC. The Company accounts for gratuity benefits payable in future based on an independent external actuarial valuation carried out at the end of the year. Actuarial gains and losses are recognised in the statement of profit and loss.

4. Post-retirement medical benefits and non-compete fees

Under this post-retirement scheme, eligible whole-time directors and on their demise, their spouses are entitled to medical benefits subject to certain limits and fixed monthly payment as non-compete fee. The Company accounts for these benefits payable in future based on an independent external actuarial valuation carried out at the end of the year. Actuarial gains and losses are recognised in the statement of profit and loss.

5. Compensated absences

The Company provides for encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment / availment. The Company makes provision for compensated absences based on an actuarial valuation carried out at the end of the year. Actuarial gains and losses are recognised in the statement of profit and loss.

(l) Discontinuing operations

When a component of the Company is disposed off or decided to be disposed off, by way of sale, demerger or terminated through abandonment, it is reported as a "Discontinuing Operation", provided that certain criteria are met. A component is 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 "Discontinuing Operations".

(m) Taxes on income

Tax expense comprises current tax and deferred tax. Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of Income-Tax Act, 1961. The Company recognizes deferred tax (subject to consideration of prudence) based on the effect of timing differences, being differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. Deferred tax assets are not recognised on unabsorbed depreciation and carry forward of losses unless there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized.

(n) Lease accounting

1. Operating leases

Leases, where the lessor retains, substantially all the risks and rewards incidental to ownership of the leased assets, are classified as operating lease. Operating lease expense / income are recognized in the statement of profit and loss on a straight-line basis over the lease term.

2. Finance leases

Leases, where the lessor transfers, substantially all the risks and rewards incidental to ownership of the leased assets, are classified as finance lease.

Assets taken on finance lease are capitalised at fair value or net present value of the minimum lease payments, whichever is lower. Lease payments made are apportioned between the finance charges and reduction of the outstanding liability in respect of assets taken on lease.

(o) Segment reporting

The accounting policies adopted for segment reporting are in line with the accounting policies 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'.

(p) Provisions, contingent liabilities and contingent assets

Provisions are recognised only when there is a present obligation as a result of past events 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 the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. Contingent liability is disclosed for (i) Possible obligations which will be confirmed only by future events not wholly within the control of the Company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent Assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

	Number of shares	As at 31st March, 2012 ₹ in Lakhs	Number of shares	As at 31st March, 2011 ₹ in Lakhs
3. Share capital				
Authorised:				
Equity shares of ₹ 10 each	1,50,00,000	1,500.00	1,50,00,000	1,500.00
	<u>1,50,00,000</u>	<u>1,500.00</u>	<u>1,50,00,000</u>	<u>1,500.00</u>
Issued, subscribed and fully paid:				
Equity shares of ₹ 10 each	1,28,98,616	1,289.86	1,28,98,616	1,289.86
	<u>1,28,98,616</u>	<u>1,289.86</u>	<u>1,28,98,616</u>	<u>1,289.86</u>

(a) Rights, preferences and restrictions attached to equity shares

The Company has only one class of shares referred to as equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(b) Equity shares held by holding company and subsidiary company

92,95,293 (Previous year: 92,95,293) equity shares are held by the holding company, Shapoorji Pallonji & Company Limited; and 1,66,398 (Previous year: 1,66,398) equity shares are held by a subsidiary of the Company, Forbes Campbell Finance Limited.

(c) Details of equity shares held by each shareholder holding more than 5 percent equity shares in the Company are as follows:

Name of Shareholder	As at 31st March, 2012		As at 31st March, 2011	
	Number of equity shares held	% holding	Number of equity shares held	% holding
Shapoorji Pallonji & Company Limited.....	92,95,293	72.06	92,95,293	72.06
India Discovery Fund Limited.....	11,48,255	8.90	11,48,255	8.90

(d) Nil (Previous year: 4,45,214) equity shares have been allotted as fully paid without payment being received in cash, during the period of five years immediately preceding the date as at which the Balance Sheet is prepared, to the shareholders of erstwhile FAL Industries Limited on amalgamation with the Company.

	₹ in Lakhs	As at 31st March, 2012 ₹ in Lakhs	As at 31st March, 2011 ₹ in Lakhs
4. Reserves and surplus			
(a) Export profit reserve:			
Balance as per last balance sheet	0.35		0.35
Less: Transferred to general reserve	0.35		—
			<u>0.35</u>
(b) General reserve:			
Balance as per last balance sheet	16,413.61		16,413.61
Add: Transferred from export profit reserve	0.35		—
Less: Proposed Dividend	128.99		—
Less: Dividend distribution tax	20.92		—
		16,264.05	<u>16,413.61</u>
(c) Surplus / (deficit) in statement of profit and loss:			
Balance as per last balance sheet	(4,336.77)		(4,394.61)
Add: Profit for the year	472.71		57.84
		(3,864.06)	<u>(4,336.77)</u>
		12,399.99	<u>12,077.19</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Non - current portion		Current maturities	
As at 31st March, 2012 ₹ in Lakhs	As at 31st March, 2011 ₹ in Lakhs	As at 31st March, 2012 ₹ in Lakhs	As at 31st March, 2011 ₹ in Lakhs

5. Long-term borrowings

(a) Term loans from banks - Secured

(i) New India Co-operative Bank Limited - Secured by an exclusive first charge / hypothecation of the equipment, accessories and spares acquired [Repayable in 20 quarterly installments of ₹ 68 Lakhs each commencing from September, 2008. Last installment is due in June, 2013. Rate of interest 11.75% p.a. as at year end (<i>Previous year: 10.50%</i>)]	68.00	340.00	272.00	272.00
(ii) Bank of India - Secured by joint first pari passu charge with Federal Bank Limited on 11 residential flats along with part basement and garages in "Volkart House", Mumbai [Repayable in 12 quarterly installments of ₹ 125 Lakhs each commencing from February, 2009. Last installment was due in November, 2011. Rate of interest 11.75% p.a. (<i>Previous year: 12.50%</i>)]	-	-	-	375.00
(iii) Bank of India - Secured by joint first pari passu charge with Federal Bank Limited on 11 residential flats along with part basement and garages in "Volkart House", Mumbai [Repayable in 9 quarterly installments of ₹ 125 Lakhs each commencing from December, 2010. Last installment is due in December, 2012. Rate of interest 11.75% p.a. as at year end (<i>Previous year: 12.50%</i>)]	-	375.00	375.00	500.00
(iv) Federal Bank Limited for container freight station project - Secured by way of mortgage of				
1 Land with all buildings existing and / or to be constructed thereon situated at Chandivali Village, Mumbai (excluding the land already sold to Videocon Properties Ltd.)				
2 Leasehold rights on 25 acres of land leased to the Company by Gujarat Adani Port Ltd., Mundra with buildings constructed / to be constructed thereon.				
3 15 acres of land at Veshvi, near JNPT, Mumbai in the name of the Company with buildings constructed / to be constructed and				
4 Hypothecation of all other equipment and fixed assets acquired and to be acquired for the project. [Repayable in 20 quarterly installments of ₹ 125 Lakhs each commencing from March, 2008. Last installment is due in December, 2012. Rate of interest 12.50% p.a. as at year end (<i>Previous year: 12%</i>)]	-	375.00	375.00	500.00
(v) Federal Bank Limited for container freight station project - Secured by way of mortgage of				
1 Land with all buildings existing and / or to be constructed thereon situated at Chandivali Village, Mumbai (excluding the land already sold to Videocon Properties Ltd.)				

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

	Non - current portion		Current maturities	
	As at 31st March, 2012 ₹ in Lakhs	As at 31st March, 2011 ₹ in Lakhs	As at 31st March, 2012 ₹ in Lakhs	As at 31st March, 2011 ₹ in Lakhs
5. Long-term borrowings (contd...)				
2 Leasehold rights on 25 acres of land leased to the Company by Gujarat Adani Port Ltd., Mundra with buildings constructed / to be constructed thereon				
3 15 acres of land at Veshvi, near JNPT, Mumbai in the name of the Company with buildings constructed / to be constructed and				
4 hypothecation of all other equipment and fixed assets acquired and to be acquired for the project. [Repayable in 20 quarterly installments of ₹ 37.50 Lakhs each commencing from February, 2008. Last installment is due in November, 2012. Rate of interest 12% p.a. as at year end (Previous year: 12%)]	-	112.50	112.50	150.00
(vi) Export Import Bank of India Limited - Secured by an exclusive first charge / hypothecation of the equipment and accessories acquired [Repayable in 21 quarterly installments of ₹ 71.43 Lakhs each commencing from March, 2007. Last installment was due in March, 2012. Rate of interest 11.50% p.a. (Previous year: 11.50%)]	-	-	-	285.71
(vii) Federal Bank Limited - Secured by joint first pari passu charge with Bank of India on 11 residential flats along with part basement and garages in "Volkart House", Mumbai [Repayment in November, 2013; Rate of interest 10.75% (Previous year: 9.75%)]	3,000.00	3,000.00	-	-
(viii) Export Import Bank of India - PEFP Loan - Secured by an exclusive first charge / hypothecation of the equipment and accessories acquired / to be acquired during the tenure of loan. [Repayable in 25 quarterly installments of ₹ 17.30 Lakhs each commencing from September, 2012. Last installment is due in September, 2018. Rate of interest 12% p.a. as at year end]	380.53	-	51.89	-
(ix) Vijaya Bank - Secured by exclusive charge on 5 acres of land situated at Perungudi, Chennai [Repayment in January, 2015; Rate of interest 11.50%] ...	5,000.00	-	-	-
	8,448.53	4,202.50	1,186.39	2,082.71
(b) Finance lease obligations — Secured by Computer Hardware financed [see Note 34(a)] [Repayable in 16 quarterly equivalent installments. Rate of Interest in the range of 7.68% to 9.33 %]	85.74	31.65	62.28	22.93
	8,534.27	4,234.15	1,248.67	2,105.64
Less: Amount disclosed under "Other current liabilities" (see Note 10)	-	-	(1,248.67)	(2,105.64)
	8,534.27	4,234.15	-	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

	As at 31st March, 2012 ₹ in Lakhs	As at 31st March, 2011 ₹ in Lakhs
6. Other Long-term liabilities		
(a) Income received in advance.....	60.00	-
(b) Security Deposits	320.25	-
	<u>380.25</u>	<u>-</u>
7. Long-term provisions		
Provision for employee benefits		
(a) Compensated absences.....	243.21	210.16
(b) Other post retirement benefits (see Note 31).....	273.90	252.53
	<u>517.11</u>	<u>462.69</u>
8. Short-term borrowings		
(a) Secured borrowings from banks:		
(i) IDBI Bank Limited - Secured by first hypothecation charge over moveable fixed assets both present and future and equitable mortgage on land and building situated at Wagle Industrial Estate, Thane.....	-	1,000.00
(ii) Ratnakar Bank Limited - Secured by second pari passu charge with Yes Bank on 11 residential flats, part basement and garages in "Volkart House", Mumbai. Creation of security is pending.....	1,500.00	-
(iii) Working capital rupee term loan from Exim Bank Limited - Secured by equitable mortgage on commercial land admeasuring 5 acres situated at Perungudi, Chennai.....	-	1,500.00
(iv) Repayable on demand - Cash credit and packing credit from consortium of banks against hypothecation of all stocks including raw material, stock-in-process, finished goods, stores and trade receivables.....	57.69	165.06
(v) Buyers credit from YES Bank Limited - Secured by second pari passu charge with Ratnakar Bank Limited on 11 residential flats, part basement and garages in "Volkart House", Mumbai. Creation of security is pending...	596.89	-
(vi) Buyers credit from Standard Chartered Bank Limited - Secured by hypothecation of all stocks including raw material, stock-in-process, finished goods, stores and trade receivables.....	105.80	-
	<u>2,260.38</u>	<u>2,665.06</u>
(b) Unsecured borrowings:		
From other than banks		
Commercial papers [maximum amount outstanding during the year ₹1,500 Lakhs (Previous year: ₹ 1,500 Lakhs)]	1,500.00	1,500.00
	<u>1,500.00</u>	<u>1,500.00</u>
	<u>3,760.38</u>	<u>4,165.06</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

	As at 31st March, 2012 ₹ in Lakhs	As at 31st March, 2011 ₹ in Lakhs
9. Trade Payables		
Trade Payables		
(i) Micro and Small enterprises (see Note 41).....	159.65	137.94
(ii) Others	3,322.93	2,924.30
	3,482.58	3,062.24

	As at 31st March, 2012 ₹ in Lakhs	As at 31st March, 2011 ₹ in Lakhs
10. Other current liabilities		
(a) Current maturities of long-term borrowings (secured) (see Note 5).....	1,186.39	2,082.71
(b) Current maturities of finance lease obligations (secured) (see Note 5)	62.28	22.93
(c) Interest accrued but not due on borrowings	46.72	56.08
(d) Income received in advance (unearned revenue).....	45.00	139.19
(e) Unpaid dividends *	19.56	25.27
(f) Unpaid matured deposits and interest accrued thereon *	7.56	8.31
(g) Other payables :		
(i) Statutory remittances.....	303.67	311.93
(ii) Payables on purchase of fixed assets.....	62.91	261.73
(iii) Security deposits	3,826.28	5,793.00
(iv) Payables to Shipping Principals	623.96	423.53
(v) Customers' credit balances and advances for supplies and services to be rendered.....	671.11	468.07
(vi) Liability towards Employees and other contractual liabilities	370.94	293.89
(vii) Others	31.47	35.88
	7,257.85	9,922.52

* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund

	As at 31st March, 2012 ₹ in Lakhs	As at 31st March, 2011 ₹ in Lakhs
11. Short-term provisions		
(a) Provision for employee benefits		
(i) Compensated absences.....	46.91	75.95
(ii) Gratuity (see Note 31).....	273.48	296.32
(iii) Other post retirement benefits (see Note 31).....	93.32	92.21
	413.71	464.48
(b) Others		
(i) Tax provisions less payments including Fringe Benefit tax (other than deferred tax) [net of advance tax ₹ 4,612.01 Lakhs (Previous year: ₹ 4,612.01 Lakhs)].....	555.28	555.28
(ii) Provisions for wealth tax less payments [net of advance tax ₹ 66.33 Lakhs (Previous year: ₹ 59.26 Lakhs)].....	96.03	17.10
(iii) Provision for proposed dividend	128.99	-
(iv) Provision for tax on proposed dividend	20.92	-
	801.22	572.38
	1,214.93	1,036.86

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Description of Assets	GROSS BLOCK (at cost)				DEPRECIATION / AMORTISATION				NET BLOCK			
	As at 31st March, 2011	Additions during the year	Deductions during the year	Other Adjustment [see Note 28(a)]	As at 31st March, 2012	Upto 31st March, 2011	For the year	On deduction during the year	Other Adjustments [see Note 28(a)]	Upto 31st March, 2012	As at 31st March, 2012	As at 31st March, 2011
A. Tangible assets												
1. Land:												
Freehold	168.00	-	-	-	168.00	-	-	-	-	-	168.00	168.00
Leasehold	861.52	-	-	-	861.52	185.58	33.42	-	-	219.00	642.52	675.94
2 Buildings [see footnote 1 and Note 34(b)]	7,882.25	-	-	-	7,882.25	1,834.16	208.53	-	-	2,042.69	5,839.56	6,048.09
3 Plant and equipment (see footnote 2)	8,066.65	241.57	66.67	864.95	9,106.50	4,498.60	674.66	61.42	848.30	5,960.14	3,146.36	3,568.05
4 Furniture and fixtures	560.07	-	90.11	27.36	497.32	260.38	28.70	68.86	21.09	241.31	256.01	299.69
5 Vehicles	180.96	-	11.32	7.69	177.33	169.95	7.63	11.32	9.16	175.42	1.91	11.01
6 Office equipment:												
Owned	1,310.82	33.88	225.74	75.21	1,194.17	701.90	85.19	198.67	50.55	638.97	555.20	608.92
Taken on finance lease [see Note 34(a)]	90.16	122.62	-	-	212.78	37.61	37.69	-	-	75.30	137.48	52.55
Previous Year	19,120.43	398.07	393.84	975.21	20,095.87	7,688.18	1,075.82	340.27	929.10	9,352.83	10,747.04	11,432.25
	20,914.26	364.39	2,158.22	-	19,120.43	8,123.25	1,218.68*	1,653.75	-	7,688.18	11,432.25	
B. Intangible assets												
Computer software	963.14	81.13	227.92	-	816.35	455.13	135.68	206.71	-	384.10	432.25	508.01
Previous Year	946.08	117.70	100.64	-	963.14	400.88	145.18	90.93	-	455.13	508.01	

Footnotes:

1 Buildings (Cost) include: (i) Residential flats and office premises ₹ 69.54 Lakhs (Previous year: ₹ 69.54 Lakhs) 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 ₹ 0.17 Lakh (Previous year: ₹ 0.17 Lakh); (iii) Premises on freehold land where the Company is yet to be registered as the owner of a proportionate share in the land ₹ 28.66 Lakhs (Previous year: ₹ 28.66 Lakhs); and (iv) Jointly owned Residential Premises ₹ 28.39 Lakhs (Previous year: ₹ 28.39 Lakhs).

2 Plant and equipment includes jointly owned assets ₹ 10.25 Lakhs (Previous year: ₹ 10.25 Lakhs).

* Includes ₹ 1.78 Lakhs in respect of discontinuing operation.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

	₹ in Lakhs	As at 31st March, 2012 ₹ in Lakhs	As at 31st March, 2011 ₹ in Lakhs
13. Non - current investments			
Long-term - unquoted (fully paid) (valued at cost unless stated otherwise)			
(a) Trade investments in a subsidiary company			
In equity shares			
8,64,960 (Previous year: 8,64,960) equity shares of SGD 1 each in Forbes Container Lines Pte. Limited		271.26	271.26
(b) Other than trade investments			
In equity shares			
In subsidiaries			
1. 50,385 (Previous year: 50,385) equity shares of ₹ 100 each in Volkart Fleming Shipping and Services Limited	6.82		6.82
2. 38,64,131 (Previous year: 38,64,131) equity shares of ₹ 10 each in Forbes Campbell Finance Limited [At cost less provision for other than temporary diminution in value ₹ 156.40 Lakhs (Previous year: ₹ 156.40 Lakhs)] (see Note 49)	1,851.50		1,851.50
3. 37,28,000 (Previous year: 37,28,000) equity shares of ₹ 10 each in Eureka Forbes Limited	4,067.86		4,067.86
4. 50,001 (Previous year: 50,001) equity shares of ₹ 10 each in Forbes Bumi Armada Offshore Limited	5.00		5.00
		5,931.18	5,931.18
In joint ventures			
1. 4,00,00,000 (Previous year: 4,00,00,000) equity shares of ₹ 10 each in SCI Forbes Limited (see Note 51)	4,000.00		4,000.00
2. 2,500 (Previous year: 2,500) equity shares of USD 1 each in Edumetry Inc. USA [At cost less provision for other than temporary diminution in value ₹ 35.48 Lakhs (Previous year: ₹ 35.48 Lakhs)]	-		-
3. (Previous year: 58,849) equity shares of ₹ 10 each in Nuevo Consultancy Services Limited (formerly known as Forbes Infotainment Limited) [At cost less provision for other than temporary diminution in value ₹ 5.88 Lakhs]	-*		-*
		4,000.00	4,000.00
In associates			
1. 4,20,170 (Previous year: 4,20,170) equity shares of ₹ 10 each in The Svadeshi Mills Company Limited [At cost less provision for other than temporary diminution in value ₹ 150.33 Lakhs (Previous year: ₹ 150.33 Lakhs)]	-		-
2. 58,849 equity shares of ₹ 10 each in Nuevo Consultancy Services Limited (formerly known as Forbes Infotainment Limited) [At cost less provision for other than temporary diminution in value ₹ 5.88 Lakhs]	-*		-*
In other entities			
1. 5,500 (Previous year: 5,500) equity shares of ₹ 10 each in New India Co-operative Bank Limited	0.55		0.55
2. 10 (Previous year: 10) equity shares of ₹ 500 each in Tuticorin Chamber of Commerce	-		-
3. 1,000 (Previous year: Nil) Equity Shares of ₹10 each in Simar Port Private Limited	0.10		-
		0.65	0.55
		9,931.83	9,931.73

* reclassified as an associate in the current year.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

	₹ in Lakhs	As at 31st March, 2012 ₹ in Lakhs	As at 31st March, 2011 ₹ in Lakhs
13. Non - current investments (contd...)			
In preference shares			
In a subsidiary company			
20,00,000 (Previous year: 20,00,000) 8% Cumulative Optionally Convertible Preference Shares of ₹ 10 each in Forbes Technosys Limited.....	200.00		200.00
In a joint venture company			
3,09,00,000 (Previous year: 3,09,00,000) Zero Percent Redeemable Preference Shares of ₹ 10 each in SCI Forbes Limited (see Note 51).....	3,090.00		3,090.00
		3,290.00	3,290.00
In debentures in a subsidiary company			
43,00,000 (Previous year: 43,00,000) 0.1% Optionally Convertible Redeemable Debentures of ₹ 10 each in Forbes Campbell Finance Limited.....		1,146.75	430.00
		14,639.84	13,922.99
Footnote:			
Aggregate amount of unquoted investments.....		14,639.84	13,922.99
Aggregate provision for other than temporary diminution in value of investments.....		348.09	348.09
	₹ in Lakhs	As at 31st March, 2012 ₹ in Lakhs	As at 31st March, 2011 ₹ in Lakhs
14. Long-term loans and advances			
(unsecured, considered good unless otherwise stated)			
(a) Capital advances		98.98	163.51
(b) Security deposits			
(i) Unsecured, considered good	122.81		150.19
(ii) Doubtful	40.47		13.00
	163.28		163.19
Less: Provision for doubtful deposits.....	40.47		13.00
		122.81	150.19
(c) Loans and advances to related parties (see Notes 33 and 50)			
(i) Unsecured, considered good	-		-
(ii) Doubtful	5,183.65		5,168.71
	5,183.65		5,168.71
Less: Provision for doubtful loans and advances.....	5,183.65		5,168.71
		-	-
(d) Loans and advances to employees			
(i) Unsecured, considered good	33.64		29.75
(ii) Doubtful	-		1.10
	33.64		30.85
Less: Provision for doubtful loans and advances.....	-		1.10
		33.64	29.75
(e) Prepaid expenses		20.20	22.62
(f) Advance income tax including fringe benefit tax [net of provisions ₹ 3,587.90 lakhs (Previous year : ₹ 3,587.90 lakhs)]		2,517.43	2,166.00
(g) Advance wealth tax [net of provisions ₹ 26.26 lakhs (Previous year : ₹ 26.26 lakhs)]		6.01	6.01
(h) Balances with statutory / government authorities			
(i) Unsecured, considered good	83.00		43.69
(ii) Doubtful	46.69		76.59
	129.69		120.28
Less: Provision for doubtful balances.....	46.69		76.59
		83.00	43.69
		2,882.07	2,581.77

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

	As at 31st March, 2012 ₹ in Lakhs	As at 31st March, 2011 ₹ in Lakhs
15. Inventories (valued at lower of cost and net realizable value)		
(a) Raw materials and components.....	402.56	297.83
(b) Work-in-progress (see Note 44).....	495.77	528.83
(c) Finished goods (see Note 43A).....	590.46	651.46
(d) Stock-in-trade (in respect of goods acquired for trading) (see Note 43B).....	102.22	157.66
(e) Stores, spares and loose tools.....	262.24	253.75
	<u>1,853.25</u>	<u>1,889.53</u>
	₹ in Lakhs	₹ in Lakhs
16. Trade receivables		
(a) Trade receivables outstanding for a period exceeding six months from the date they are due for payment:		
(i) Unsecured, considered good	202.93	273.58
(ii) Doubtful	1,001.32	965.95
	<u>1,204.25</u>	<u>1,239.53</u>
Less: Provision for doubtful trade receivables	1,001.32	965.95
	<u>202.93</u>	<u>273.58</u>
(b) Other trade receivables:		
(i) Unsecured, considered good	3,605.35	2,927.76
(ii) Doubtful	48.72	-
	<u>3,654.07</u>	<u>2,927.76</u>
Less: Provision for doubtful trade receivables	48.72	-
	<u>3,605.35</u>	<u>2,927.76</u>
	<u>3,808.28</u>	<u>3,201.34</u>

Trade receivables include debts due from private companies in which a director of the Company is a director of those private companies:

Name of the company	As at 31st March, 2012 ₹ in Lakhs	As at 31st March, 2011 ₹ in Lakhs
1. Nypro Forbes Products Private Limited (now known as Nypro Forbes Products Limited)	*	1.25
2. Nypro Forbes Moulds Private Limited (now known as Nypro Forbes Moulds Limited)	*	0.75
	*	2.00

* converted to public limited company w.e.f. 30th June, 2011.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

	As at 31st March, 2012	As at 31st March, 2011
₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
17. Cash and bank balances		
(a) Balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements		
1. Cash on hand	6.21	5.96
2. Cheques, drafts on hand	43.13	-
3. Balances with banks:		
(A) In current accounts	652.89	504.51
(B) In EEFC Accounts	46.85	-
(C) In deposit accounts (with original maturity upto 3 months) includes ₹ 5 Lakhs (<i>Previous year: ₹ Nil</i>) under lien	306.92	954.14
	1,006.66	1,458.65
	1,056.00	1,464.61
(b) Other bank balances		
1. In Earmarked accounts:		
-Unpaid dividends	19.56	25.27
-Interest accrued on unpaid matured deposits	4.12	3.90
	23.68	29.17
2. In deposit accounts with original maturity of more than 3 months but less than 12 months deposited with customs and port authorities, hence are not available for immediate use by the Company	4.50	3.22
3. Balances held as margin money with original maturity of more than 3 months but less than 12 months as security against license for import of goods under EPCG Scheme and deposit with government authorities and hence are not available for immediate use by the Company.	64.88	71.60
	93.06	104.00
	1,149.06	1,568.60
	₹ in Lakhs	₹ in Lakhs
18. Short-term loans and advances		
(unsecured, considered good unless otherwise stated)		
(a) Loans and advances to related parties (see Note 33)		
(i) Unsecured, considered good	1,559.82	34.28
(ii) Doubtful	1.11	1.11
	1,560.93	35.39
Less: Provision for doubtful loans and advances	1.11	1.11
	1,559.82	34.28
(b) Security deposits	12.72	11.59
(c) Loans and advances to employees		
(i) Unsecured, considered good	15.51	24.88
(ii) Doubtful	0.20	-
	15.71	24.88
Less: Provision for doubtful loans and advances	0.20	-
	15.51	24.88
(d) Prepaid expenses	154.37	131.30
(e) Balances with statutory / government authorities	120.53	229.28

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

	As at 31st March, 2012	As at 31st March, 2011
₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
18. Short-term loans and advances (contd...)		
(f) Advances for supply of goods and services		
(i) Unsecured, considered good	815.65	313.40
(ii) Doubtful	119.35	81.51
	935.00	394.91
Less: Provision for doubtful advances	119.35	81.51
	815.65	313.40
(g) Other Loans and advances		
(i) Unsecured, considered good	10.35	0.06
(ii) Doubtful	11.81	13.95
	22.16	14.01
Less: Provision for doubtful loans and advances	11.81	13.95
	10.35	0.06
	2,688.95	744.79
	As at 31st March, 2012	As at 31st March, 2011
₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
19. Other current assets		
(unsecured, considered good unless otherwise stated)		
(a) Interest accrued on deposits with bank	1.14	0.83
(b) Interest accrued on investments	0.71	0.15
(c) Contractually reimbursable expenses		
(i) Unsecured, considered good	8.77	295.67
(ii) Doubtful	18.08	-
	26.85	295.67
Less: Provision for doubtful debts	18.08	-
	8.77	295.67
(d) Unbilled Revenue	41.18	50.50
(e) Other current receivables	6.59	0.04
	58.39	347.19
	Year ended 31st March, 2012	Year ended 31st March, 2011
₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
20. Revenue from operations		
(a) Sale of products (see Notes 43A and 43B)	16,880.15	13,583.82
(b) Sale of services		
(i) Charter hire income	549.28	1,896.14
(ii) Ground rent from container freight stations maintained by the Company.....	1,360.78	1,012.32
(iii) Multimodal transport operations and allied services	9,306.42	6,073.67
(iv) Others	60.69	85.03
	11,277.17	9,067.16
(c) Other operating revenues:		
(i) Rent and amenity charges	1,657.53	1,724.06
(ii) Others	76.26	94.16
	1,733.79	1,818.22
	29,891.11	24,469.20

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

	Year ended 31st March, 2012	Year ended 31st March, 2011
	₹ in Lakhs	₹ in Lakhs
21. Other income		
(a) Interest income		
(i) on long-term investments in a subsidiary company	0.93	0.17
(ii) on bank deposits	18.38	5.31
(iii) on inter-corporate deposits	57.83	17.29
(iv) from customers and others	5.19	6.54
	82.33	29.31
(b) Dividend income on long-term investments in other than related parties	0.07	0.07
(c) Net gain on sale / surrender for buy-back of long term investments in subsidiary companies	-	1,623.84
(d) Net gain on foreign currency transaction and translation (other than considered as finance cost)	-	36.31
(e) Other non-operating income		
(i) Credit balances / excess provision written back	185.43	97.89
(ii) Miscellaneous income	16.34	11.34
	284.17	1,798.76

	Year ended 31st March, 2012	Year ended 31st March, 2011
	₹ in Lakhs	₹ in Lakhs
22. Cost of materials consumed (see Notes 42A and 48a)		
Opening stock of raw materials and components	297.83	350.64
Add: Purchases	5,460.08	3,697.78
	5,757.91	4,048.42
Less: Closing stock of raw materials and components	402.56	297.83
	5,355.35	3,750.59

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.

	Year ended 31st March, 2012	Year ended 31st March, 2011
	₹ in Lakhs	₹ in Lakhs
23. Changes in inventories of finished goods, work-in-progress and stock-in-trade		
(a) Inventories at the end of the year:		
(i) Finished goods	590.46	651.46
(ii) Work-in-progress	495.77	528.83
(iii) Stock-in-trade	102.22	157.66
	1,188.45	1,337.95
(b) Inventories at the beginning of the year:		
(i) Finished goods	651.46	673.00
(ii) Work-in-progress	528.83	521.05
(iii) Stock-in-trade	157.66	183.72
	1,337.95	1,377.77
Net decrease	149.50	39.82

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

	Year ended 31st March, 2012	Year ended 31st March, 2011
	₹ in Lakhs	₹ in Lakhs
24. Employee benefits expense		
(a) Salaries and wages	3,450.73	3,095.04
(b) Contributions to provident and other funds	333.19	288.03
(c) Staff welfare expenses.....	265.87	269.51
	4,049.79	3,652.58
	Year ended 31st March, 2012	Year ended 31st March, 2011
	₹ in Lakhs	₹ in Lakhs
25. Finance costs		
(a) Interest expense on borrowings.....	1,254.16	1,201.27
(b) Other borrowing costs - loan processing charges.....	44.88	14.71
(c) Net loss on foreign currency transactions and translation	0.75	2.94
	1,299.79	1,218.92
	Year ended 31st March, 2012	Year ended 31st March, 2011
	₹ in Lakhs	₹ in Lakhs
26. Depreciation and amortisation expense		
(a) Depreciation of tangible assets (see Note 12A)	1,075.82	1,216.90
(b) Amortization of intangible assets (see Note 12B)	135.68	145.18
	1,211.50	1,362.08
	Year ended 31st March, 2012	Year ended 31st March, 2011
	₹ in Lakhs	₹ in Lakhs
27. Other expenses		
(a) Consumption of stores and spare parts [after transferring ₹ 228.75 Lakhs (<i>Previous year: ₹ 153.52 Lakhs</i>) to other accounts] (see Note 48b)	506.52	512.90
(b) Increase of excise duty on inventory	16.77	19.83
(c) Processing charges	1,188.44	1,067.25
(d) Power and fuel	637.78	630.76
(e) Operating costs for shipping and logistics division		
(i) Charter hire charges.....	1,062.61	4,061.47
(ii) Equipment hire charges	434.90	318.41
(iii) Transportation, freight, handling and other charges	6,304.46	3,333.08
	7,801.97	7,712.96
(f) Rent	251.39	351.35
(g) Repairs to:		
(i) Buildings	116.97	83.71
(ii) Machinery	357.79	229.03
(iii) Others	408.91	330.37
	883.67	643.11
(h) Insurance	75.35	75.83
(i) Rates and taxes (excluding taxes on income)	315.31	114.79
(j) Brokerage, commission, discount and other selling expenses	1,022.99	845.26
(k) Printing and Stationery	100.85	85.42
Balance Carried forward	12,801.04	12,059.46

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

	Year ended 31st March, 2012	Year ended 31st March, 2011
	₹ in Lakhs	₹ in Lakhs
27. Other expenses (contd...)		
Balance Brought forward	12,801.04	12,059.46
(l) Communication.....	165.86	136.48
(m) Legal and professional charges	612.39	584.67
(n) Travelling and conveyance	311.94	308.90
(o) Payments to the auditor (net of service tax input credit, where applicable):		
(i) As auditors - statutory audit	34.00	34.00
(ii) For taxation matters *	-	-
(iii) For company law matters	0.35	0.35
(iv) For other services **	25.00	17.23
(v) For reimbursement of expenses	0.17	0.65
	59.52	52.23
* Excludes fee for taxation matters of ₹ 10.83 Lakhs (<i>Previous Year ₹ 4.17 Lakhs</i>) paid to a firm in which some of the partners of the audit firm are partners.		
** Includes ₹ 2.25 Lakhs recovered by the company from other group companies.		
(p) Loss on sale / write off of fixed assets (net)	62.08	57.64
(q) Bad trade receivables / advances written off	106.50	200.65
Less: Provision held	40.75	50.27
	65.75	150.38
(r) Provision for doubtful trade receivables	94.75	115.74
(s) Provision for doubtful loans and advances	95.73	95.53
(t) Net loss on foreign currency transaction and translation (other than considered as finance cost)	0.24	-
(u) Miscellaneous expenses	1,453.41	1,474.13
	15,722.71	15,035.16
	Year ended 31st March, 2012	Year ended 31st March, 2011
	₹ in Lakhs	₹ in Lakhs
28. Exceptional items - Income / (expense)		
(a) Prior period adjustment - written down value of fixed assets written-off in previous year now written back (see Note 12)	46.11	-
(b) Profit on sale of land and building	68.00	1,573.02
(c) Termination benefits and one time settlement with employees	(75.06)	(9.62)
(d) Write off of investments in a subsidiary company	-	(917.59)
(e) Provision for diminution in the value of investments in a subsidiary company	-	(156.39)
(f) Income on settlement of disputed matters	113.93	-
	152.98	489.42

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

29. Contingent liabilities:

- (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 ₹ 3,271.48 Lakhs and has asked interest at 21% per annum with effect from April, 1998. The Company had been contesting the aforesaid claim. This has been settled out of court on 22nd December, 2011 and the aforesaid claim is withdrawn by the developer.

	As at 31st March, 2012 ₹ in Lakhs	As at 31st March, 2011 ₹ in Lakhs
(b) Taxes in dispute:-		
(i) Excise demand	4,730.86	4,745.04
(ii) Sales tax	770.32	809.61
(iii) Income-tax	1,505.36	1,525.83
(iv) Customs duty	17.10	17.10
(v) Wealth tax	36.12	36.12
(vi) Property tax	1,075.85	934.07
(c) Labour matters in dispute	10.00	68.50
(d) Claim of Gujarat Electricity Board for alleged diversion of fraction of the power consumed and contested by the Company in the Court	188.29	188.29
(e) Customer claims	76.01	212.53
(f) Supplier claims	15.00	15.00
(g) Other legal matters	6.20	6.20
(h) Guarantees:-		
(i) Guarantees given on behalf of Shipping Principals including subsidiary and Surety Bonds jointly executed with third parties in favour of customs and other parties	4,857.50	4,857.50
(ii) Guarantee on behalf of a subsidiary company	2,325.49	200.00
(iii) Guarantees issued by bank	317.83	308.34
(i) Other money for which the Company is contingently liable		
Bills discounted	80.01	101.21

30. Capital and other commitments

- (a) Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 468.71 Lakhs; (Previous year: ₹ 582.48 Lakhs) [net of advance paid aggregating ₹ 103.35 Lakhs; (Previous year: ₹ 209.28 Lakhs)]
- (b) For commitments relating to lease arrangements, see Note 34(a) and for derivative contracts, see Note 40(a).
- (c) The Company along-with other joint venturers, has entered into a "Sponsor Support Deed" with Natixis, Security Trustee, on 15th July, 2011 by which the Company irrevocably and unconditionally undertaken to the Security Trustee and each of other creditors, to the extent of its shareholding (i.e. 25%) in the Borrower, namely SCI Forbes Limited, a joint venture company, if the Borrower do not pay or discharge any of its obligations.
- (d) The Company has agreed to provide continuing financial support to Forbes Container Lines Pte. Ltd. wholly owned subsidiary to meet all its obligation, to the extent they are unable to meet their obligations.
- (e) Also see Note 49.

31. Employee benefit obligations

Defined-contribution plans:

The Company has recognised the following amounts in the statement of profit and loss in note 24(b), "Contribution to provident and other funds":

Particulars	Year ended 31st March, 2012 ₹ in Lakhs	Year ended 31st March, 2011 ₹ in Lakhs
Provident fund	148.38	174.95
Superannuation fund	99.94	92.32
Total contribution	248.32	267.27

Defined-benefits plans:

In terms of the guidance note issued by the Institute of Actuaries of India, the actuary has provided a valuation of provident fund liability based on the assumptions listed below and determined that there is no shortfall as at 31st March, 2012. During the previous year, the Company had made a provision of ₹ 21.35 lakhs towards interest shortfall on an estimated basis in the absence of actuarial valuation.

The assumptions used in determining the present value of obligation of the interest rate guarantee under deterministic approach are:-

Remaining terms of maturity 17 years.

Expected guarantee interest rate 8.25%.

Discount rate for the remaining term to maturity of interest portfolio 8.15%.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

31. Employee benefit obligations (contd...)

Details of defined benefit plans are as follows:

(₹ in Lakhs)

	31st March, 2012		31st March, 2011	
	Funded	Non funded	Funded	Non funded
		Others (Post Retirement medical and Gratuity non compete fees)	<i>Gratuity</i>	<i>Others (Post Retirement medical and non compete fees)</i>
Present value of commitments	875.16	367.22	892.81	344.74
Fair value of plan assets	601.68	-	596.49	-
Net liability in the balance sheet	273.48	367.22	296.32	344.74

Defined benefit commitments:				
Opening balance as at 1st April	892.81	344.74	952.65	367.20
Interest expenses	71.45	28.44	75.62	29.38
Current service cost	45.27	3.44	49.96	8.57
Paid benefits	(151.57)	(55.03)	(150.87)	(68.47)
Actuarial (gain) / loss	17.20	45.63	(34.55)	8.06
Closing balance as at 31st March	875.16	367.22	892.81	344.74

Plan assets				
Opening balance as at 1st April	596.49	-	571.72	-
Expected return on scheme assets	50.61	-	50.65	-
Contributions by the Company	99.11	-	104.04	-
Paid funds	(151.57)	-	(150.87)	-
Actuarial gain / (loss)	7.04	-	20.95	-
Closing balance as at 31st March	601.68	-	596.49	-

Return on plan assets				
Expected return on plan assets	50.61	-	50.65	-
Actuarial gain / (loss)	7.04	-	20.95	-
Actual return on plan assets	57.65	-	71.60	-

Expenses on defined benefit plan:				
Current service costs	45.27	3.44	49.96	8.57
Interest expense	71.45	28.44	75.62	29.38
Expected return on investment	(50.61)	-	(50.65)	-
Net actuarial (gain) / loss	10.16	45.63	(55.50)	8.06
Expenses charged to the statement of profit and loss	76.27	77.51	19.43	46.01

Investment details

Funds managed by Insurer
Private sector unit bonds
Special deposit schemes

	31st March, 2012	31st March, 2011
	84%	81%
	12%	14%
	4%	5%
	100%	100%

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 expense.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

31. Employee benefit obligations: (contd...)

	31st March, 2012	31st March, 2011
Rate for discounting liabilities	8.75%	8.25%
Expected salary increase rate	6.00%	6.00%
Expected return on scheme assets	8.00%	8.00%
Mortality rates	LIC 94-96 Table	LIC 94-96 Table

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

	31st March, 2012	31st March, 2011
Rate for discounting liabilities	8.25%	8.25%

Experience adjustment:**Gratuity**

	2011-12	2010-11	2009-10	2008-09	2007-08
Defined benefit obligation	875.16	892.81	952.66	971.78	884.24
Plan asset	601.68	596.49	571.71	600.16	589.39
Deficit in plan asset	273.48	296.32	380.95	371.62	294.85
Experience adjustment on plan assets gain / (loss)	7.04	20.95	59.77	(6.26)	*
Experience adjustment on plan liabilities loss / (gain)	70.98	143.02	0.29	(3.82)	*

* Figures in respect of Financial Year 2007-08 are not available.

The estimates of future salary increases, considered in the actuarial valuation, take 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 Company during the financial year 2012-13 has not been ascertained.

The information in respect of medical cost trend rates and the effect of an increase / decrease of 1% point in the assumed medical cost trend rates on current service cost, interest cost, accumulated post employment benefit cost and experience adjustment is not available; during the year, medical cost of ₹ 46.93 Lakhs (*Previous year: ₹ 47.15 Lakhs*) recognised to the statement of profit and loss based on actuarial valuation.

The Company has charged amounts aggregating ₹ 74.30 Lakhs; (*Previous year: ₹ 46.72 Lakhs*) to the statement of profit and loss based on actuarial valuation [Present value of future obligation as at 31st March, 2012 ₹ 338.86 Lakhs; (*Previous year: ₹ 315.90 Lakhs*)] and paid ₹ 51.34 Lakhs (*Previous year: ₹ 61.06 Lakhs*), towards the post retirement arrangements to former Managing Directors and other Directors.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

32. Segment reporting

The primary segment reporting format is determined to be business segments as the Company's risks and returns, organisation structure and internal reporting system are affected predominantly by differences in the products / services. The Company's operations predominantly relate to "Engineering", "Shipping and logistics services" and "Real estate". The "Motors" and "Personal wear" segments have been discontinued. Secondary information is reported geographically. The Company caters 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.

(a) Information about primary business segments for the year:

Particulars	Continued Operations						Discontinued Operations						Total Operations			
	Engineering		Shipping and logistics services		Real estate		Motors		Personal Wear		Total		Total		Total	
	31st March, 2012	31st March, 2011	31st March, 2012	31st March, 2011	31st March, 2012	31st March, 2011	31st March, 2012	31st March, 2011	31st March, 2012	31st March, 2011	31st March, 2012	31st March, 2012	31st March, 2011	31st March, 2012	31st March, 2011	
External segment revenue	15,536.25	12,659.71	11,219.47	8,985.25	1,654.54	1,720.94	28,410.26	23,365.90	-	-	-	-	-	28,410.26	23,365.90	
Add: Inter segment revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Revenue from operations	15,536.25	12,659.71	11,219.47	8,985.25	1,654.54	1,720.94	28,410.26	23,365.90	-	-	-	-	-	28,410.26	23,365.90	
Segment Results - Profit / (Loss) (including exceptional items related to segments)	2,349.79	1,209.80	(130.06)	(2,286.70)	1,206.68	2,910.20	3,426.41	1,833.30	-	(18.75)	-	298.70	-	3,426.41	2,132.00	
Add: Unallocated income	-	-	-	-	-	-	-	-	317.45	-	(18.75)	-	91.18	3,426.41	2,132.00	
Less: Unallocated expenses	-	-	-	-	-	-	-	-	-	-	-	-	(1,687.03)	3,426.41	2,132.00	
Add/(Less): Exceptional items other than related to segments	-	-	-	-	-	-	-	-	-	-	-	-	(58.06)	3,426.41	2,132.00	
Profit before tax and finance costs	1,772.50	1,267.15	-	-	-	-	-	-	-	-	-	-	1,299.79	1,772.50	1,267.15	
Less: Finance costs	-	-	-	-	-	-	-	-	-	-	-	-	-	472.71	48.23	
Profit before tax	1,772.50	1,267.15	-	-	-	-	-	-	-	-	-	-	1,299.79	1,772.50	1,267.15	
Provision for taxation:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Current tax relating to prior years	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Profit after tax	1,772.50	1,267.15	-	-	-	-	-	-	-	-	-	-	-	1,299.79	1,267.15	
Capital employed	472.71	-	-	-	-	-	-	-	-	-	-	-	-	472.71	(9.61)	
Segment assets	9,824.79	8,310.18	5,448.28	6,208.94	2,913.51	3,146.93	-	33.75	-	43.69	-	18,186.58	17,743.49	18,186.58	17,743.49	
Unallocated corporate assets	-	-	-	-	-	-	-	-	-	-	-	20,650.64	18,507.08	20,650.64	18,507.08	
Total assets	9,824.79	8,310.18	5,448.28	6,208.94	2,913.51	3,146.93	-	33.75	-	43.69	-	38,837.22	36,250.57	38,837.22	36,250.57	
Segment liabilities	3,050.67	2,614.69	2,463.65	2,388.45	4,508.97	6,028.93	-	116.58	-	11.58	-	10,023.29	11,160.23	10,023.29	11,160.23	
Unallocated corporate liabilities	-	-	-	-	-	-	-	-	-	-	-	1,580.76	1,218.84	1,580.76	1,218.84	
Total liabilities	3,050.67	2,614.69	2,463.65	2,388.45	4,508.97	6,028.93	-	116.58	-	11.58	-	11,604.05	12,379.07	11,604.05	12,379.07	
Capital employed	6,774.12	5,695.49	2,984.63	3,820.49	(1,595.46)	(2,882.00)	-	(82.83)	-	32.11	-	27,233.17	23,871.50	27,233.17	23,871.50	
Cost incurred to acquire segment assets including adjustments on account of capital work-in-progress	788.75	368.45	27.38	23.36	3.85	0.53	-	-	-	-	-	819.98	392.34	788.75	368.45	
Unallocated cost incurred to acquire assets including adjustments on account of capital work-in-progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total capital expenditure	788.75	368.45	27.38	23.36	3.85	0.53	-	-	-	-	-	819.98	392.34	788.75	368.45	
Segment depreciation / amortisation	700.88	829.87	282.25	303.48	85.54	85.98	-	1.78	-	-	-	1,068.67	1,221.11	1,068.67	1,221.11	
Unallocated corporate depreciation / amortisation	-	-	-	-	-	-	-	-	-	-	-	142.83	142.75	142.83	142.75	
Total depreciation / amortisation	700.88	829.87	282.25	303.48	85.54	85.98	-	1.78	-	-	-	1,211.50	1,363.86	1,211.50	1,363.86	
Non-cash segment expenses other than depreciation	7.69	177.89	234.70	166.92	-	-	-	8.79	-	-	-	242.39	353.60	242.39	353.60	
Unallocated non-cash expenses other than depreciation	-	-	-	-	-	-	-	-	-	-	-	13.84	1,082.03	13.84	1,082.03	
Total non-cash expenses other than depreciation	7.69	177.89	234.70	166.92	-	-	-	8.79	-	-	-	256.23	1,435.63	256.23	1,435.63	

(b) Information about geographical business segment for the year

Particulars	Within india			Outside india			Unallocated			Total		
	31st March, 2012		31st March, 2011	31st March, 2012		31st March, 2011	31st March, 2012		31st March, 2011	31st March, 2012		31st March, 2011
	2012	2011	2011	2012	2011	2011	2012	2011	2012	2011	2012	2011
Revenue	26,311.58	20,080.15	2,098.88	3,285.75	-	-	28,410.26	23,365.90	-	-	28,410.26	23,365.90
Assets	18,015.73	17,617.46	170.85	126.03	-	-	18,507.08	36,250.57	-	-	18,507.08	36,250.57
Cost incurred to acquire segment assets including adjustments on account of capital work-in-progress	819.98	392.34	-	-	-	-	819.98	392.34	-	-	819.98	392.34

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

33. Related party disclosures**(A) Holding Company / Ultimate Holding Company**

- 1 Shapoorji Pallonji & Company Limited [*Holding Company (Ultimate Holding Company upto 14th October, 2010)*]
- 2 Sterling Investment Corporation Private Limited (*Holding Company upto 14th October, 2010, merged with Shapoorji Pallonji & Company Limited w.e.f. 15th October, 2010*)

(B) Subsidiary Companies

- 1 Eureka Forbes Limited and its subsidiaries
 - a Aquamall Water Solutions Limited
 - b Aquadiagnostics Water Research & Technology Centre Limited (Subsidiary of Aquamall Water Solutions Limited)
 - c Euro Forbes Financial Services Limited (w.e.f. 2nd April, 2011)
 - d Euro Forbes International Pte. Limited
 - e Euro Forbes Limited Dubai (w.e.f. 10th June, 2011)
 - f E4 Development & Coaching Limited
 - g EFL Mauritius Limited (w.e.f. 2nd December, 2010)
 - h Forbes Aquamall Limited (w.e.f. 9th August, 2011 amalgamated with Aquamall Water Solutions Limited)
 - i Forbes Lux FZCO (w.e.f. 26th June, 2011 subsidiary of Euro Forbes Limited)
 - j Forbes Facility Services Pvt. Limited
 - k Forbes Enviro Solutions Limited
 - l Radiant Energy Systems Pvt. Limited
 - m Waterwings Equipments Pvt. Limited
- 2 Forbes Campbell Finance Limited and its subsidiaries
 - a Forbes Bumi Armada Limited
 - b Forbes Campbell Services Limited
 - c Forbes Edumetry Limited
 - d Forbes Smart Data Limited (Wound up on 30th March, 2011)
 - e Forbes Technosys Limited
- 3 Forbes Bumi Armada Offshore Limited (w.e.f. 29th October, 2010)
- 4 Forbes Container Lines Pte. Limited
- 5 Volkart Fleming Shipping and Services Limited

(C) Fellow Subsidiaries (where there are transactions):

- 1 Afcons Infrastructure Limited
- 2 Forvol International Services Limited
- 3 Gokak Textiles Limited
- 4 Shapoorji Pallonji Investment Advisors Pvt. Limited (formerly Euphoria Properties Pvt. Limited)
- 5 Shapoorji Pallonji Energy (Gujarat) Pvt. Limited
- 6 Sterling and Wilson Limited
- 7 SP Fabricators Pvt. Limited

(D) Associate Companies (where there are transactions):

- 1 The Svadeshi Mills Company Limited
- 2 Coromondal Garments Limited (Subsidiary of The Svadeshi Mills Company Limited)
- 3 Nuevo Consultancy Services Limited (formerly Forbes Infotainment Limited) (w.e.f. 29th April, 2011)[up to 28th April, 2011 joint venture, w.e.f. 29th April, 2011 also fellow subsidiary]

(E) Joint Ventures (where there are transactions):

- 1 Edumetry Inc
- 2 Nuevo Consultancy Services Limited (formerly Forbes Infotainment Limited) (upto 28th April, 2011)[w.e.f. 29th April, 2011 associate and also fellow subsidiary]
- 3 Nypro Forbes Moulds Limited (formerly known as Nypro Forbes Moulds Pvt. Limited) [Joint venture of Forbes Campbell Finance Limited]
- 4 Nypro Forbes Products Limited (formerly known as Nypro Forbes Products Private Limited) [Joint venture of Forbes Campbell Finance Limited]
- 5 SCI Forbes Limited

(F) Key Management Personnel:

Managing Director, Mr. Ashok Barat

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

33. Related party disclosures (contd...)

(b) Details of related party transactions during the year ended 31st March, 2012 and balances outstanding as at 31st March, 2012:

(₹ In Lakhs)

		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	-	0.18	-	-	-	-	0.18
		-	0.10	-	-	-	-	0.10
2	Charter Hire Charges	-	-	-	-	1,062.61	-	1,062.61
		-	-	-	-	3,987.51	-	3,987.51
3	Investments	-	716.75	-	-	-	-	716.75
		-	635.00	-	-	1,280.00	-	1,915.00
	Sales							
4	Goods and Materials	-	5.30	-	-	-	-	5.30
		-	-	-	-	0.28	-	0.28
5	Services Rendered	51.38	93.94	1.86	-	4.57	-	151.75
		-	145.02	26.90	-	1.80	-	173.72
6	Investments (surrendered for buy-back)	-	-	-	-	-	-	-
		-	1,872.84	-	-	-	-	1,872.84
	Expenses							
7	Rent	-	7.70	-	-	-	-	7.70
		-	141.24	-	-	-	-	141.24
8	Travelling and conveyance expenses	-	-	120.27	-	-	-	120.27
		-	-	132.59	-	-	-	132.59
9	Legal and professional charges	-	81.00	-	-	-	-	81.00
		-	60.00	-	-	-	-	60.00
10	Transportation, freight, handling and other charges	-	49.11	-	-	-	-	49.11
		-	-	-	-	-	-	-
11	Miscellaneous expenses	1.37	42.40	-	-	-	-	43.77
		-	39.27	-	-	-	-	39.27
12	Recovery of Expenses	-	0.70	-	-	0.09	-	0.79
		17.34	13.78	-	-	0.25	-	31.37
13	Diminution in Value of Investments	-	-	-	-	-	-	-
		-	156.39	-	-	-	-	156.39
14	Interest Paid / (Reversed)	44.63	1.07	-	-	-	-	45.70
		171.81	(3.11)	-	-	-	-	168.70
15	Write offs of Investments	-	-	-	-	-	-	-
		-	917.59	-	-	-	-	917.59
16	Provision for doubtful loans and advances	-	0.33	-	14.33	0.28	-	14.94
		-	-	-	16.84	-	-	16.84
17	Bad trade receivables / advances written off	-	-	-	-	0.19	-	0.19
		-	-	-	-	-	-	-
	Income							
18	Rent and Other Service Charges	813.44	27.97	44.71	-	0.31	-	886.43
		902.01	94.10	42.47	-	0.31	-	1,038.89
19	Interest Received	-	26.23	-	-	32.53	-	58.76
		-	17.46	-	-	-	-	17.46
20	Profit on sale / surrender for buy-back of Investments	-	-	-	-	-	-	-
		-	1,623.84	-	-	-	-	1,623.84
	Other Receipts							
21	Other Reimbursements	0.40	153.01	-	-	205.83	-	359.24
		-	28.44	-	-	-	-	28.44

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

33. Related party disclosures (contd...)

(b) Details of related party transactions during the year ended 31st March, 2012 and balances outstanding as at 31st March, 2012:

(₹ In Lakhs)

		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
	Finance							
22	Inter-corporate deposits given	-	733.33	-	14.33	1,000.28	-	1,747.94
		-	412.00	-	16.84	-	-	428.84
23	Inter-corporate deposits taken	1,000.00	15.00	-	-	-	-	1,015.00
		1,800.00	-	-	-	-	-	1,800.00
24	Repayment of Deposits Taken	1,000.00	28.50	-	-	-	-	1,028.50
		3,975.00	118.83	-	-	-	-	4,093.83
25	Repayment of Deposits Given	-	300.00	-	-	-	-	300.00
		-	412.00	-	-	-	-	412.00
	Guarantees							
26	Given on behalf of Shipping Principals (Renewed)	-	2,277.50	-	-	-	-	2,277.50
		-	1,717.50	-	-	-	-	1,717.50
27	Given on behalf of a Subsidiary	-	2,325.49	-	-	-	-	2,325.49
		-	200.00	-	-	-	-	200.00
28	Given on behalf of the Company by Holding Company	2,598.31	-	-	-	-	-	2,598.31
		-	-	-	-	-	-	-
	Outstandings							
29	Trade Payables	-	588.56	1.36	-	-	-	589.92
		-	500.57	17.11	-	-	-	517.68
30	Interest accrued	-	8.94	-	-	-	-	8.94
		-	0.15	-	-	-	-	0.15
31	Trade Receivables	14.08	0.66	1.43	20.15	1.02	-	37.34
		16.69	61.92	27.22	20.15	2.00	-	127.98
32	Long Term Loans and Advances	-	356.33	-	4,756.77	70.55	-	5,183.65
		-	356.00	-	4,742.44	70.27	-	5,168.71
33	Short Term Loans and Advances	-	60.01	18.82	1.11	47.99	-	127.93
		-	15.46	18.82	-	1.11	-	35.39
34	Provision for Doubtful Loans and Advances	-	356.33	-	4,757.88	70.55	-	5,184.76
		-	356.00	-	4,742.44	71.38	-	5,169.82
35	Provision for Doubtful Trade Receivables	10.65	-	-	20.15	0.92	-	31.72
		10.65	0.42	22.57	20.15	-	-	53.79
36	Deposits Payable	-	-	-	-	-	-	-
		-	13.50	-	-	-	-	13.50
37	Inter-corporate deposits receivable	-	433.00	-	-	1,000.00	-	1,433.00
		-	-	-	-	-	-	-
38	Guarantees Given	-	4,602.99	-	-	-	-	4,602.99
		-	1,917.50	-	-	-	-	1,917.50
39	Guarantees Taken	2,598.31	-	-	-	-	-	2,598.31
		-	-	-	-	-	-	-
	Remuneration							
40	Paid / Payable	-	-	-	-	-	110.68	110.68
		-	-	-	-	-	93.26	93.26

Footnote:

Figures in italics are in respect of the previous year.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

33. Related party disclosures (contd...)

(c) The above Transactions includes:

	A	B	B	B	B	B	B	B
	Shapoorji Pallonji & Company Limited	Eureka Forbes Ltd.	Forbes Aquamall Ltd.	Forbes Bumi Armada Offshore Ltd	Forbes Campbell Services Ltd.	Forbes Container Lines Pte. Ltd.	Forbes Technosys Ltd.	Forbes Campbell Finance Ltd.
Nature of Transaction								
Purchases								
1 Goods and Materials	-	-	-	-	-	-	0.18	-
2 Charter Hire Charges	-	0.10	-	-	-	-	-	-
3 Investments	-	-	-	-	-	-	-	716.75
	-	-	-	-	-	-	200.00	430.00
Sales								
4 Goods and Materials	-	-	-	-	-	-	5.30	-
5 Services Rendered	51.38	-	-	-	-	93.94	-	-
6 Investments (surrendered for buy-back)	-	-	-	-	-	90.94	54.08	-
	-	1,797.84	-	-	-	-	-	-
Expenses								
7 Rent	-	-	-	-	-	-	-	-
8 Travelling and conveyance expenses	-	-	-	-	-	-	-	-
9 Legal and professional charges	-	-	-	-	-	-	-	-
10 Transportation, freight, handling and other charges	-	-	-	-	-	49.11	-	-
11 Miscellaneous expenses	-	-	-	-	41.67	-	-	-
12 Recovery of Expenses	-	-	-	-	38.40	-	-	-
	17.34	-	-	-	0.70	-	12.47	-
13 Diminution in Value of Investments	-	-	-	-	-	-	-	-
14 Interest Paid / (Reversed)	44.63	-	-	-	-	-	-	156.39
	171.81	-	-	-	-	-	-	-
15 Write offs of Investments	-	-	-	-	-	-	-	-
16 Provision for doubtful loans and advances	-	-	-	-	-	-	-	917.59
17 Bad trade receivables / advances written off	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Income								
18 Rent and Other Service Charges	813.44	-	-	-	-	-	-	-
	902.01	-	-	-	-	-	-	-
19 Interest Received	-	-	-	-	-	-	16.15	-
20 Profit on sale / surrender for buy-back of Investments	-	-	-	-	-	-	-	-
	-	1,550.15	-	-	-	-	-	-
Other Receipts								
21 Other Reimbursements	-	-	-	123.29	-	-	-	-
	-	-	-	-	-	-	25.73	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

	A	B	B	B	B	B	B	B
	Shapoorji Pallonji & Company Limited	Eureka Forbes Ltd.	Forbes Aquamall Ltd.	Forbes Bumi Armada Offshore Ltd	Forbes Campbell Services Ltd.	Forbes Container Lines Pte. Ltd.	Forbes Technosys Ltd.	Forbes Campbell Finance Ltd.
Nature of Transaction								
Finance								
22 Inter-corporate deposits given	-	-	-	-	-	-	530.00	-
	-	-	-	-	-	-	<i>210.00</i>	-
23 Inter-corporate deposits taken	1,000.00	-	-	-	-	-	-	-
	<i>1,800.00</i>	-	-	-	-	-	-	-
24 Repayment of Deposits Taken	1,000.00	-	-	-	-	-	-	-
	<i>3,975.00</i>	-	-	-	-	-	-	-
25 Repayment of Deposits Given	-	-	-	-	-	-	300.00	-
	-	-	-	-	-	-	<i>210.00</i>	-
Guarantees								
26 Given on behalf of Shipping Principals (Renewed)	-	-	-	-	-	2,277.50	-	-
	-	-	-	-	-	<i>1,717.50</i>	-	-
27 Given on behalf of a Subsidiary	-	-	-	2,325.49	-	-	-	-
	-	-	-	<i>200.00</i>	-	-	-	-
28 Given on behalf of the Company by Holding Company	2,598.31	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Outstandings								
29 Trade Payables	-	-	-	-	-	583.65	-	-
	-	-	-	-	-	<i>498.21</i>	-	-
30 Interest accrued	-	-	-	-	-	-	-	0.91
	-	-	-	-	-	-	-	<i>0.15</i>
31 Trade Receivables	14.08	-	-	-	-	-	-	-
	<i>16.69</i>	-	-	-	-	-	<i>45.74</i>	-
32 Long Term Loans and Advances	-	-	-	-	-	-	-	-
33 Short Term Loans and Advances	-	-	-	30.71	-	-	-	-
	-	-	-	-	-	-	-	-
34 Provision for Doubtful Loans and Advances	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
35 Provision for Doubtful Trade Receivables	10.65	-	-	-	-	-	-	-
	<i>10.65</i>	-	-	-	-	-	-	-
36 Deposits Payable	-	-	-	-	-	-	-	-
37 Inter-corporate deposits receivable	-	-	<i>3.00</i>	-	-	-	-	-
	-	-	-	-	-	-	-	-
38 Guarantees Given	-	-	-	2,325.49	-	2,277.50	-	-
	-	-	-	<i>200.00</i>	-	<i>1,717.50</i>	-	-
39 Guarantees Taken	2,598.31	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Remuneration								
40 Paid / Payable	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-

Footnote:

Figures in italics are in respect of the previous year.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

34. Leases

(a) Finance lease: Company as lessee

The Company has acquired Office Equipments under finance lease of four years.

(i) The gross carrying amount and the accumulated depreciation at the balance sheet date are ₹ 212.78 Lakhs; (*Previous year: ₹ 90.16 Lakhs*) and ₹ 75.30 Lakhs; (*Previous year: ₹ 37.61 Lakhs*) respectively.

(ii) Depreciation recognised in the statement of profit and loss is ₹ 37.69 Lakhs; (*Previous year: ₹ 22.54 Lakhs*).

Future minimum aggregate lease payments (MLP) under finance leases together with the present value of future lease payments (PV of MLP), discounted at the interest rates implicit in the lease are as follows:

(₹ In Lakhs)

Period	As at 31st March, 2012		As at 31st March, 2011	
	MLP	PV of MLP	MLP	PV of MLP
Not later than one year	74.18	62.28	27.03	22.93
Later than one year but not later than five years	95.61	85.74	33.79	31.65
Later than five years	-	-	-	-
TOTAL	169.79	148.02	60.82	54.58
Less: Amounts representing finance charges	(21.77)	-	(6.24)	-
Present value of minimum lease payments	148.02	148.02	54.58	54.58

(b) Operating lease: Company as lessor

The Company has entered into operating lease arrangements, consisting of surplus space in buildings to others. The normal tenure of the arrangement is upto three years. The details of the premises leased are as follows:

Asset:	Buildings (pro-rata)	
	As at 31st March, 2012 ₹ In Lakhs	As at 31st March, 2011 ₹ In Lakhs
Gross carrying amount	1,476.82	3,188.54
Less: Accumulated depreciation	451.74	764.82
Net carrying amount	1,025.08	2,423.72
Depreciation for the year	42.66	71.49

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

Period	As at 31st March, 2012 ₹ In Lakhs	As at 31st March, 2011 ₹ In Lakhs
	Not later than one year	354.00
Later than one year but not later than five years	746.67	-
Later than five years	-	-
TOTAL	1,100.67	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

35. Earnings per share

Earnings per share is computed as under:

S. No.	Particulars	Remarks	For the year	For the year
			ended	ended
			31st March, 2012	31st March, 2011
1.	Profit after tax (₹ In Lakhs)	A	472.71	57.84
2.	Weighted average number of equity shares outstanding during the year	B	1,28,98,616	1,28,98,616
3.	Earnings per equity share (Nominal value of share ₹ 10)- (Basic & Diluted) (₹)	C=A/B	3.66	0.45

36. Deferred tax

The components of deferred tax liabilities and assets are as under:

Nature of Timing Difference	(Liabilities)/Assets	(Charge)/credit	(Liabilities)/Assets
	As at 31st March, 2011	for the year	As at 31st March, 2012
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
	(A)	(B)	(C) = (A) + (B)
Related to fixed assets	(1,216.28)	41.69	(1,174.59)
Voluntary retirement scheme	110.32	(27.93)	82.39
Provisions and liabilities to be allowed on payment basis	794.75	(139.06)	655.69
Unabsorbed depreciation	311.21	125.30	436.51
	-	-	-

Deferred tax asset has been recognised in respect of unabsorbed depreciation and other items to the extent that future taxable income will be available from future reversal of deferred tax liability recognised at the balance sheet date and is restricted to the extent of such liabilities. As a prudent measure, the excess deferred tax asset (net) has not been recognised in the accounts as there is no virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

37. Discontinuing operations

In an earlier year, the Company had discontinued "Personal Wear" segment and "Motor Manufacturing" segment.

During the previous year, the Company had disposed off fixed assets relating to "Motor Manufacturing" Segment at Hosur, having written down value of ₹ 44.77 Lakhs (Net of provision for impairment of ₹ 362.63 Lakhs), as at the date of sale, for a consideration of ₹ 470.55 Lakhs and disposed of inventory of a carrying value of ₹ 128.14 Lakhs at a scrap value of ₹ 37.50 Lakhs.

(₹ in Lakhs)

Particulars	Continuing Operations		Discontinuing Operations						Total Operations	
			Personal Wear		Motor Manufacturing		Total			
	Year ended 31st March 2012	2011	Year ended 31st March 2012	2011	Year ended 31st March 2012	2011	Year ended 31st March 2012	2011	Year ended 31st March 2012	2011
Assets										
Non-current assets	29,275.33	28,438.55	-	43.69	-	12.92	-	56.61	29,275.33	28,495.16
Current assets	9,561.89	7,661.79	-	-	-	93.62	-	93.62	9,561.89	7,755.41
Total assets	38,837.22	36,100.34	-	43.69	-	106.54	-	150.23	38,837.22	36,250.57
Liabilities										
Non-current liabilities	9,431.63	4,696.84	-	-	-	-	-	-	9,431.63	4,696.84
Current liabilities	15,715.74	18,049.93	-	16.69	-	120.06	-	136.75	15,715.74	18,186.68
Total liabilities	25,147.37	22,746.77	-	16.69	-	120.06	-	136.75	25,147.37	22,883.52
Revenue and expenses										
Revenue										
Revenue from operations	28,410.26	23,365.90	-	-	-	-	-	-	28,410.26	23,365.90
Other income	284.17	1,798.76	-	11.76	-	53.94	-	65.70*	284.17	1,864.46
Total revenue	28,694.43	25,164.66	-	11.76	-	53.94	-	65.70	28,694.43	25,230.36
Expenses										
Cost of materials consumed	5,355.35	3,750.59	-	-	-	-	-	-	5,355.35	3,750.59
Purchases of stock-in-trade	586.06	845.40	-	-	-	-	-	-	586.06	845.40
Changes in inventories of finished goods, work-in-progress and stock-in-trade	149.50	39.82	-	-	-	-	-	-	149.50	39.82
Employee benefits expense	4,049.79	3,652.58	-	0.29	-	0.43	-	0.72	4,049.79	3,653.30
Finance costs	1,299.79	1,218.92	-	-	-	-	-	-	1,299.79	1,218.92
Depreciation and amortisation expense	1,211.50	1,362.08	-	-	-	1.78	-	1.78	1,211.50	1,363.86
Other expenses	15,722.71	15,035.16	-	30.22	-	160.28	-	190.50	15,722.71	15,225.66
Total expenses	28,374.70	25,904.55	-	30.51	-	162.49	-	193.00	28,374.70	26,097.55
Profit / (Loss) before exceptional items and tax	319.73	(739.89)	-	(18.75)	-	(108.55)	-	(127.30)	319.73	(867.19)
Gain on disposal of assets / settlement of liabilities attributable to the discontinuing operations	-	-	-	-	-	-	-	-	-	-
Exceptional items (see footnote)	152.98	489.42	-	-	-	426.00	-	426.00	152.98	915.42
Profit / (Loss) before tax	472.71	(250.47)	-	(18.75)	-	317.45	-	298.70	472.71	48.23
Tax expense / (credit)										
(a) Current tax relating to prior years	-	(9.61)	-	-	-	-	-	-	-	(9.61)
(b) on ordinary activities attributable to the discontinuing operations	-	-	-	-	-	-	-	-	-	-
(c) on gain on disposal of assets / settlement of liabilities	-	-	-	-	-	-	-	-	-	-
	-	(9.61)	-	-	-	-	-	-	-	(9.61)
Profit / (loss) after tax	472.71	(240.86)	-	(18.75)	-	317.45	-	298.70	472.71	57.84
Cash Flow										
Cash flows from / (used in) operating activities	846.20	(274.45)	-	-	-	(788.24)	-	(788.24)	846.20	(1,062.69)
Cash flows from / (used in) investing activities	(2,906.01)	1,051.97	-	-	16.07	454.48	16.07	454.48	(2,889.94)	1,506.45
Cash flows from / (used in) financing activities	1,635.13	(149.65)	-	-	-	-	-	-	1,635.13	(149.65)

* Includes ₹ 2.23 Lakhs being profit on sale of fixed assets other than disclosed as exceptional item.

Footnote:

Details of exceptional items relating to discontinuing operations:

(₹ in Lakhs)

Particulars	Year ended 31st March	
	2012	2011
a) Profit on sale of land and building	-	276.00
b) Impairment of fixed assets no longer required written back	-	150.00
Total	-	426.00

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

38. Disclosure relating to jointly controlled entities

The Company's share of the assets, liabilities, contingent liabilities, capital and other commitments, income and expenses of the jointly controlled entities are as given below:

Name of company	Country of incorporation	Percentage of shareholding %	As at 31st March, 2012				For the year ended 31st March, 2012	
			Assets	Liabilities	Contingent liabilities	Capital and other commitments	Income	Expenditure
			₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
Nuevo Consultancy Service Limited * <i>(Formerly known as Forbes Infotainment Limited)</i>	India	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
		49	<i>(20.78)</i>	<i>(672.47)</i>	<i>(2.09)</i>	-	<i>(42.34)</i>	<i>(75.33)</i>
Edumetry Inc.	United States of America	50	6.65	336.54	-	-	0.07	1.86
		50	<i>(5.64)</i>	<i>(293.28)</i>	-	-	<i>(20.51)</i>	<i>(15.37)</i>
SCI Forbes Limited	India	25	12,263.57	5,621.33	-	-	1,584.73	2,336.26
		25	<i>(15,809.08)</i>	<i>(8,413.43)</i>	-	-	<i>(2,110.37)</i>	<i>(1,567.59)</i>

* w.e.f. 29th April, 2011 became an associate company

Figures in brackets and italics are relate to the previous year.

39. Standby charter agreement

To secure the lenders of SCI Forbes Limited (SFL), a jointly controlled entity, amongst other undertakings, two of the joint venture partners, including the Company, had to, sign a standby charter agreement, under which, in the event the vessels were not on charter with a lender approved third party at anytime during the pendency of the loan, two vessels each would come on automatic charter to the joint venture partners at rates specified in the standby charter agreement. Immediately thereafter the global financial crisis occurred with shipping being badly hit with charter rates crashing. The lenders sought a change in some commercial terms for agreeing to approve charterers and other forms of vessel deployment. Whilst this negotiation was going on, the loan covenant had got activated and the Company (as also its other JV partner) had to take the vessels on charter at standby charter rates and deploy them on market rates resulting in the loss of ₹ 513.33 Lakhs (*Previous year: ₹ 2,164.09 Lakhs*). With effect from 1st July, 2011, the aforesaid standby charter agreement has been suspended and consequently the ships have been re-delivered by the Company as also by the joint venture partner to SFL. Non-provision of estimated loss arising from the aforesaid onerous standby charter agreements not being in accordance with the requirements of Accounting Standard 29, 'Provisions, Contingent Liabilities and Contingent Assets' (AS-29) was a subject matter of a qualification in the audit report for the year ended 31st March, 2011.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

40. Derivative instruments and unhedged foreign currency exposures

The Company enters into Foreign Exchange Contracts being derivative instruments, which are not intended for trading or speculative purposes, but for hedge purposes, to establish the amount of reporting currency required or available at the settlement date.

A) The following are the outstanding Forward Exchange Contracts entered into by the Company as at 31st March, 2012

Currency	Buy / Sell	Cross Currency	As at 31st March, 2012		As at 31st March, 2011	
			₹ in Lakhs	FC	₹ in Lakhs	FC
US Dollar	Buy	₹	254.40	US\$ 4,82,563	-	-

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

	As at 31st March, 2012		As at 31st March, 2011	
	₹ in Lakhs	FC	₹ in Lakhs	FC
a) Trade receivables	96.74	US\$ 1,86,167	98.18	US\$ 2,19,120
	74.11	GBP 89,196	20.88	GBP 29,044
	-	-	6.97	ZAR 1,06,962
b) Trade payables	404.94	US\$ 7,79,241	271.58	US\$ 6,06,139
	-	-	64.70	GBP 89,982
	9.12	EUR 13,160	5.78	EUR 9,133
	2.75	CHF 4,777	0.64	CHF 1,319
	-	-	219.91	AUD 4,68,389
	1.44	SGD 3,494	1.24	SGD 3,494
c) <u>Short-term Borrowings</u>				
Buyers Credit	347.97	US\$ 6,76,578	-	-
Buyers Credit	100.33	EUR 1,44,744	-	-
Packing Credit	57.68	US\$ 1,11,001	108.28	US\$ 2,41,673
Packing Credit	-	-	31.05	GBP 43,179
<u>Interest Payable</u>				
Buyers Credit	4.45	US\$ 8,568	-	-
Buyers Credit	0.01	EUR 18	-	-
d) Advances given				
(i) for import of goods	401.63	US\$ 7,72,870	13.08	US\$ 29,192
	1.91	EUR 2,759	0.34	EUR 531
	-	-	3.10	GBP 4,308
	-	-	0.08	CHF 166
(ii) for capital goods	-	-	54.45	US\$ 1,21,533
	40.48	AUD 75,000	-	-
	10.81	EUR 15,594	-	-
e) Advances received from customers	11.65	US\$ 22,416	5.84	US\$ 13,035
f) Balance with bank	46.85	US\$ 90,143	-	-

Footnote:

FC	Foreign Currency
US \$	United States Dollar
GBP	Great British Pound
CHF	Swiss Franc
EUR	Euro
AUD	Australian Dollar
ZAR	South African Rand
SGD	Singapore Dollar

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

41. Details of dues to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006

The information as required under Micro, Small and Medium Enterprises Development Act, 2006, has been determined to the extent such parties have been identified on the basis of information available with the Company and relied upon by Auditors, is as follows:-

Particulars	31st March, 2012	31st March, 2011
	₹ in Lakhs	₹ in Lakhs
a) Principal amount remaining unpaid to any supplier as at the end of the accounting year	151.40	137.11
b) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	1.77	0.12
c) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
d) The amount of interest due and payable for the year	7.42	0.12
e) The amount of interest accrued and remaining unpaid at the end of the accounting year	8.25	0.83
f) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	0.83	0.71

42. A. Details of raw materials and components consumed:

Particulars	Year ended 31st March, 2012	Year ended 31st March, 2011
	₹ in Lakhs	₹ in Lakhs
Steel bars	1,073.73	1,016.73
Wire rods	884.11	946.56
Carbide blanks	1,199.24	868.84
HSS blanks	836.00	506.27
Various components for Steam Turbine	1,290.83	357.65
Others	71.44	54.54
TOTAL	5,355.35	3,750.59

B. Details of purchases of stock-in-trade:

Cutting tools	4.14	9.74
Steam turbine	-	95.59
Components and accessories	223.44	186.35
Automated impact markers	328.59	496.92
Other traded tools instruments	29.89	56.80
TOTAL	586.06	845.40

43. 'Information for each class of goods manufactured and traded during the year

Product	Opening stock 31st March, 2011	Closing stock 31st March, 2012	(₹ in Lakhs)
			Sales 31st March, 2012
A. Manufactured goods			
1. Threading tools	327.27 (401.41)	295.10 (327.27)	8,105.03 (6,877.64)
2. Carbide tools	159.55 (171.71)	157.88 (159.55)	2,984.44 (2,331.77)
3. Spring washers	95.76 (47.53)	79.76 (95.76)	1,844.44 (1,946.70)
4. Steam turbine	-	-	2,295.81 (604.91)
5. Printing and embossing machines: Hand	1.99 (0.61)	9.69 (1.99)	58.28 (56.41)
6. Precision interchangeable steel types sets along with rotary wheels, holding devices and fixtures for composite metal indentation	66.89 (51.74)	48.03 (66.89)	651.90 (679.34)
7. Cutting tools	-	-	7.01
	651.46 (673.00)	590.46 (651.46)	15,946.91 (12,496.77)
B. Traded goods			
1. Cutting tools	0.53 (0.31)	0.07 (0.53)	14.89 (31.50)
2. Steam turbine	-	-	- (95.59)
3. Components and accessories	36.66 (54.30)	35.67 (36.66)	298.89 (232.08)
4. Automated impact markers	94.50 (95.60)	63.84 (94.50)	573.32 (649.43)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

43. 'Information for each class of goods manufactured and traded during the year (contd...)

Product	(₹ in Lakhs)		
	Opening stock 31st March, 2011	Closing stock 31st March, 2012	Sales 31st March, 2012
5. Other traded tools instruments	25.97	2.64	46.14
	<i>(28.70)</i>	<i>(25.97)</i>	<i>(78.45)</i>
6. Ink jet printers	-	-	-
	<i>(4.81)</i>	-	-
	157.66	102.22	933.23
	<i>(183.72)</i>	<i>(157.66)</i>	<i>(1,087.05)</i>
TOTAL (A + B)	809.12	692.68	16,880.15
	<i>(856.72)</i>	<i>(809.12)</i>	<i>(13,583.82)</i>

44. Information for each class of work-in-progress

Product	Opening stock 1st April, 2011	Closing stock 31st March, 2012
1. Threading Tools	313.04	315.12
	<i>(301.74)</i>	<i>(313.04)</i>
2. Carbide Tools	91.06	102.96
	<i>(82.01)</i>	<i>(91.06)</i>
3. Spring Washer	40.33	46.83
	<i>(49.08)</i>	<i>(40.33)</i>
4. Precision interchangeable steel types sets alongwith rotary wheels, holding devices and fixtures for composite metal indentation.	84.40	30.86
	<i>(88.22)</i>	<i>(84.40)</i>
TOTAL	528.83	495.77
	<i>(521.05)</i>	<i>(528.83)</i>

Footnote:

Figures in brackets and italics are in respect of the previous year.

45. Value of imports calculated on C.I.F. basis (excluding value of items locally purchased):

	For the year ended 31st March, 2012	For the year ended 31st March, 2011
	₹ in Lakhs	₹ in Lakhs
(a) Raw materials	1,506.64	918.88
(b) Components	533.87	271.65
(c) Stores, spares and tools	131.79	138.78
(d) Capital goods	298.66	276.38
(e) Purchases for resale	395.64	607.61
	2,866.60	2,213.30

46. Expenditure in foreign currencies:

(a) Charter hire charges	1,061.75	3,987.51
(b) Commission to overseas agents	29.45	21.68
(c) Foreign travel	42.60	21.99
(d) Royalty	37.28	32.37
(e) Others	164.19	65.47
	1,335.27	4,129.02

47. Earnings in foreign exchange:

(a) Export of goods calculated on F.O.B. basis	1,481.83	1,320.91
(b) Charter hire income	549.28	1,896.14
(c) Commission and other services	46.49	46.65
(d) Freight and insurance recoveries	21.28	22.05
	2,098.88	3,285.75

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

48. Imported and indigenous raw materials & components and stores, spares & tools consumed:

	For the year ended 31st March, 2012		For the year ended 31st March, 2011	
	% to Total Consumption	Value ₹ in Lakhs	% to Total Consumption	Value ₹ in Lakhs
(a) Raw materials and components				
Direct Imports at landed cost	45	2,402.30	37	1,379.16
Indigenous - Including value of imported items locally purchased	55	2,953.05	63	2,371.43
TOTAL	100	5,355.35	100	3,750.59
(b) Stores, spares and tools				
Direct Imports at landed cost	18	135.99	8	53.65
Indigenous - Including value of imported items locally purchased	82	599.28	92	612.77
TOTAL	100	735.27	100	666.42

49. The Company had signed an undertaking for non-disposal of shares held by it in Nypro Forbes Moulds Pvt. Ltd. under the promoter's / borrowing agreement. However, in an earlier year, the Company had transferred its shareholding in Nypro Forbes Moulds Pvt. Ltd. to Forbes Finance Limited, an erstwhile wholly owned subsidiary Company which has merged with Forbes Campbell Finance Limited, a wholly owned subsidiary company, pursuant to the scheme of amalgamation. The novation and assignment of joint venture agreement is still under process.
50. Loans and advances to related parties includes interest free loans aggregating ₹ 4,756.77 Lakhs (Secured ₹ 4,716.78 Lakhs) as at 31st March, 2012 [Previous year: ₹ 4,742.44 Lakhs (Secured ₹ 4,716.78 Lakhs)] granted to The Svadeshi Mills Company Limited and its subsidiary Coromandel Garments Limited. Such loans having been granted, free of interest, as financial support to the companies in which the Company has substantial interest, the terms and condition of such loans are, in the opinion of the management, not prejudicial to the interests of the Company.
51. The Company has investments in equity shares and preference shares aggregating ₹ 7,090 Lakhs in its Joint Venture Company, viz. SCI Forbes Limited, which has four chemical tankers (vessels) currently deployed on time charter. In the opinion of the management, the downturn in the shipping industry in the recent past is exceptional in nature and is considered to be a temporary event. The chemical business is expected to grow in near future and having regard to very low level of order position for new vessels, there would be better deployment of existing vessels which would improve the charter hire rates. Based on the present value of estimated future cash flow expected to arise from the continuing use of vessels and from its disposal at the end of its useful life, no provision for diminution in value of these investments, held as non-current, is required to be made.
52. Account balances of trade payables and other current liabilities aggregating to ₹ 2,386.15 Lakhs and trade receivables, long term / short term loans and advances and other current assets aggregating to ₹ 1,321.48 Lakhs relating to the Shipping and Logistics division are in the process of detailed review and reconciliation. This was a subject matter of qualification in the audit report for the year ended 31st March, 2011 and continues to be a subject matter of qualification in the audit report for the year ended 31st March, 2012. The Management expects that the net effect on the financial results would not be material on completion of this exercise.
53. The Revised Schedule VI has become effective from 1st April, 2011 for the preparation of financial statement. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

	SHAPOOR P. MISTRY	Chairman
	ASHOK BARAT	Managing Director
	D.B. ENGINEER	} Directors
	N.D. KHURODY	
	R.N. JHA	
	S.L. GOKLANEY	
	T.R. DOONGAJI	
	KAIWAN D. KALYANIWALLA	
	D. SIVANANDHAN	
AMIT MITTAL	JIMMY J. PARAKH	
Director (Finance)	JAIL. MAVANI	
	Mumbai, 29th May, 2012	
A.T. SHAH		
Company Secretary		

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

	Aquadiagnostic Water Reserch & Technology Centre Limited	Aquamall Water Solutions Limited	E4 Development & coaching Limited	Eureka Forbes Limited	Euro Forbes International Pte.Limited	Euro Forbes Ltd Dubai	Euro Forbes Financial Services Limited	EFL Marutius Limited	Euro ForbesBumi Marutius Limited	Forbes Armada Limited
1. Financial Year of the Subsidiary Company	31st March, 2012	31st March, 2012	31st March, 2012	31st March, 2012	31st March, 2012	31st March, 2012	31st March, 2012	31st March, 2012	31st March, 2012	31st March, 2012
2. (a) Number of Shares held in a Subsidiary Company				37,28,000						
				Shares of						
				₹ 10 each						
(b) Percentage of the Shareholding in a Subsidiary Company				100.0%						
3. Subscribed Share Capital(No of Shares) of the Subsidiary Company	•80,000	★40,00,160	★10,00,000	37,28,000	★5,00,000	★300	★50,000	★88,50,001	■1	◆55,00,000
	Shares of	Shares of	Shares of	Shares of	Shares of	Shares of	Shares of	Shares of	Share of	Shares of
	₹ 10 each	₹ 10 each	₹ 10 each	₹ 10 each	Singapore \$ 1 each	AED 1000 each	₹ 10 each	EUR 1 each	EUR 1 each	₹ 10 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, 2012 is as follows:										
For the year	₹ in lakhs	-	-	-	3,221.91	-	-	-	-	-
For the previous years	₹ in lakhs	-	-	-	10,073.93	-	-	-	-	-
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, 2012 being the dividend received etc. are as under										
For the year	₹ in lakhs	-	-	-	-	-	-	-	-	-
For the previous years	₹ in lakhs	-	-	-	7,845.13	-	-	-	-	-

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

◆ Held by Forbes Campbell Finance Limited (Formerly known as Latham India Limited) a Subsidiary of the Company.

+ Forbes Aquamal Limited a subsidiary of Aquamall Water Solution Limited (AWSL) Amalgamated with AWSL w.e.f. 8th August 2011

▲ Held by Euro Forbes Limited Subsidiary of Eureka Forbes Limited

• Held by Aquamall Water Solution Limited a Subsidiary of Eureka Forbes Limited

■ Held by EFL Mauritius Limited a Subsidiary of Eureka Forbes Limited

RELATING TO SUBSIDIARY COMPANIES

(₹ in Lakhs)

Forbes Bumi Armada Offshore Limited	Forbes Container Lines Pte. Limited	Forbes Facility Services Pvt.Limited	Forbes Campbell Services Limited	Forbes Edumetry Limited	Forbes Enviro Solutions Limited	Forbes Lux FZCO	Forbes Technosys Limited	Forbes Campbell Finance Limited	Radiant Energy Systems Private Limited	Volkart Fleming Shipping & Services Limited	Waterwings Equipments Private Limited
31st March, 2012	31st March, 2012	31st March, 2012	31st March, 2012	31st March, 2012	31st March, 2012	31st March, 2012	31st March, 2012	31st March, 2012	31st March, 2012	31st March, 2012	31st March, 2012
50,001	29,83,710							38,64,131		50,385	
Shares of ₹ 10 each	Shares of SGD 1 each							Shares of ₹ 10 each		Shares of ₹ 100 each	
50.001%	100%							100%		100%	
1,00,000	29,83,710	★10,00,000	◆50,000	◆28,80,000	★ 50,000	▲12	◆1,18,97,200	38,64,131	★7,250	50,385	★50,000
Shares of ₹ 10 each	Shares of SGD 1 each	Shares of ₹ 10 each	Shares of ₹ 10 each	Shares of ₹ 10 each	Shares of ₹ 10 each	Shares of AED 1,00,000 each	Shares of ₹ 10 each	Shares of ₹ 10 each	Shares of ₹ 10 each	Shares of ₹ 100 each	Shares of ₹ 10 each
(43.98)	(258.46)	-	-	-	-	-	-	(568.60)	-	17.42	-
(11.91)	(236.37)	-	-	-	-	-	-	(1,615.50)	-	820.23	-
-	-	-	-	-	-	-	-	-	-	-	-
-	146.54	-	-	-	-	-	-	52.48	-	737.49	-

AMIT MITTAL
Director (Finance)

A.T. SHAH
Company Secretary

SHAPOOR P. MISTRY
ASHOK BARAT

Chairman
Managing Director

D.B. ENGINEER
N.D. KHURODY
R.N. JHA
S.L. GOKLANEY
T.R. DOONGAJI
KAIWAN D. KALYANIWALLA
D. SIVANANDHAN
JIMMY J. PARAKH
JAI L. MAVANI

Directors

Mumbai, 29th May, 2012

Additional information on the Subsidiary Companies

	Aquadi-agnostic Water Research & Technology Centre Limited	Aquamall Water Solutions Limited	Eureka Forbes Limited	E4 Development & Coaching Limited	Euro Forbes International Pte. Limited	EFL Marutius Limited		Euro Forbes Marutius Limited		Euro Forbes Financial Services Limited		Euro Forbes Limited Dubai					
					in US \$	Rate ₹ In Lakhs	in EUR	Rate ₹ In Lakhs	in EUR	Rate ₹ In Lakhs	in EUR	Rate ₹ In Lakhs	in EUR	in US \$	Rate ₹ In Lakhs		
					AVG	AVG	AVG	AVG	AVG	AVG	AVG	AVG	AVG	AVG	AVG		
(a) Capital	8.00	400.02	372.80	100.00	5.00	27.26	136.28	88.50	63.03	5,578.38	0.00	61.00	0.00	5.00	0.82	45.07	36.82
(b) Reserves	★ (157.60)	16,581.93	12,654.70	★ (99.30)	★ (2.48)	13.06	★(32.39)	1.51	428.29	646.64	(0.14)	69.16	★ (9.83)	★ (1.12)	(2.54)	51.32	★(130.48)
(c) Total Assets▲	106.77	22,704.64	58,055.68	42.66	2.61	41.24	107.69	94.36	69.16	6,525.95	0.02	69.16	1.30	4.99	28.95	54.29	1,571.61
(d) Total Liabilities	256.37	5,722.70	45,028.18	41.96	0.09	41.24	3.80	4.35	69.16	300.94	0.16	69.16	11.13	1.11	30.68	54.29	1,665.28
(e) Details of Investment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Long Term	-	3.95	425.57	-	-	-	-	93.92	69.16	6,495.65	-	-	-	-	-	-	-
Current	-	-	10.29	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subsidiary	-	8.00	6,345.34	-	-	-	-	0.00	-	0.00	-	-	-	-	27.08	54.29	1,470.23
Sub Total	-	11.95	6,781.20	-	-	-	-	93.92	-	6,495.65	-	-	-	-	27.08	-	1,470.23
(f) Turnover	39.94	43,908.58	1,20,028.84	64.10	-	-	-	-	-	-	-	-	-	-	-	-	-
(g) Profit before Taxation	(37.11)	5,087.99	4,064.39	(14.29)	(2.96)	37.18	(110.03)	4.10	68.04	278.93	(0.09)	106.02	(9.35)	(1.12)	(2.54)	48.63	(123.63)
(h) Provision for Taxation	-	1,014.52	842.48	(0.71)	-	-	-	-	-	-	-	-	-	-	-	-	-
Income Tax	-	1,014.52	875.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Tax	-	-	(32.52)	(0.71)	-	-	-	-	-	-	-	-	-	-	-	-	-
Fringe Benefit Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(I) Profit After Taxation	(37.11)	4,073.47	3,221.91	(13.58)	(2.96)	37.18	(110.03)	4.10	68.04	278.93	(0.09)	106.02	(9.35)	(1.12)	(2.54)	48.63	(123.63)
(j) Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

◆ Forbes Aquamal Limited a subsidiary of Aquamall Water Solution Limited. Amalgamated with AWSL w.e.f. 08.08.2011

★ Net of Debit balance of Profit & Loss Accounts.

▲ Includes Investments

(₹ in Lakhs)

Forbes Bumi Armada Limited	Forbes Bumi Armada Offshore Limited	Forbes Container Line PTE Ltd	Forbes Campbell Services Limited.	Forbes Edumetry Limited	Forbes Enviro Solutions Limited	Forbes Facility Services Private Limited	Forbes Lux FZCO	Forbes Technosys Limited.	Forbes Campbell Finance Limited	Radiant Energy Systems Pvt. Limited	Volkart Fleming Shipping & Services Limited.	Water wings equipments Pvt, Limited				
in S \$			Rate	₹ In Lakhs			in S \$			Rate	₹ In Lakhs					
AVG			AVG			AVG			AVG			AVG				
550.00	10.00	29.84	41.24	1,230.44	5.00	288.00	5.00	100.00	3.27	54.29	177.29	2,389.72	386.41	7.25	50.39	5.00
32.38	★(111.78)	★(15.78)	41.24	★(650.87)	0.98	★(647.08)	★(1.42)	(189.74)	★(15.27)	54.29	★(829.18)	★(2,069.65)	894.83	95.52	362.22	108.43
586.42	119.02	27.82	41.24	1,147.41	9.91	87.95	3.77	2,064.73	287.36	54.29	15,599.34	4,787.59	2,452.86	326.25	731.73	450.63
4.04	220.80	13.77	41.24	567.85	3.93	447.03	0.19	2,154.47	299.36	54.29	16,251.23	4,467.52	1,171.62	223.48	319.13	337.20
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	727.44	-	3.91	-
345.00	-	-	-	-	-	-	-	-	-	-	-	-	-	0.98	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	1,496.31	-	-	-
345.00	-	-	-	-	-	-	-	-	-	-	-	-	2,223.76	0.98	3.91	-
-	-	164.39	38.65	6,354.02	41.67	-	-	5,795.97	55.99	48.94	2,739.95	8,982.12	-	725.11	162.32	1,587.51
0.98	(87.97)	(6.70)	38.59	(258.46)	0.01	(27.86)	(0.19)	(187.46)	(15.69)	47.91	(751.48)	(882.53)	(568.60)	113.91	23.63	127.98
(0.06)	-	-	-	-	0.00	-	-	-	-	-	-	-	-	37.40	6.22	39.36
-	-	-	-	-	0.00	-	-	-	-	-	-	-	-	38.00	6.00	39.43
(0.06)	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.60)	0.22	(0.08)
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1.04	(87.97)	(6.70)	38.59	(258.46)	0.00	(27.86)	(0.19)	(187.46)	(15.69)	47.91	(751.48)	(882.53)	(568.60)	76.51	17.42	88.63
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

SHAPOOR P. MISTRY
ASHOK BARAT

Chairman
Managing Director

AMIT MITTAL
Director (Finance)

D.B. ENGINEER
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JIMMY J. PARAKH
JAI L. MAVANI

Directors

A.T. SHAH
Company Secretary

Mumbai, 29th May, 2012

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

(₹ in Lakhs)

(i) Current year :-

Sr. No.	Name	Balance as at 31st March, 2012	Maximum amount outstanding during the year	No. of shares of the Company held by the loanees as at 31st March, 2012
(A)	Loans and advances in the nature of loans to Subsidiaries, Associates and companies in which Directors are interested:			
1.	Svadeshi Mills Company Limited - Associate Company (carrying no interest) ★ Provided as doubtful.	★ 4,391.78	4,391.78	-
2.	Coromondal Garments Limited - Associate Company (carrying no interest) ✘ Provided as doubtful	✘ 364.99	364.99	-
3.	Forbes Edumetry Limited - Subsidiary (carrying no interest) + Provided as doubtful	+ 356.33	356.33	-
4.	Edumetry INC - Joint Venture (carrying no interest) ▲ Provided as doubtful	▲ 70.54	70.54	-

Note: The above excludes loans to employees.

(ii) Previous year :-

Sr. No.	Name	Balance as at 31st March, 2011	Maximum amount outstanding during the year	No. of shares of the Company held by the loanees as at 31st March, 2011
(A)	Loans and advances in the nature of loans to Subsidiaries, Associates and companies in which Directors are interested:			
1.	Svadeshi Mills Company Limited - Associate Company (carrying no interest) ★ Provided as doubtful.	★ 4,391.78	4,391.78	-
2.	Coromondal Garments Limited - Associate Company (carrying no interest) ▲ Provided as doubtful	▲ 350.66	350.66	-
3.	Forbes Edumetry Limited - Joint Venture (carrying no interest) + Provided as doubtful	+ 356.00	356.00	-
4.	Edumetry Inc - Joint Venture (carrying no interest) ✘ Provided as doubtful.	✘ 70.27	70.27	-

Note: The above excludes loans to employees.

SHAPOOR P. MISTRY
ASHOK BARAT

Chairman
Managing Director

AMIT MITTAL
Director (Finance)

D.B. ENGINEER
N.D. KHURODY
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S.L. GOKLANEY
T.R. DOONGAJI
KAIWAN D. KALYANIWALLA
D. SIVANANDHAN
JIMMY J. PARAKH
JAI L. MAVANI

Directors

A.T. SHAH
Company Secretary

Mumbai, 29th May, 2012

**CONSOLIDATED FINANCIAL STATEMENTS
FORMING PART OF ANNUAL REPORT OF
FORBES & COMPANY LIMITED FOR THE
YEAR ENDED 31ST MARCH, 2012**

AUDITORS' REPORT**TO THE BOARD OF DIRECTORS OF
FORBES & COMPANY LIMITED**

1. We have audited the attached Consolidated Balance Sheet of **FORBES & COMPANY LIMITED** ("the Company"), its subsidiaries and jointly controlled entities (the Company, its subsidiaries and jointly controlled entities constitute "the Group") as at 31st March, 2012, the Consolidated Statement of Profit and Loss 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 on the equity method in accordance with Accounting Standard 23 (Accounting for Investments in Associates in Consolidated Financial Statements) and the jointly controlled entities accounted in accordance with Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements/consolidated financial statements in respect of one subsidiary group, namely, Eureka Forbes Limited Group, and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with the auditing standards 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 the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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: (i) 21 subsidiaries (listed in Note 2B (viii) to the consolidated financial statements), whose financial statements reflect total assets of ₹ 89,094.36 Lakhs as at 31st March, 2012, total revenues of ₹ 1,38,572.87 Lakhs and net cash inflows amounting to ₹ 3,333.44 Lakhs for the year ended on that date; (ii) 9 joint ventures (listed in Note 2B(x) to the consolidated financial statements), whose financial statements reflect the Group's share of total assets of ₹ 16,558.16 Lakhs as at 31st March, 2012, total revenues of ₹ 3,695.45 Lakhs and net cash outflows amounting to ₹ 115.69 Lakhs for the year ended on that date; and (iii) 5 associates (listed in Note 2B(xi) to the consolidated financial statements), whose financial statements reflect the Group's share of profit of ₹ 284.15 Lakhs for the year ended 31st March, 2012; as considered in the Consolidated Financial Statements. These financial statements 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 subsidiaries, joint ventures and an associate is based solely on the reports of the other auditors.
4. Without qualifying our opinion, we draw attention to Note 41 to the consolidated financial statements regarding provision not having been made in the previous year for the loss of ₹ 256.67 Lakhs, materialised during the period 1st April, 2011 to 30th June, 2011, by way of charge to the Statement of Profit and Loss for that year, arising out of a commitment made by the Company pursuant to a standby charter agreement entered with SCI Forbes Limited (SFL), a joint venture entity, to charter vessels from SFL, at charter-hire charges specified in the aforesaid agreement, in the event the vessels are not on charter with a lender approved third party. This matter was referred to in our audit report on the financial statements for the previous year as a subject matter of qualification. During the current year, with effect from 1st July, 2011, the aforesaid standby charter agreement has been suspended. Had the provision, as aforesaid, been made in the previous year, the profit for the current year ended 31st March, 2012 would have been higher by ₹ 256.67 Lakhs; however, this has no impact on the Reserves and Surplus as at 31st March, 2012.
5. In respect of one subsidiary group, namely, Eureka Forbes Limited Group, the other auditors have without qualifying their opinion drawn attention to emphasis of matter made by the auditors of three of the overseas subsidiaries, namely, Euro Forbes Mauritius Limited, Forbes Lux FZCO and Euro Forbes Ltd., regarding preparation of the financial statements of these subsidiaries on a going concern basis, whose financial statements reflect aggregate accumulated losses equivalent to ₹ 933.65 Lakhs significantly exceeding their net worth, and the continuance of their operations is inter alia dependent on financial support from the shareholders of these companies to enable them to meet their obligations as they fall due for the foreseeable future;
6. In respect of a joint venture, namely, SCI Forbes Limited, the auditors have without qualifying their opinion drawn an attention to Note 46 to the consolidated financial statements, regarding the management's opinion with respect to the ships' value in use being greater than the carrying amount and the resultant non requirement for any impairment of the vessels.
7. Auditors of Nuevo Consultancy Services Limited (formerly known as Forbes Infotainment Limited), a joint venture of the Company upto 28th April, 2011 and an associate with effect from 29th April, 2011, have drawn attention to Notes 2B(x)(3) and 2B(xi)(4) to the consolidated financial statements regarding preparation of accounts on a net realizable value for the reasons stated in the said notes.
8. The Consolidated Financial Statements do not include the effect, if any, of equity accounting for the Group's investment of ₹ 177.75 Lakhs in an associate, namely, The Svadeshi Mills Company Limited, in respect of which full provision has been made, in the absence of the financial statements being made available.

9. The consolidated financial statements are subject to adjustments that may arise on completion of detailed review and reconciliation, by the Management, of account balances of trade payables and other current liabilities aggregating ₹ 1,803.77 Lakhs; and trade receivables, long-term / short-term loans & advances and other current assets aggregating ₹ 1,321.48 Lakhs, relating to the Company's Shipping and Logistics segment, the effect of which could not be determined on the consolidated profit for the year and the consolidated reserves and surplus as at the year end. Our audit report for the year ended 31st March, 2011 contained a similar qualification. [See Note 45 to the consolidated financial statements].
10. In respect of a subsidiary, namely, Forbes Edumetry Limited, the auditors have qualified their report stating the fact that despite continuing losses incurred by the Company and the accumulated losses exceeding the Paid up Capital by more than two times, the accounts of the Company have been prepared on Going Concern basis, on which aspect they are unable to express any opinion.
11. In respect of one subsidiary group namely, Eureka Forbes Limited Group, the other auditors have qualified their report stating:
- a. An overseas subsidiary, namely, Forbes Lux FZCO, has unconfirmed and long overdue balances of USD 2,30,58,203 (equivalent to ₹ 12,517.35 Lakhs) carried under the head non-current assets, against which a provision of USD 4,54,332 (equivalent to ₹ 246.64 Lakhs) has been made in the accounts which in the opinion of partners is considered adequate. In the opinion of the auditors of the said overseas subsidiary except for the effect of any adjustment that may arise when the other financial assets are realised and transfer of assets and liabilities at book value to the free zone company (FZCO) new shareholders effective 26th June, 2011 against settlement of debt amounting to USD 24,63,085 (equivalent to ₹ 1,337.11 Lakhs) for which no effect is given in the financial statements, the financial statements give a true and fair view of Forbes Lux FZCO as of 31st December, 2011. [See Note 44 to the consolidated financial statements].
 - b.
 - i) a subsidiary, namely, Forbes Facility Services Private Ltd., has given an unsecured loan to a joint venture company, namely, Forbes Concept Hospitality Services Private Ltd. (FCHSPL) of ₹ 40.39 Lakhs, in excess of the said subsidiaries interest in FCHSPL. Based on the financial statements of FCHSPL the losses have exceeded the net worth and it has ceased the business operations. These conditions indicate the existence of material uncertainty that may cast significant doubt about FCHSPL's ability to continue as a going concern and its ability to repay the loan. No provision has been made by the company for loans granted. Based on the facts, they are unable to comment on the recoverability of this loan.
 - ii) In case of Forbes Concept Hospitality Services Private Ltd (FCHSPL), trade receivables include ₹ 78.91 lakhs outstanding for more than 365 days which are doubtful of recovery. No provision for the doubtful debts has been made by the company. The other auditors are unable to comment on the realisable value of the trade receivables.
 - c. the auditors of a joint venture, namely, Forbes Concept Hospitality Services Private Limited, have qualified their report stating that the business operations have been discontinued and the losses have exceeded the net worth, as a result, the company may not be able to continue as a going concern. The accounts have been prepared on the going concern assumption, consequently, adjustments may be required to the recorded asset amounts and classification of liabilities.
12. Read with paragraphs 4 to 7 above and subject to matters referred to in paragraphs 8 to 11 above:
- a. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements), Accounting Standard 23 (Accounting for Investment in Associates in Consolidated Financial Statements) and Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006.
 - b. Based on our audit and on consideration of the separate audit reports on individual financial statements of the Company, and its aforesaid subsidiaries, joint ventures and associates /consolidated financial statements in respect of one subsidiary group, namely, Eureka Forbes Limited Group, and to the best of our information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2012;
 - ii) in the case of the Consolidated Statement of Profit and Loss Account, of the profit of the Group for the year ended on that date; and
 - iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For Deloitte Haskins & Sells
Chartered Accountants
(Registration No. 117366W)

Rajesh K Hiranandani
Partner
(Membership No. 36920)

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2012

	Note No.	₹ in Lakhs	As at 31st March, 2012 ₹ in Lakhs	As at 31st March, 2011 ₹ in Lakhs
I EQUITY AND LIABILITIES				
1. Shareholders' funds				
(a) Sharecapital.....	3	1,273.22		1,273.22
(b) Reserves and surplus.....	4	33,018.62		28,214.42
			34,291.84	29,487.64
2. Preference share capital (held outside the group)	43		1,873.74	1,760.13
3. Minority interest.....			210.05	113.43
4. Non-current liabilities				
(a) Long-term borrowings.....	5	26,617.89		13,783.04
(b) Deferred tax liabilities (net).....	38	35.64		26.98
(c) Other long term-liabilities.....	6	3,067.05		2,290.07
(d) Long-term provisions.....	7	1,246.35		1,306.14
			30,966.93	17,406.23
5. Current liabilities				
(a) Short-term borrowings.....	8	10,432.52		20,502.61
(b) Trade payables.....	9	21,095.71		17,352.52
(c) Other current liabilities.....	10	31,998.66		32,377.57
(d) Short-term provisions.....	11	2,671.24		2,078.98
			66,198.13	72,311.68
			1,33,540.69	1,21,079.11
TOTAL				
II ASSETS				
1. Non-current assets				
(a) Fixed assets				
(i) Tangible assets.....	12A	35,903.52		37,814.34
(ii) Intangible assets.....	12B	897.54		949.86
(iii) Capital work-in-progress.....		939.96		572.45
		37,741.02		39,336.65
(b) Goodwill on consolidation.....		1,511.68		179.26
(c) Non-current investments.....	13	6,529.23		5,763.17
(d) Deferred tax assets (net).....	38	412.62		378.25
(e) Long-term loans and advances.....	14	12,284.84		13,674.10
(f) Other non-current assets.....	15	13,119.53		4,005.30
			71,598.92	63,336.73
2. Current assets				
(a) Current investments.....	16	356.26		15.99
(b) Inventories.....	17	21,104.40		19,190.35
(c) Trade receivables.....	18	24,432.98		17,242.95
(d) Cash and bank balances.....	19	11,066.44		8,129.92
(e) Short-term loans and advances.....	20	4,847.36		12,727.61
(f) Fixed assets held for sale (freehold land).....		3.96		3.96
(g) Other current assets.....	21	130.37		431.60
			61,941.77	57,742.38
			1,33,540.69	1,21,079.11
TOTAL				

See accompanying notes forming part of the consolidated financial statements 1 to 48

In terms of our report attached
For **DELOITTE HASKINS & SELLS**
Chartered Accountants

RAJESH K. HIRANANDANI
Partner
Mumbai, 29th May, 2012

AMIT MITTAL
Director (Finance)

A.T. SHAH
Company Secretary

SHAPOOR P. MISTRY
ASHOK BARAT

Chairman
Managing Director

D.B. ENGINEER
N.D. KHURODY
R.N. JHA
S.L. GOKLANEY
T.R. DOONGAJI
KAIWAN D. KALYANIWALLA
D. SIVANANDHAN
JIMMY J. PARAKH
JAI L. MAVANI
Mumbai, 29th May, 2012

Directors

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

	Note No.	₹ in Lakhs	Year ended 31st March, 2012 ₹ in Lakhs	Year ended 31st March, 2011 ₹ in Lakhs
A CONTINUING OPERATIONS				
I Revenue from operations (gross).....	22	1,78,809.25		1,48,666.43
Less: Excise duty.....		1,856.02		1,407.20
Revenue from operations (net).....			1,76,953.23	1,47,259.23
II Other income	23		2,881.49	2,889.52
III Total revenue (I + II)			1,79,834.72	1,50,148.75
IV Expenses:				
Cost of materials consumed.....	24	45,765.19		39,685.12
Purchases of stock-in-trade.....		25,398.39		19,309.49
Changes in inventories of finished goods, work-in-progress and stock-in-trade.....	25	(995.56)		(1,519.90)
Employee benefits expense	26	27,104.16		23,878.05
Finance costs	27	4,171.59		2,691.74
Depreciation and amortisation expense	28	4,441.52		4,304.78
Other expenses	29	68,095.29		59,421.72
Total expenses			1,73,980.58	1,47,771.00
V Profit before exceptional items and tax (III - IV)			5,854.14	2,377.75
VI Exceptional items	30		990.52	1,563.40
VII Profit before tax (V + VI)			6,844.66	3,941.15
VIII Tax expense / (credit):				
(a) Current tax expense for current year		2,019.78		1,281.21
(b) Less: MAT credit entitlement		(5.79)		-
(c) (Excess) / short provision for current tax relating to prior years		(6.83)		9.48
(d) Net current tax expense		2,007.16		1,290.69
(e) Deferred tax.....		(25.71)		(22.97)
			1,981.45	1,267.72
IX Profit from continuing operations (VII - VIII)			4,863.21	2,673.43
B DISCONTINUING OPERATIONS				
X(i) Loss before tax from discontinuing operations	39		-	(129.53)
X(ii) Gain on disposal of assets / settlement of liabilities attributable to the discontinuing operations			-	428.23
X(iii) Less: Tax expense of discontinuing operations			-	-
(a) on ordinary activities attributable to the discontinuing operations			-	-
(b) on gain on disposal of assets / settlement of liabilities.....			-	-
XI Profit from discontinuing operations [X(i)+X(ii)-X(iii)]			-	298.70
C TOTAL OPERATIONS				
XII Profit after tax before share of results of associates and minority interest (IX + XI)			4,863.21	2,972.13
XIII Net share of profit in associates (equity method)			284.15	108.20
XIV Dividend on preference shares held outside the group (including tax on dividend).....			(158.49)	(114.87)
XV Net minority interest in losses of subsidiaries.....			103.64	2.89
XVI Profit for the year			5,092.51	2,968.35
XVII Earning per equity share:	37			
Basic and diluted earnings per equity share (nominal value of share ₹ 10)			₹ 40.00	₹ 23.31

See accompanying notes forming part of the consolidated financial statements 1 to 48

In terms of our report attached
For **DELOITTE HASKINS & SELLS**
Chartered Accountants

RAJESH K. HIRANANDANI
Partner
Mumbai, 29th May, 2012

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Mumbai, 29th May, 2012

} Directors

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012

	Note No.	Year ended 31st March, 2012 (₹ in Lakhs)	Year ended 31st March, 2011 (₹ in Lakhs)
Profit before tax (total operations)		6,844.66	4,239.85
Adjustments for -			
Depreciation and amortisation expense		4,441.52	4,306.56
Net Gain on sale of long - term investments		(24.29)	(127.10)
Interest on bank deposits		(253.84)	(80.17)
Interest on inter-corporate deposits		(41.15)	(941.61)
Finance costs		4,171.59	2,691.74
Dividend on investments			
- Long Term		(0.07)	(0.07)
- Current		(0.28)	(0.22)
Profit on sale of fixed assets (net)		(542.86)	(172.41)
Provision for doubtful trade receivables		240.64	221.71
Provision for doubtful loans and advances		95.25	95.53
Bad trade receivables / advances written off		328.58	420.93
Credit balances / excess provision written back		(327.59)	(151.18)
Provision for diminution in the value of Investments no longer required written back		-	(1.81)
Provision for diminution in the value of investments		4.72	-
Unrealised exchange (gain) / loss [net] {including translation adjustment on reserves of foreign subsidiaries / joint ventures}		(1,171.44)	257.16
Exceptional items			
- Prior period adjustments			
• Written down value of fixed assets written-off in previous year now written back		(46.11)	-
• Provision for diminution in the value of investment in a subsidiary company written back		(38.26)	-
- Gain on cessation of Joint Venture interest in a jointly controlled entity		(657.90)	-
- Profit on sale of land and building		(68.00)	(1,849.02)
- Impairment of fixed assets no longer required written back		-	(150.00)
- Settlement with erstwhile joint venture partner		(148.79)	-
		(959.06)	(1,999.02)
		5,961.72	4,520.04
Operating profit before working capital changes		12,806.38	8,759.89
Changes in working capital:			
Increase in trade payables, other liabilities and provisions		4,266.27	3,664.37
(Increase) in trade receivables, loans and advances and other assets		(7,219.96)	(6,448.02)
(Increase) in inventories		(1,811.84)	(2,376.60)
		(4,765.53)	(5,160.25)
Cash generated from operations		8,040.85	3,599.64
Income Taxes Paid (net of refunds)		(2,454.25)	(2,492.66)
(a) Net cash flow from operating activities		5,586.60	1,106.98
Cash flows from investing activities:			
Capital expenditure on fixed assets including capital advances		(3,165.55)	(4,072.46)
Proceeds from sale of fixed assets		965.09	2,659.30
Purchase of long-term investments		(0.10)	(5,622.48)
Proceeds from sale of Current Investments		6,624.29	13,268.24
Purchase of Current Investments		(6,945.00)	(13,132.95)
Capital subsidy received		30.00	-
Purchase of interest in subsidiary		(1,511.90)	(40.21)
Bank balances not considered as cash and cash equivalents matured	15(b) & 19 (b)	3,119.72	0.72
Bank balances not considered as cash and cash equivalents placed	15(b) & 19 (b)	(142.66)	(1,068.92)
Settlement with erstwhile joint venture partner		148.79	-
Interest received		289.25	1,001.63
Dividend received		0.35	0.29
(b) Net cash flow used in investing activities		(587.72)	(7,006.84)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012

	Note No.	Year ended 31st March, 2012 (₹ in Lakhs)	Year ended 31st March, 2011 (₹ in Lakhs)
Cash flows from financing activities:			
Proceeds from borrowings		15,655.13	23,981.10
Repayment of borrowings		(11,493.79)	(22,968.77)
Net (decrease) / increase in cash credit		(3,227.05)	5,600.39
Finance costs		(3,273.53)	(2,540.65)
Preference share issued outside the group by wholly owned subsidiary		-	1,760.13
Proceeds from minority shareholders on issue of shares by subsidiary		206.78	5.00
Taxes on dividend (including on intragroup dividends)		(166.85)	(108.90)
Preference Dividend Paid		-	(5.35)
Payment of Dividends to minority shareholders		-	(29.29)
(c) Net cash flow (used in) / from financing activities		(2,299.31)	5,693.66
(d) Net increase / (decrease) in cash and cash equivalents (a + b + c)		2,699.57	(206.20)
(e) Cash and cash equivalents as at the commencement of the year		7,680.22	7,876.21
(f) Cash and cash equivalents taken over on acquisition of Subsidiary		13.46	-
(g) Effect of exchange differences on restatement of foreign currency cash and cash equivalents		84.98	10.20
(h) Change in cash and cash equivalents due to cessation of Joint Venture relationship		(4.16)	-
(i) Cash and cash equivalents as at the end of the year (d + e + f + g + h + i) 19 (a)		10,474.07	7,680.22
Net increase / (decrease) in cash and cash equivalents		2,699.57	(206.20)

Footnotes:

The cash-flow statement reflects the combined cash flows pertaining to continuing and discontinuing operations.

See accompanying notes forming part of the financial statements

In terms of our report attached
For DELOITTE HASKINS & SELLS
Chartered Accountants

RAJESH K. HIRANANDANI
Partner
Mumbai, 29th May, 2012

AMIT MITTAL
Director (Finance)

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JAI L. MAVANI
Mumbai, 29th May, 2012

} Directors

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

1. Corporate information

Forbes & Company Limited is one of the oldest companies of the world that is still in business. The Company traces its origin to the year 1767 when John Forbes of Aberdeenshire, Scotland started his business in India. Over the years, the Management of the Company moved from the Forbes Family to the Campbells to the Tata Group and now finally to the well known Shapoorji Pallonji Group.

2. Significant accounting policies:

A. Basis of accounting and use of estimates

(i) Basis of accounting

The financial statements are prepared under historical cost convention on an accrual basis and in accordance with the generally accepted accounting principles in India, the provisions of the Companies Act, 1956 and the applicable Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006.

(ii) 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. Difference between the actual result and estimates are recognised in the period in which the results are known / materialised.

B. Principles of consolidation

(i) The Consolidated Financial Statements relate to Forbes The Company Limited (the "Company"), its subsidiaries and jointly controlled entities (the Company, its subsidiaries and jointly controlled entities constitute 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 prescribed under section 211(3C) of the Companies Act, 1956. Further the Consolidated Financial Statements include investments in associates accounted for using equity method in accordance with the Accounting Standard on Accounting for Investments in Associates in Consolidated Financial Statements (AS) 23 prescribed under section 211 (3C) of the Companies Act, 1956.

(ii) The financial statements of the Company and its subsidiaries have been consolidated on line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances, intra-group transactions and resulting 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, transactions and resulting unrealised profits or losses to the extent of the proportionate share of the Group in the joint venture.

(iii) The excess cost of investment in the subsidiary / jointly controlled entity over the Group'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 Group's portion of equity of the subsidiary / jointly controlled entity over the cost of the investments by the Group, at the date on which investments is made, is treated as Capital Reserve on Consolidation.

(v) Minority Interests in the net assets of the subsidiaries consist of :

(i) the amount of equity attributable to minorities at the date on which investment is made; and

(ii) the minorities' share of movements in the equity since the date the parent-subsidiary relationship came into existence. The losses applicable to the minority in a consolidated subsidiary may exceed the minority interest in the equity of subsidiary. The excess, and any further losses applicable to the minority, are adjusted against the majority interest except to the extent that the minority has a binding obligation to, and is able to, make good the losses.

(vi) The financial statements of the Company, its subsidiaries, jointly controlled entities and associates used in the consolidation are drawn upto the same reporting date i.e. 31st March 2012, other than that Euro Forbes Ltd., Forbes G4S-Solutions Pvt. Ltd., and Forbes Lux FZCO whose reporting date is 31st December, 2011, 31st December, 2011 and 30th September, 2011 respectively.

(vii) 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.

(viii) 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 control is transferred to the Group and are no longer included in the consolidated financial statements from the point in time at which the control ceases.

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2012**

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

Sr No.	Name of the Company	See Footnote No.	Incorporated In	Percentage Holding (%)	
				For the year ended 31st March, 2012	For the year ended 31st March, 2011
1	Eureka Forbes Limited and its subsidiaries:		India	100.00	100.00
	(a) Aquamall Water Solutions Limited and its subsidiaries:		India	100.00	100.00
	(i) Aquadiagnostics Water Research & Technology Center Limited		India	100.00	100.00
	(ii) Forbes Aquamall Limited (Amalgamated with Aquamall Water Solutions Limited w.e.f. 08th August, 2011, appointed date being 1st April, 2010)		India	-	100.00
	(b) Euro Forbes International Pte. Limited		Singapore	100.00	100.00
	(c) Forbes Facility Services Private Limited		India	100.00	100.00
	(d) E4 Development & Coaching Limited		India	75.00	75.00
	(e) Forbes Enviro Solutions Limited		India	100.00	100.00
	(f) Waterwings Equipment Private Limited		India	100.00	88.00
	(g) Radiant Energy Systems Private Limited		India	100.00	88.00
	(h) EFL Mauritius Limited and its subsidiary:		Mauritius	100.00	100.00
	-EuroForbes Mauritius Limited (w.e.f. 02nd December, 2010)	2	Mauritius	100.00	100.00
	(i) Euro Forbes Financial services Limited (w.e.f. 02nd April, 2011)		India	100.00	-
	(j) Euro Forbes Limited (w.e.f. 10th June, 2011) and its subsidiary:		Dubai	100.00	-
	-Forbes Lux FZCO (w.e.f. 26th June, 2011)	3	Dubai	75.00	-
2	Forbes Campbell Finance Limited and its subsidiaries:		India	100.00	100.00
	(a) Forbes Bumi Armada Limited		India	51.00	51.00
	(b) Forbes Technosys Limited		India	100.00	100.00
	(c) Forbes Smart Data Limited (wound up on 30th March, 2011)		India	-	100.00
	(d) Forbes Campbell Services Limited		India	98.00	98.00
	(e) Forbes Edumetry Limited	4	India	57.50	57.50
3	Volkart Fleming Shipping & Services Limited		India	100.00	100.00
4	Forbes Container Line Pte. Limited	5	Singapore	100.00	100.00
5	Forbes Bumi Armada Offshore Limited		India	50.01	50.01

Footnotes:

- The financial statements of the Company and subsidiary at sr. no. 2(b) are audited by Deloitte Haskins & Sells. The financial statements of all other subsidiaries are audited by other auditors.
- During the previous year, Eureka Forbes Limited had incorporated EuroForbes Mauritius Limited on 2nd December, 2010 as a wholly owned subsidiary through its another wholly owned subsidiary, namely, EFL Mauritius Limited, however, the financial statements of this subsidiary was not consolidated. Accordingly, the net effect relating to previous year, net debit of ₹ 3.35 Lakhs is shown as a prior period adjustments under Note 30(a)(iii).

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

3. During the year, Eureka Forbes Limited has completed the process of acquisition started in 2010-11 of 75 % stake in an overseas entity Forbes Lux FZCO in Dubai through a wholly owned subsidiary Euro Forbes Limited which is incorporated in Dubai. Also the assets, liabilities and business of another wholly owned subsidiary Euro Forbes International Pte Limited have been transferred to Euro Forbes Limited and Forbes Lux FZCO. The impact of the acquisition on the consolidated financial statements is as under:

Particulars	2011 - 2012 ₹ in lakhs
I ASSETS	
1 Non-current assets	
(a) Fixed assets	
Tangible assets	2.04
(b) Goodwill on Consolidation	1,354.04
(c) Other non-current assets	12,270.71
Total	13,626.79
2 Current assets	
(a) Inventories	108.99
(b) Trade receivables	2,870.33
(c) Cash and bank balances	346.97
(d) Short-term loans and advances	0.31
Total	3,326.60
II LIABILITIES	
A Minority Interest	44.32
B Non-current liabilities	
Long-term borrowings	9,373.98
C Current liabilities	
a Trade payables	147.51
b Other current liabilities	155.72
Total	303.23
III REVENUE	
a Revenue from operations (net)	2,739.95
b Other income	133.48
Total	2,873.43
IV EXPENSES	
a Purchases of stock-in-trade	1,686.75
b Changes in inventories of finished goods, work-in-progress and stock-in-trade	0.69
c Employee benefits expense	75.11
d Finance cost	599.30
e Depreciation and amortisation expense	0.66
f Other expenses	636.49
Total	2,999.00

4. The company has incurred substantial losses and the accumulated losses far exceed the Paid up capital of the company. Further, the Company has not received any fresh business during the year under review and as such there is no immediate visibility of business in the near term, giving rise to the doubt about the entity's ability to continue as a going concern. The company is however supported financially by its holding Company, and as such there is no doubt that the company would be able to meet all its financial obligations to its creditors. Further, the management of the company is making efforts to revive the company by procuring fresh business. Under these circumstances, the accounts of the company have been prepared on a going concern basis.
5. The company incurred a net loss of SGD 669,800, equivalent to ₹ 258.46 Lakhs (*Previous year net profit of SGD 184,598, equivalent to ₹ 64.07 Lakhs*) during the financial year ended 31st March 2012. As at that date, the company is in a net shareholder's deficit position of SGD 713,351, equivalent to ₹ 294.18 Lakhs (*Previous Year: net asset position of SGD 180,571, equivalent to ₹ 64.78 Lakhs*). These factors indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements of the company have been prepared on a going concern basis.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

(ix) Foreign Subsidiaries

The consolidated financial statements includes five subsidiaries (*previous year: three subsidiaries*) incorporated outside India whose financial statements have been drawn up in accordance with the generally accepted accounting practices (GAAP) as applicable in those countries. 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 GAAP.

(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, transactions and resulting unrealised profits and losses 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	See Footnote No.	Incorporated In	Percentage Holding (%)	
				For the year ended 31st March, 2012	For the year ended 31st March, 2011
1	Forbes Aquatech Limited	1	India	50.00	50.00
2	Forbes Concept Hospitality Services Private Limited	1 and 5	India	50.00	50.00
3	Infinite Water Solutions Private Limited	1 and 7	India	50.00	50.00
4	Forbes G4S Solutions Private Limited (w.e.f. 26th July, 2010)	1	India	50.00	-
5	Nypro Forbes Moulds Limited (Formerly Nypro Forbes Moulds Private Limited)	2, 4 & 6	India	50.00	50.00
6	Nypro Forbes Products Limited (Formerly Nypro Forbes Products Private Limited)	2, 4 & 6	India	50.00	50.00
7	Nuevo Consultancy Services Limited (Formerly Forbes Infotainment Limited)	3	India	49.00	49.00
8	Edumetry Inc.		USA	50.00	50.00
9	SCI Forbes Limited		India	25.00	25.00

Footnote:

- Jointly controlled entities of Eureka Forbes Limited.
- Jointly controlled entities of Forbes Campbell Finance Limited.
- The business operations of Nuevo Consultancy Services Limited (Formerly Forbes Infotainment Limited), a jointly controlled entity upto 28th April 2011 are temporarily held in abeyance. Hence, the accounts for the year ended 31st March, 2012 are prepared on a net realisable value basis. The company has become an associate w.e.f 29th April 2011.
- The financial statements have been prepared on the going concern basis, notwithstanding substantial erosion of the net worth of the company as of the balance sheet date i.e. 31st March, 2012, since the company has sufficient working capital and good order book, and the management has initiated appropriate steps to improve the level of operations of the company.
- The business operations of the company have been discontinued w.e.f. 01st April, 2011. However, the financial statements of the company for the year ended have been prepared on a going concern basis.
- The companies have filed a petition in the High Court of Judicature at Madras to obtain the sanction of the Hon'ble court to the Scheme of Amalgamation & Arrangement of Nypro Forbes Moulds Limited with Nypro Forbes Products Limited. Subsequent to such re-organization and reduction of the issued, subscribed and paid up Equity Share capital of the company as provided in the scheme, the entire undertaking of Nypro Forbes Moulds Limited is proposed to be transferred and amalgamated with Nypro Forbes Products Limited as a going concern. The proposed Scheme of Amalgamation & Arrangement is sought to be made under the provisions of sections 391 to 394 read with sections 100 to 104 of the Companies Act, 1956 and the same if sanctioned by the Hon'ble High Court will take effect from the Appointed Date of 01st April, 2011.
- During the previous year, the Group consolidated Infinite Water Solutions Private Limited, on the basis of unaudited financial statement, which in current year had been consolidated on the basis of audited financial statement. As a result net debit of ₹ 4.07 Lakhs recognised as prior period item in the statement of profit and loss.

The proportionate share of assets, liabilities, revenue, expenses, contingent liabilities and capital and other commitments of the above jointly controlled entities included in these consolidated financial statements are given below :

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2012**

	2011 - 2012 ₹ in lakhs	2010 - 2011 ₹ in lakhs
I ASSETS		
A Non-current assets		
a Fixed assets		
(i) Tangible assets	13,403.61	14,207.35
(ii) Intangible assets	6.11	11.78
b Deferred tax assets (net)	0.29	0.29
c Long-term loans and advances	125.66	161.86
d Other non-current assets	677.01	3,761.32
	<u>14,212.68</u>	<u>18,142.60</u>
B Current assets		
a Inventories	630.49	536.97
b Trade receivables	692.04	514.05
c Cash and bank balances	593.69	722.15
d Short-term loans and advances	375.11	165.43
e Other current assets	54.15	74.58
	<u>2,345.48</u>	<u>2,013.18</u>
II LIABILITIES		
A Non-current liabilities		
a Long-term borrowings	5,898.99	8,631.09
b Deferred tax liabilities (net)	35.47	25.89
c Other long term liabilities	0.75	0.75
d Long-term provisions	24.38	28.00
	<u>5,959.59</u>	<u>8,685.73</u>
B Current liabilities		
a Short-term borrowings	353.73	942.10
b Trade payables	1,237.96	1,076.56
c Other current liabilities	923.78	1,298.15
d Short-term provisions	25.04	2.96
	<u>2,540.51</u>	<u>3,319.77</u>
III REVENUE		
a Revenue from operations (net)	3,509.45	2,471.77
b Other income	186.00	106.44
	<u>3,695.45</u>	<u>2,578.21</u>
IV EXPENSES		
a Cost of materials consumed	3,455.37	3,902.77
b Purchases of stock-in-trade	41.14	25.03
c Changes in inventories of finished goods, work-in-progress and stock-in-trade	24.81	(88.66)
d Employee benefits expense	448.25	489.26
e Finance costs	1,165.40	425.36
f Depreciation and amortisation expense	951.81	926.30
g Other expenses	1,551.26	1,488.73
	<u>7,638.04</u>	<u>7,168.79</u>
h Exceptional Items	(808.51)	-
i Tax expense / (credit):		
(i) Current tax expense for current year	41.79	32.30
(ii) Less: MAT credit entitlement	(5.79)	-
(iii)(Excess) / short provision for current tax relating to prior years	(1.78)	-
(iv) Net current tax expense	34.22	32.30
(v) Deferred Tax	9.58	8.29
	<u>43.80</u>	<u>40.59</u>

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2012**

Name of the Joint Venture Company	2011-12		2010-11	
	Contingent Liabilities	Capital and other Commitments	Contingent Liabilities	Capital and other Commitment
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
Forbes Aquatech Ltd.	101.75	-	91.75	-
Nypro Forbes Moulds Limited (Formerly Nypro Forbes Moulds Private Limited)	51.23	-	51.23	-
Nypro Forbes Products Limited (Formerly Nypro Forbes Products Private Limited)	8.64	-	314.45	-
Nuevo Consultancy Services Ltd.(Formerly Forbes Infotainment Limited)*	N.A.	N.A.	2.09	-

* became an associate w.e.f. 29th April, 2011.

(xi) **Associate Companies:**

Entities are consolidated as associates when the Group, either directly or indirectly, has a long-term holding usually corresponding to at least 20% but not more than 50% of the voting rights and on the basis of which the Group has 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 statement of Profit and Loss.

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.

When the Group's share 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.

Name of the Company	See Footnote No.	Percentage Holding (%)	
		For the year ended 31st March, 2012	For the year ended 31st March, 2011
The Svadeshi Mills Company Limited	1	23.00	23.00
Euro P2P Direct (Thailand) Co. Limited	2	49.00	49.00
Forbes Lux Group AG, BAAR	2	25.00	25.00
Lux International AG	3	25.00	25.00
Nuevo Consultancy Services Limited (Formerly Forbes Infotainment Limited) w.e.f. 29th April 2011.	4	49.00	-

Footnotes :-

- 1 In the absence of the financial statements being available, these consolidated financial statements do not include the effect, if any, of equity accounting for investment in this associate; the investment in this associate have been fully provided for.
- 2 The entity is an associate of Eureka Forbes Limited.
- 3 The entity is an associate of EFL Mauritius Limited (wholly owned subsidiary of Eureka Forbes Limited).
- 4 The business operations of Nuevo Consultancy Services Limited (Formerly Forbes Infotainment Limited), a jointly controlled entity upto 28th April 2011 are temporarily held in abeyance. Hence, the accounts for the year ended 31st March, 2012 are prepared on a net realisable value basis. The company has become an associate w.e.f. 29th April 2011.

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2012**

(₹ In Lakhs)

The details of investment in associates are as under: -						
Particulars	The Svadeshi Mills Company Limited	Euro P2P Direct (Thailand) Co. limited	Forbes Lux Group AG, BAAR	Lux International AG	Nuevo Consultancy Services Limited	Total
Number of equity shares	17,69,430	4,802	250	18,750	58,849	
	<i>17,69,430</i>	<i>4,802</i>	<i>250</i>	<i>18,750</i>	-	
Cost of investments in equity	177.75	26.67	92.98	6,103.28	5.88	6,406.56
	<i>177.75</i>	<i>26.67</i>	<i>92.98</i>	<i>5,621.48</i>	<i>NA</i>	<i>5,918.88</i>
Post acquisition share in profits / (Losses) / provision for diminution in value of investments	(177.75)	(26.67)	(92.98)	392.36	(5.88)	89.08
	<i>(177.75)</i>	<i>(26.67)</i>	<i>(92.98)</i>	<i>108.20</i>	<i>NA</i>	<i>(189.20)</i>
Carrying cost of equity	-	-	-	6,495.64	-	6,495.64
	<i>-</i>	<i>-</i>	<i>-</i>	<i>5,729.69</i>	<i>NA</i>	<i>5,729.68</i>

Footnote:

Figures in italics are in respect of the previous year

C. Fixed assets and depreciation / amortisation

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.

Tangible fixed assets are carried at cost of acquisition or construction less accumulated depreciation and accumulated impairment losses, if any.

The cost comprises purchase price (excluding refundable taxes), borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Intangible assets

Intangible assets are carried at cost, net of accumulated amortisation and accumulated impairment losses, if any.

Expenditure incurred for acquiring brand from which future economic benefit will flow over a period of time, is amortised over the estimated useful life of 5 years.

Research Costs are charged to the statement of profit and loss as they are incurred. Costs incurred for applying research results or other knowledge to develop new product, are capitalised to the extent that the product is expected to generate future financial benefits.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Opening Adjustments

The column "Opening Adjustments" in Note no. 12 represents additions / deletions pertaining to the opening block of Fixed Assets of the subsidiaries and jointly controlled entities acquired / sold during the year, adjustment on account of Foreign Exchange translation and revaluation of opening block of fixed assets.

Depreciation and amortisation:

Depreciation is calculated on pro-rata basis. Items costing less than and up to ₹ 5,000 are fully depreciated, in the year of acquisition.

I The Company : (27.28 % of Total Depreciation, Previous Year 31.67%)

Depreciation is calculated on straight line method. The estimated useful life of the assets are as under :

Class of Assets	Estimated Useful Life
(i) All fixed assets other than those specified in items (ii) to (v) below	Based on Schedule XIV to the Companies Act, 1956
(ii) Vehicles	4 Years
(iii) Leasehold land, building thereon	Lower of period of lease and useful life based on Schedule XIV rates
(iv) Building constructed on land belonging to third party	5 Years
(v) Software	5 Years

II Subsidiaries / jointly controlled entities:

- 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 and all its subsidiaries and jointly controlled entities (other than electrical fittings) and Euro Forbes International Pte Limited and Volkart Flemming Shipping & Services Limited (42.16% of total depreciation, Previous Year 40.70%)
- Depreciation has been provided on straight line method at rates and in the manner specified in Schedule XIV of the Companies Act, 1956 by Forbes Technosys Limited (other than vehicles), Forbes Campbell Finance Limited, Nuevo Consultancy Services Limited, Nypro Forbes Moulds Limited, Nypro Forbes Products Limited, Forbes Edumetry Limited, SCI Forbes Limited (ships) and Forbes Bumi Armada Limited. (23.54% of total depreciation, Previous Year 21.17%)
- Depreciation has been provided based on estimated useful life of fixed assets on straight line method by Forbes Container Line Pte. Limited, Eureka Forbes Limited on electrical fittings, Forbes Technosys Limited on vehicles, Euro Forbes International Pte Limited, SCI Forbes Limited (other than ship) and Edumetry Inc. (0.77% of total depreciation, Previous Year 0.52%)
- Leasehold improvement is amortised on straight line basis over the period of the lease (0.10% of total depreciation, Previous Year 0.09%)
- Intellectual property / distribution rights and software by Forbes Technosys Limited are amortised over the period of 5 years, software and brand by Eureka Forbes Limited are amortised over a period of 3 and 5 years respectively and software by Forbes Container Line Pte Limited is amortised over the period of 3 years (6.15% of total depreciation, Previous Year 5.85%)

D. Impairment of assets:

The group assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the lower of recoverable amount and the carrying amount that would have been determined had no impairment loss been recognised.

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. Borrowing costs:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are recognised as an expense in the period in which they are incurred.

G. Foreign currency transactions and translation:

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the date of the transaction except by Eureka Forbes Limited where such transactions are recorded at average rate of the quarter end. Monetary items denominated in foreign currency at the year-end are translated at year end rates. The exchange differences arising on settlement / translation are recognised in the statement of profit and loss. Non-monetary items denominated in foreign currency are carried at historical cost.

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 statement of profit and loss.

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

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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Accounting for Forward Contracts: Premium / discount on forward exchange contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts if such contracts relate to monetary items as at the Balance Sheet date. Exchange differences on such contracts are recognised in the statement of profit and loss.

H. Inventories:

I The Company :- (8.78% of Total Inventory, Previous Year 9.85%).

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	Basis of determining costs
1	Stores, spare parts, components and loose tools	Continuous weighted average method
2	Raw and packing materials	Standard cost adjusted for variances based on weighted average purchase price.
3	Work in Progress	Aggregate of cost of materials, other direct costs and absorbed production overheads (including depreciation) up to the stage of completion based on standard cost adjusted for variances.
4	Finished Goods	Aggregate of cost of materials, other direct costs and absorbed production overheads (including depreciation) based on standard cost adjusted for variances including excise duty.
5	Stock - in - Trade (In respect of goods acquired for trading)	Standard cost adjusted for variances based on weighted average purchase price.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

II. Subsidiaries / Jointly Controlled Entities:

Inventories of Forbes Technosys Limited are valued on the same basis as that of the Company. Inventories of Eureka Forbes Limited and its subsidiaries and Jointly Controlled Entities (except subsidiary mentioned below) and Nuevo Consultancy Services Limited are valued at lower of cost or net realisable value. Cost is determined using first-in-first-out method. (58.72% of total Inventory, Previous Year 58.87%). Provision is made for obsolete / slow moving inventories.

Inventories of Aquamall Water Solutions Limited, Nypro Forbes Moulds Limited and Nypro Forbes Products Limited are valued at lower of cost or net realisable value. Cost is determined using Weighted Average Method. (32.50% of total Inventory, Previous Year 31.28%).

I. Earnings per share:

Basic Earnings per share are calculated by dividing the net profit/(loss) after tax for the year attributable to equity shareholders of the Group by the weighted average number of equity shares outstanding during the year.

J. Revenue recognition:

1. Sale of products

Sale of products is recognised when risk and rewards of ownership of the products are passed on to the customers, which is generally on despatch of goods. Export sales are recognised on the basis of Bill of lading / Airway bill. Sales are stated net of returns, trade discounts and VAT / Sales Tax.

2. Sale of services

- (i) Multimodal transport income and expenses in case of export handling activities is recognised at the date of bill of lading / airway bill and in case of import handling activities, when the relevant documents (i.e. delivery orders) are delivered to the customers.
- (ii) Charter hire income and container freight station ground rent income is recognised on an accrual basis.
- (iii) Income from other services is recognised as and when the services are performed.

3. Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

4. Dividend

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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

K. Employee benefits:

1. Provident fund

The eligible employees of the Group are entitled to receive post-employment benefits in respect of provident fund, in which both the employees and the Group make monthly contributions at a specified percentage of the employees' eligible salary (currently 12% of employees' eligible salary). The contributions are made to the government family pension fund / provident fund and recognised provident fund managed by the trust set up by the Group which are charged to the statement of profit and loss as incurred. In respect of contribution to the trust set up by the Group, since the Group is obligated to meet interest shortfall, if any, with respect to covered employees, such employee benefit plan is classified as defined benefit plan in accordance with the Guidance on implementing Accounting Standard (AS) 15 (Revised) on Employee Benefits issued by the Accounting Standard Board of the Institute of Chartered Accountants of India. The Group makes provision for such interest short fall if any, based on an independent external actuarial valuation carried out at the end of the year.

2. Superannuation

The eligible employees of the Group are entitled to receive post-employment benefits in respect of superannuation fund in which the Group makes an annual contribution at a specified percentage of the employees' eligible salary (currently up to 15% of employees' eligible salary). The contributions are made to the Life Insurance Corporation of India (LIC). Superannuation is classified as defined contribution plan as the Group has no further obligations beyond making the contribution. The Group contribution to defined contribution plan is charged to the statement of profit and loss as incurred.

3. Gratuity

The Group has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides a lump sum payment to vested employees at retirement, death while in employment or on termination of employment for certain categories of employees of an amount equivalent to certain number of days salary as per policy, payable for each completed year of service or part thereof in excess of six months subject to maximum amount prescribed for certain categories of employees. Vesting occurs upon completion of five years of service. The Group has obtained insurance policies with LIC in certain cases and makes an annual contribution to LIC for amounts notified by LIC. The Group accounts for gratuity benefits payable in future based on an independent external actuarial valuation carried out at the end of the year. Actuarial gains and losses are recognised in the statement of profit and loss.

4. Post-retirement medical benefits and non-compete fees

Under this post-retirement scheme of the company, eligible whole-time directors and other directors and on their demise, their spouses are entitled to medical benefits subject to certain limits and fixed monthly payment as non-compete fee. The Group accounts for these benefits payable in future based on an independent external actuarial valuation carried out at the end of the year. Actuarial gains and losses are recognised in the statement of profit and loss.

5. Compensated absences

The Group provides for encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment / availment. The Group makes provision for compensated absences based on an actuarial valuation carried out at the end of the year. Actuarial gains and losses are recognised in the statement of profit and loss.

L. Discontinuing operations:

When a component of the Group is disposed off or decided to be disposed off, by way of sale, demerger 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 "Discontinuing Operations".

M. Taxes on income:

Tax expense comprises current tax and deferred tax. Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of Income-Tax Act, 1961. The Company recognizes deferred tax (subject to consideration of prudence) based on the tax effect of timing differences, being differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. Deferred tax assets are not recognised on unabsorbed depreciation and carry forward of losses unless there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized.

In case of a joint venture, namely, SCI Forbes Limited (SFL), pursuant to the introduction of Section 115 VA under the Income Tax Act, 1961, SFL has opted for computation of its income from shipping activities under the Tonnage Tax Scheme. Thus, income from the business of operating ships is assessed on the basis of the deemed Tonnage Income and no deferred tax is applicable to such income as there are no timing differences.

N. Lease accounting:

(i) Operating Leases

Leases, where the lessor retains, substantially all the risks and rewards incidental to ownership of the leased assets, are classified as operating lease. Operating lease expense / income are recognized in the statement of profit and loss on a straight-line basis over the lease term.

(ii) Finance Leases

Leases, where the lessor transfers, substantially all the risks and rewards incidental to ownership of the leased assets, are classified as finance lease.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

O. Segment reporting:

The accounting policies adopted for segment reporting are in line with the accounting policies of the Group. 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'.

P. Provisions, contingent liabilities and contingent assets

Provisions are recognised only when there is a present obligation as a result of past events 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 the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. Contingent liability is disclosed for (i) Possible obligations which will be confirmed only by future events not wholly within the control of the Group or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent Assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised.

Q. 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 statement of profit and loss.

R. Product warranty expenses:

Product warranty costs are provided in the year of sale based on past experience.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

	Number of Shares	As at 31st March, 2012 ₹ in Lakhs	Number of Shares	As at 31st March, 2011 ₹ in Lakhs
3. Share capital				
Authorised:				
Equity shares of ₹ 10 each	1,50,00,000	1,500.00	1,50,00,000	1,500.00
	<u>1,50,00,000</u>	<u>1,500.00</u>	<u>1,50,00,000</u>	<u>1,500.00</u>
Issued, subscribed and fully paid:				
Equity shares of ₹ 10 each				
[excludes 1,66,398 (Previous year 1,66,398) equity shares held by a subsidiary, which have been eliminated on consolidation]	1,27,32,218	1,273.22	1,27,32,218	1,273.22
	<u>1,27,32,218</u>	<u>1,273.22</u>	<u>1,27,32,218</u>	<u>1,273.22</u>

(a) Rights, preferences and restrictions attached to equity shares

The Company has only one class of shares referred to as equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(b) Equity shares held by holding company

92,95,293 (Previous year: 92,95,293) equity shares are held by the holding company, Shapoorji Pallonji & Company Limited.

(c) Equity shares held by each shareholder holding more than 5 percent equity shares in the Company are as follows:

Name of Shareholder	As at 31st March, 2012		As at 31st March, 2011	
	Number of equity shares held	% holding	Number of equity shares held	% holding
Shapoorji Pallonji & Company Limited	92,95,293	73.01	92,95,293	73.01
India Discovery Fund Limited	11,48,255	9.02	11,48,255	9.02

(d) Nil (Previous year: 4,45,214) equity shares have been allotted as fully paid without payment being received in cash, during the period of five years immediately preceding the date as at which the Balance Sheet is prepared, to the shareholders of erstwhile FAL Industries Limited on amalgamation with the Company.

	₹ in Lakhs	As at 31st March, 2012 ₹ in Lakhs	As at 31st March, 2011 ₹ in Lakhs
4. Reserves and Surplus			
(a) Translation Reserve:			
Balance as per last balance sheet.....	448.48		248.90
Add: Exchange difference on translation of non integral foreign operations arisen during the year	17.87		199.58
		<u>466.35</u>	<u>448.48</u>
(b) Export Profit Reserve:			
Balance as per last balance sheet	0.35		0.35
Less: Transferred to general reserve	0.35		-
		-	<u>0.35</u>
(c) Capital Reserve (including government grants):			
Balance as per last balance sheet	158.25		158.25
Add: Government grants received during the year (see Note 47)	30.00		-
		<u>188.25</u>	<u>158.25</u>
(d) Reserve on consolidation:			
Balance as per last balance sheet		<u>1,253.76</u>	1,253.76
(e) Securities Premium:			
Balance as per last balance sheet.....		<u>161.76</u>	161.76

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2012**

	₹ in Lakhs	As at 31st March, 2012 ₹ in Lakhs	As at 31st March, 2011 ₹ in Lakhs
(f) Tonnage Tax Reserve:			
Balance as per last balance sheet	112.88		4.13
Add : Transferred from statement of profit and loss	-		108.75
		112.88	112.88
(g) General reserve:			
Balance as per last balance sheet	38,256.55		35,594.19
Add : Transferred from Export Profit Reserve.....	0.35		-
Add: Transferred from statement of profit and loss	2,940.51		2,662.36
Less: Proposed dividend	(127.32)		-
Less: Dividend distribution tax	(20.92)		-
		41,049.17	38,256.55
(h) Surplus / (deficit) in statement of profit and loss:			
Balance as per last balance sheet	(12,177.61)		(12,270.38)
Add: Profit for the year	5,092.51		2,968.35
	(7,085.10)		(9,302.03)
Less: Tax on Intra group dividends	187.94		104.47
Less: Transfer to Tonnage Tax Reserve under section 115VT of the Income Tax Act, 1961	-		108.75
Less: Transfer to General Reserve	2,940.51		2,662.36
		(10,213.55)	(12,177.61)
		33,018.62	28,214.42

Non - current portion		Current maturities	
As at 31st March, 2012 ₹ in Lakhs	As at 31st March, 2011 ₹ in Lakhs	As at 31st March, 2012 ₹ in Lakhs	As at 31st March, 2011 ₹ in Lakhs

5. Long-term borrowings

(a) Term loans from banks - Secured

(i) Federal Bank Limited	3,000.00	3,487.50	487.50	650.00
(ii) HSBC Bank.....	196.69	501.00	161.67	144.67
(iii) Development Credit Bank	241.73	85.66	146.60	130.08
(iv) New India Co- operative Bank Limited	68.00	340.00	272.00	272.00
(v) Export Import Bank of India	380.53	-	51.89	285.71
(vi) Bank of India	-	375.00	375.00	875.00
(vii) State Bank of India	-	13.35	13.35	67.70
(viii) Vijaya Bank	5,000.00	-	-	-
(ix) Consortium of NATIXIS Bank and HSBC Bank	4,994.51	7,564.57	564.51	768.17
(x) Axis Bank	11,942.90	707.14	707.14	707.14
	25,824.36	13,074.22	2,779.66	3,900.47
(b) Finance lease obligation - Secured [see Note 36(a)].....	85.74	31.65	62.28	22.93
(c) Deferred payment liabilities (Secured)	482.89	473.31	-	-
(d) Loans and advances from joint venturers and minority shareholders (Unsecured)	224.90	203.86	-	-
	26,617.89	13,783.04	2,841.94	3,923.40
Less: Amount disclosed under "Other current liabilities" (see Note 10)	-	-	(2,841.94)	(3,923.40)
	26,617.89	13,783.04	-	-

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2012**

	₹ in Lakhs	As at 31st March, 2012 ₹ in Lakhs	As at 31st March, 2011 ₹ in Lakhs
6. Other Long - term liabilities			
(a) Income received in advance		60.00	-
(b) Security deposits		1,212.28	986.41
(c) Interest free trade deposits		1,794.77	1,303.66
		<u>3,067.05</u>	<u>2,290.07</u>
7. Long-term provisions			
(a) Provision for employee benefits			
(i) Compensated absences	501.39		571.57
(ii) Gratuity (see Note 33)	86.04		97.02
(iii) Other post retirement benefits (see Note 33)	273.90		252.53
		<u>861.33</u>	<u>921.12</u>
(b) Provision for Disputed Indirect Taxes		<u>385.02</u>	<u>385.02</u>
		<u>1,246.35</u>	<u>1,306.14</u>
8. Short-term borrowings			
(a) Secured borrowings from banks:			
(i) Buyers credit	776.80		81.08
(ii) Cash credit and packing credit (repayable on demand)	6,080.72		10,585.99
(iii) Working capital rupee term loan	-		1,500.00
(iv) Short term loan	1,500.00		1,090.00
		<u>8,357.52</u>	<u>13,257.07</u>
(b) Unsecured borrowings:			
(i) From Banks	-		5,000.00
(ii) From other than banks:			
- Loans from related parties - Repayable on demand	75.00		745.54
- Commercial papers [maximum amount outstanding during the year ₹ 1,500 Lakhs (Previous year: ₹ 1,500 Lakhs)]	1,500.00		1,500.00
- Others	500.00		-
		<u>2,075.00</u>	<u>7,245.54</u>
		<u>10,432.52</u>	<u>20,502.61</u>
9. Trade Payables			
(a) Micro and Small enterprises		9,995.24	8,603.14
(b) Others		<u>11,100.47</u>	<u>8,749.38</u>
		<u>21,095.71</u>	<u>17,352.52</u>

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2012**

	As at 31st March, 2012 ₹ in Lakhs	As at 31st March, 2011 ₹ in Lakhs
10. Other current liabilities		
(a) Current maturities of long-term borrowings (secured) (see Note 5).....	2,779.66	3,900.47
(b) Current maturities of finance lease obligation (secured) (see Note 5).....	62.28	22.93
(c) Interest accrued but not due on borrowings.....	64.90	71.73
(d) Interest accrued and due on borrowings.....	0.40	125.92
(e) Income received in advance (unearned revenue).....	17,126.53	15,069.62
(f) Unpaid dividends *	19.56	25.27
(g) Unpaid matured deposits and interest accrued thereon *.....	7.56	8.31
(h) Other payables:		
(i) Statutory remittances	2,565.09	1,910.90
(ii) Payables on purchase of fixed assets	62.91	261.73
(iii) Security deposits.....	5,503.45	7,612.50
(iv) Payables to Shipping Principals.....	41.76	-
(v) Customers' credit balances and advances for supplies and services to be rendered.....	1,357.64	1,086.11
(vi) Liability towards Employees and other contractual liabilities.....	1,501.72	1,317.12
(vii) Others.....	905.20	964.96
	31,998.66	32,377.57

* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund

	As at 31st March, 2012 ₹ in Lakhs	As at 31st March, 2011 ₹ in Lakhs
11. Short - term provisions		
(a) Provision for employee benefits		
(i) Compensated absences	140.90	114.15
(ii) Gratuity (see Note 33)	325.97	363.87
(iii) Other post retirement benefits (see Note 33).....	93.32	92.21
	560.19	570.23
(b) Others		
(i) Tax provisions less payments including Fringe Benefit tax (other than deferred tax)	914.51	693.62
(ii) Provisions for wealth tax less payments.....	96.03	17.10
(iii) Dividend Payable on cumulative preference shares held outside the group.....	268.52	109.53
(iv) Tax on Dividend payable on cumulative preference shares held outside the group and Intra group dividends	28.99	7.90
(v) Provision for Warranty	654.76	680.60
(vi) Provision for proposed dividend.....	127.32	-
(vii) Provision for tax on proposed dividend.....	20.92	-
	2,111.05	1,508.75
	2,671.24	2,078.98

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2012**

₹ in Lakhs

Description of Assets	GROSS BLOCK (at cost)					DEPRECIATION / AMORTISATION					NET BLOCK			
	As at 31st March, 2011	Opening Adjustments [See Note 2 (c)]	Additions during the year	Deductions during the year	Other Adjustments [See Note 30 (a)(i)]	As at 31st March, 2011	Opening Adjustments [See Note 2 (c)]	For the year	On deduction during the year	Other Adjustments [See Note 30 (a)(i)]	Upto 31st March, 2012	Impairment	As at 31st March, 2012	As at 31st March, 2011
A. Tangible assets														
1 Land:	581.07	-	17.45	-	-	563.62	-	-	-	-	-	-	563.62	581.07
Freehold	913.24	-	-	-	-	913.24	33.75	-	-	223.17	-	-	690.07	723.82
Leasehold	43.72	-	-	-	-	43.72	4.38	-	-	27.66	-	-	16.06	20.44
2 Leasehold Improvements	17,324.59	-	15.11	77.36	-	17,262.34	-	616.85	67.37	4,553.89	-	-	12,708.45	13,320.18
3 Buildings [see Footnote 1 and Note 36(b)]	15,683.72	21.69	966.35	166.25	864.95	17,370.46	4.82	1,524.53	119.62	848.30	-	-	7,204.50	7,775.79
4 Plant and equipment:														
Owned (see Footnote 2).	334.44	-	17.91	-	-	352.35	-	54.38	-	145.43	-	-	206.92	243.39
Given on operating lease [see Note 36(b)]	1,509.07	(119.98)	50.75	105.88	27.36	1,361.32	(120.18)	93.45	80.10	21.09	-	-	500.21	562.22
5 Furniture and fixtures	3,492.47	(6.70)	925.67	507.78	7.69	3,911.35	(7.31)	560.86	306.75	9.16	1,879.38	-	2,031.97	1,869.05
6 Vehicles	3,855.12	3.72	243.89	275.94	75.21	3,902.00	3.53	440.96	243.78	50.55	3,113.56	-	788.44	992.82
7 Office equipment	90.16	-	122.62	-	-	212.78	-	37.69	-	-	75.30	-	137.48	52.55
Owned	12,441.32	-	-	-	12,441.32	-	-	617.21	-	1,385.52	-	-	11,055.80	11,673.01
Taken on finance lease [see Note 36(a)]	56,268.92	(101.27)	2,342.30	1,150.66	975.21	58,334.50	(119.14)	3,984.06	817.62	929.10	22,430.98	-	35,903.52	37,814.34
8 Shipping Vessels	53,478.06	10.03	6,199.79	3,418.96	-	56,268.92	3.28	3908.79*	2,421.84	-	18,454.58	-	362.36	37,814.34
Previous Year														
B. Intangible assets														
1 Intellectual Property / Distribution Rights	449.88	-	-	-	-	449.88	-	-	-	-	322.52	127.36	-	-
2 Computer software	1,753.07	3.97	425.25	227.92	1,954.37	988.85	3.97	343.66	206.71	-	1,129.77	-	824.60	764.22
3 Brand Patent and License Fees	2,424.12	-	1.10	-	-	2,425.22	-	113.80	-	-	2,352.28	-	72.94	185.64
Previous Year	4,627.07	3.97	426.35	227.92	-	4,829.47	3.97	457.46	206.71	-	3,804.57	127.36	897.54	949.86
	4,570.65	2.72	154.34	100.64	-	4,627.07	2.70	397.77	90.93	-	3,549.85	127.36	949.86	

Footnotes:

- 1 Buildings (Cost) include: (i) Residential flats and office premises ₹ 69.54 Lakhs (Previous year: ₹ 69.54 Lakhs) 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 ₹ 0.17 Lakh (Previous year: ₹ 0.17 Lakh); (iii) Premises on freehold land where the Company is yet to be registered as the owner of a proportionate share in the land ₹ 28.66 Lakhs (Previous year: ₹ 28.66 Lakhs); and (iv) Jointly owned Residential Premises ₹ 28.39 Lakhs (Previous year: ₹ 28.39 Lakhs).
- 2 Plant and equipment (Owned) include jointly owned assets ₹ 19.24 Lakhs (Previous year: ₹ 19.24 Lakhs).
- * Includes ₹ 1.78 Lakhs in respect of discontinuing operation.

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2012**

	₹ in Lakhs	As at 31st March, 2012 ₹ in Lakhs	As at 31st March, 2011 ₹ in Lakhs
13. Non - current investments			
(a) Investments in Associates (Unquoted) [see Note 2B (xi)]			
Cost of investments (Including adjustment on account of foreign currency translation)	6406.56		5,918.88
Add / (less): Adjustment for post acquisition share of profit / (loss) of Associates (Equity Method).....	89.08		(189.20)
Net Carrying Value.....		6,495.64	5,729.68
(b) Investments in other entities (at cost)			
(i) Quoted Equity Shares		29.02	29.02
(ii) Unquoted			
- Equity Shares	0.68		0.58
- Debentures	3.89		3.89
		4.57	4.47
		6,529.23	5,763.17
Footnotes:			
1. Aggregate amount of unquoted investments.....		6,500.21	5,734.15
2. Aggregate amount of quoted investments.....		29.02	29.02
3. Market value of quoted Investments.....		18.39	21.62
14. Long-term loans and advances			
(unsecured, considered good unless otherwise stated)			
(a) Capital advances		227.71	321.18
(b) Security deposits			
(i) Unsecured, considered good	1,606.99		1,599.19
(ii) Doubtful	40.47		39.45
	1,647.46		1,638.64
Less: Provision for doubtful deposits	40.47		39.45
		1,606.99	1,599.19
(c) Loans and advances to related parties (see Note 35)			
(i) Unsecured, considered good	9.41		9.57
(ii) Doubtful	4,792.04		4,777.58
	4,801.45		4,787.15
Less: Provision for doubtful loans and advances.....	4,792.04		4,777.58
		9.41	9.57
(d) Loans and advances to employees			
(i) Unsecured, considered good	223.50		318.22
(ii) Doubtful	-		1.10
	223.50		319.32
Less: Provision for doubtful loans and advances.....	-		1.10
		223.50	318.22
(e) Prepaid expenses		137.02	72.31
(f) Advance income tax including fringe benefit tax (net of provisions).....		5,483.87	4,815.91
(g) Advance wealth tax (net of provisions)		6.01	6.01
(h) Balances with statutory / government authorities			
(i) Unsecured, considered good	3,793.20		2,865.67
(ii) Doubtful	46.69		76.59
	3,839.89		2,942.26
Less: Provision for doubtful balances.....	46.69		76.59
		3,793.20	2,865.67
(i) Others.....		797.13	3,666.04
		12,284.84	13,674.10

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2012**

	₹ in Lakhs	As at 31st March, 2012 ₹ in Lakhs	As at 31st March, 2011 ₹ in Lakhs
15. Other Non Current assets			
(unsecured, considered good unless otherwise stated)			
(a) Long - term trade receivables: (including trade receivables on deferred credit terms)			
(i) Considered good	8,368.46		-
(ii) Doubtful	145.89		-
	8,514.35		-
Less: Provision for doubtful trade receivables	145.89		-
		8,368.46	-
(b) Balances held as margin money and in long term deposit with bank with maturity period of more than 12 months (see Footnote)		506.05	3,625.77
(c) Unamortised expense (ancillary cost of arranging borrowings)		342.77	379.53
(d) Advances to dealers		3,902.25	-
		13,119.53	4,005.30

Footnote:

Includes ₹ 328.93 Lakhs held under lien as debt service reserve with Natixis Bank (Previous Year ₹ 3,374.55 Lakhs held under lien as debt service reserve with Natixis bank and cash collateral with State Bank of India, Paris). Also see Note 19(b)(2)(A).

	₹ in Lakhs	As at 31st March, 2012 ₹ in Lakhs	As at 31st March, 2011 ₹ in Lakhs
16. Current Investments Unquoted			
Investments in Equity Instruments			
[Net of diminution in the value of investments ₹ 5.14 Lakhs (Previous year ₹ 0.44 Lakh)]		10.29	14.99
Investments in Mutual Funds			
[Net of diminution in the value of investments ₹ 0.02 Lakh (Previous year ₹ Nil)]		345.97	1.00
		356.26	15.99
Aggregate provision for diminution (write down) in the value of current investments		5.16	0.44

	₹ in Lakhs	As at 31st March, 2012 ₹ in Lakhs	As at 31st March, 2011 ₹ in Lakhs
17. Inventories (valued at lower of cost and net realizable value)			
(a) Raw materials and components	6,386.19		5,028.08
Goods in transit	810.39		1,271.52
		7,196.58	6,299.60
(b) Work-in-progress		666.02	621.60
(c) Finished goods	12,154.35		10,649.09
Goods in transit	281.71		742.78
		12,436.06	11,391.87
(d) Stock-in-trade (in respect of goods acquired for trading)		520.06	613.11
(e) Stores, spares and loose tools		285.68	264.17
		21,104.40	19,190.35

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2012**

	₹ in Lakhs	As at 31st March, 2012 ₹ in Lakhs	As at 31st March, 2011 ₹ in Lakhs
18. Trade receivables			
(a) Trade receivables outstanding for a period exceeding six months from the date they are due for payment:			
(i) Unsecured, considered good	4,569.11		3,490.21
(ii) Doubtful	1,179.45		1,167.84
	5,748.56		4,658.05
Less: Provision for doubtful trade receivables.....	1,179.45		1,167.84
		4,569.11	3,490.21
(b) Other trade receivables:			
(i) Secured, considered good	114.82		90.28
(ii) Unsecured, considered good	19,749.05		13,662.46
(iii) Doubtful	48.72		-
	19,912.59		13,752.74
Less: Provision for doubtful trade receivables.....	48.72		-
		19,863.87	13,752.74
		24,432.98	17,242.95
19. Cash and bank balances			
(a) Balances that meet the definition of Cash and Cash Equivalents as per AS 3 Cash Flow Statement			
1 Cash on hand.....		247.33	146.00
2 Cheques, drafts on hand.....		932.55	587.29
3 Balances with banks:			
(A) In current accounts.....	6,029.15		5,394.42
(B) In EEFC Accounts.....	469.20		499.33
(C) In deposit accounts (with original maturity upto 3 months) includes ₹ 5 Lakhs (Previous year: ₹ Nil) under lien.....	2,795.84		1,053.18
		9,294.19	6,946.93
		10,474.07	7,680.22
(b) Other bank balances			
1 In Earmarked Accounts:			
- Unpaid dividends	19.56		25.27
- Interest accrued on unpaid matured deposits.....	4.12		3.90
	23.68		29.17
2 (A) In deposit accounts with original maturity of more than 3 months but less than 12 months (See footnote).....	308.55		287.34
(B) Balances held as margin money with original maturity of more than 3 months but less than 12 months.....	169.31		133.19
	477.86		420.53
3 (A) In deposit accounts with original maturity of more than 12 months	17.25		-
(B) Balances held as margin money with original maturity of more than 12 months.....	73.58		-
	90.83		-
		592.37	449.70
		11,066.44	8,129.92

Footnote:

Includes ₹ 55.72 Lakhs held under lien as debt service reserve with Natixis Bank (Previous Year ₹ 72.65 Lakhs held under lien as debt service reserve with Natixis bank and cash collateral with State Bank of India, Paris). Also see Note 15b.

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
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	₹ in Lakhs	As at 31st March, 2012 ₹ in Lakhs	As at 31st March, 2011 ₹ in Lakhs
20. Short-term loans and advances			
(unsecured, considered good unless otherwise stated)			
(a) Loans and advances to related parties (see Note 35)			
(i) Unsecured, considered good	590.78		34.28
(ii) Doubtful	1.11		1.11
	<u>591.89</u>		<u>35.39</u>
Less: Provision for doubtful loans and advances	1.11		1.11
		590.78	34.28
(b) Security deposits		418.88	176.01
(c) Loans and advances to employees			
(i) Unsecured, considered good	149.86		71.03
(ii) Doubtful	0.20		-
	<u>150.06</u>		<u>71.03</u>
Less: Provision for doubtful loans and advances	0.20		-
		149.86	71.03
(d) Prepaid expenses		227.41	172.46
(e) Balances with statutory / government authorities		301.63	589.17
(f) Advances for supply of goods and services			
(i) Unsecured, considered good	3,064.28		11,613.15
(ii) Doubtful	119.35		97.19
	<u>3,183.63</u>		<u>11,710.34</u>
Less: Provision for doubtful advances	119.35		97.19
		3,064.28	11,613.15
(g) Other Loans and Advances			
(i) Unsecured, considered good	94.52		71.51
(ii) Doubtful	11.81		13.95
	<u>106.33</u>		<u>85.46</u>
Less: Provision for doubtful loans and advances	11.81		13.95
		94.52	71.51
		4,847.36	12,727.61
21. Other current assets			
(unsecured, considered good unless otherwise stated)			
(a) Interest accrued on deposits with bank		34.60	28.86
(b) Contractually reimbursable expenses			
(i) Unsecured, considered good	8.77		295.67
(ii) Doubtful	18.08		-
	<u>26.85</u>		<u>295.67</u>
Less: Provision for doubtful debts	18.08		-
		8.77	295.67
(c) Unbilled revenue		41.18	50.50
(d) Unamortised expense (ancillary cost of arranging borrowings)		39.22	41.17
(e) Other current receivables		6.60	15.40
		130.37	431.60

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
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	₹ in Lakhs	Year ended 31st March, 2012 ₹ in Lakhs	Year ended 31st March, 2011 ₹ in Lakhs
22. Revenue from operations			
(a) Sale of products.....		1,24,520.83	<i>1,05,832.64</i>
(b) Sale of services			
(i) Charter hire income.....	1,632.84		<i>1,842.05</i>
(ii) Ground rent from container freight stations maintained by the Company	1,360.78		<i>1,012.32</i>
(iii) Multimodal transport operations and allied services	15,517.39		<i>11,293.03</i>
(iv) Maintenance services	23,549.20		<i>19,191.29</i>
(v) Cleaning services	8,264.58		<i>5,662.14</i>
(vi) Transaction charges.....	156.23		<i>105.40</i>
(vii) Commission on mobile recharge.....	71.60		<i>6.60</i>
(viii) Others	939.38		<i>1,045.99</i>
		51,492.00	<i>40,158.82</i>
(c) Other operating revenues:			
(i) Rent and amenity charges on leased properties	1,701.48		<i>1,685.96</i>
(ii) Rental income from leased data processing equipment [see Note 36(c)].....	104.15		<i>70.26</i>
(iii) Interest on Installments and other penal charges recovered	703.37		<i>629.14</i>
(iv) Others	287.42		<i>289.61</i>
		2,796.42	<i>2,674.97</i>
		1,78,809.25	<i>1,48,666.43</i>
23. Other income			
(a) Interest income			
(i) on bank deposits.....	253.84		<i>80.17</i>
(ii) on inter corporate deposits	41.15		<i>941.61</i>
(iii) from customers and others	5.66		<i>7.20</i>
(iv) Others			
- Income tax refund	0.35		<i>1.08</i>
- on loan to employees and others	0.28		<i>1.13</i>
		301.28	<i>1,031.19</i>
(b) Dividend income:			
(i) from long term investments	0.07		<i>0.07</i>
(ii) from current investments	0.28		<i>0.22</i>
		0.35	<i>0.29</i>
(c) Net gain on sale of long - term investments		24.29	<i>127.10</i>
(d) Net gain on foreign currency transaction and translation (other than considered as finance costs)		898.55	<i>568.31</i>
(e) Other non-operating income			
(i) Profit on sale of fixed assets (net)		542.86	<i>170.18</i>
(ii) Credit balances / excess provision written back		327.59	<i>132.13</i>
(iii) Bad trade receivables / advances previously written off now recovered		-	<i>32.05</i>
(iv) Provision for diminution in the value of investments, no longer required written back		-	<i>1.81</i>
(v) Rent income		609.48	<i>571.64</i>
(vi) Miscellaneous income.....		177.09	<i>254.82</i>
		2,881.49	<i>2,889.52</i>

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FOR THE YEAR ENDED 31ST MARCH, 2012**

	Year ended 31st March, 2012 ₹ in Lakhs	Year ended 31st March, 2011 ₹ in Lakhs
24. Cost of materials consumed		
Opening stock of raw materials and components	6,299.60	4,622.25
Add: Purchases.....	46,662.17	41,362.47
	<u>52,961.77</u>	<u>45,984.72</u>
Less: Closing stock of raw materials and components	7,196.58	6,299.60
	<u>45,765.19</u>	<u>39,685.12</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.		
25. Changes in inventories of finished goods, work-in-progress and stock-in-trade		
(a) Inventories at the end of the year:		
(i) Finished goods	12,436.06	11,391.87
(ii) Work-in-progress	666.02	621.60
(iii) Stock-in-trade	520.06	613.11
	<u>13,622.14</u>	<u>12,626.58</u>
(b) Inventories at the beginning of the year:		
(i) Finished goods	11,391.87	10,006.14
(ii) Work-in-progress	621.60	621.42
(iii) Stock-in-trade	613.11	479.12
	<u>12,626.58</u>	<u>11,106.68</u>
Net Increase	<u>(995.56)</u>	<u>(1,519.90)</u>
26. Employee benefits expense		
(a) Salaries and wages	24,471.91	21,380.32
(b) Contribution to provident and other funds.....	1,618.89	1,548.06
(c) Staff welfare expense.....	1,013.36	949.67
	<u>27,104.16</u>	<u>23,878.05</u>
27. Finance costs		
(a) Interest expense on borrowings	2,778.57	2,522.00
(b) Other borrowing costs.....	508.32	165.61
(c) Net loss on foreign currency transactions and translation	884.70	4.13
	<u>4,171.59</u>	<u>2,691.74</u>
28. Depreciation and amortisation expense		
(a) Depreciation of tangible assets (see Note 12A).....	3,984.06	3,907.01
(b) Amortization of intangible assets (see Note 12B)	457.46	397.77
	<u>4,441.52</u>	<u>4,304.78</u>

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2012**

	₹ in Lakhs	Year ended 31st March, 2012 ₹ in Lakhs	Year ended 31st March, 2011 ₹ in Lakhs
29. Other expenses			
(a) Consumption of stores and spare parts		1,106.39	1,059.87
(b) Increase on excise duty on inventory		17.98	23.75
(c) Processing charges		1,218.28	1,093.38
(d) Power and fuel		1,282.96	1,250.95
(e) Operating costs for shipping and logistics division			
(i) Charter hire charges	796.96		1,985.45
(ii) Equipment hire charges	434.90		318.41
(iii) Transportation, freight, handling and other charges	12,314.25		8,088.77
		13,546.11	10,392.63
(f) Rent		1,806.74	1,758.79
(g) Repairs to			
(i) Buildings	415.60		285.61
(ii) Machinery	224.64		156.13
(iii) Others	839.55		763.82
		1,479.79	1,205.56
(h) Insurance		470.69	411.89
(i) Crew and other related expenses		487.64	444.11
(j) Rates and taxes (excluding taxes on income)		1,285.40	1,009.44
(k) Brokerage, commission, discount and other selling expenses		5,877.23	4,402.51
(l) Printing and Stationery		1,566.26	1,503.71
(m) Communication		246.28	199.66
(n) Advertisement		4,330.62	4,971.26
(o) Legal and professional charges [including commission to other than wholetime directors of subsidiary companies ₹ 135.00 Lakhs (Previous Year ₹ 90.25 Lakhs)]		2,104.55	2,160.51
(p) Travelling and conveyance		2,863.16	2,255.70
(q) Payments to the auditor (net of service tax input credit, where applicable):			
(i) As auditors - statutory audit	87.96		76.28
(ii) For taxation matters *	4.38		4.42
(iii) For company law matters	0.35		0.35
(iv) For Management Services	-		0.34
(v) For other services	26.43		17.81
(vi) For reimbursement of expenses	2.33		2.34
		121.45	101.54
* Excludes fee for taxation matters of ₹ 10.83 Lakhs (Previous Year ₹ 4.17 Lakhs) paid to a firm in which some of the partners of the audit firm are partners.			
(r) Bad trade receivables/ advances written of	395.79		489.83
Less: Provision held	67.21		68.90
		328.58	420.93
(s) Service Charges		13,587.50	11,325.63
(t) Managed Assets Service Provider's (MASP) charges		180.52	104.45
(u) Provision for doubtful trade receivables		240.64	221.71
(v) Provision for doubtful loans and advances		95.25	95.53
(w) Freight and forwarding charges		2,998.36	2,927.07
(x) Royalty expenses		73.71	62.61
(y) Vehicle expenses and maintenance		2,394.37	2,072.25
(z) Information technology expenses		1,724.60	2,308.62
(aa) Conference expenses		859.26	871.65
(ab) Provision for diminution in the value of investments		4.72	-
(ac) Miscellaneous expenses		5,796.25	4,766.01
		68,095.29	59,421.72

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2012**

	₹ in Lakhs	Year ended 31st March, 2012 ₹ in Lakhs	Year ended 31st March, 2011 ₹ in Lakhs
30. Exceptional items - Income / (expense)			
(a) Prior period adjustments :			
(i) Written down value of fixed assets written-off in previous year now written back (see Note 12).....	46.11		-
(ii) Effect of difference between audited and unaudited profit and loss of a jointly controlled entity for the previous year [see Note 2B(x)(7)]	(4.07)		-
(iii) Effect of expenses and income of subsidiary not consolidated last year [see Note 2B (viii)(2)].....	(3.35)		-
(iv) Provision for doubtful loans and advances made in standalone financial statements relating to loans given to subsidiary company, not estimated in earlier years, for which effect has been given in the current year.....	38.26		-
		76.95	-
(b) Profit on sale of fixed assets (including land and building)		68.00	1,573.02
(c) Income on settlement of disputed matters		113.93	-
(d) Termination benefits and one time settlement with employees		(75.05)	(9.62)
(e) Gain on cessation of joint venture interest in a jointly controlled entity [see Note 2B(x)(3)].....		657.90	-
(f) Settlement with erstwhile joint venture partner		148.79	-
		990.52	1,563.40

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

31. Contingent liabilities:

- (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 ₹ 3,271.48 Lakhs and has asked interest at 21% per annum with effect from April, 1998. The Company had been contesting the aforesaid claim. This has been settled out of court on 22nd December, 2011 and the aforesaid claim is withdrawn by the developer.

	As at 31st March, 2012 ₹ in lakhs	As at 31st March, 2011 ₹ in lakhs
(b) Taxes in dispute:-		
(i) Excise demand	6,638.85	6,126.15
(ii) Sales tax	6,698.00	7,114.40
(iii) Income-tax	4,393.29	3,256.42
(iv) Customs duty	19.79	19.79
(v) Wealth tax	36.12	36.12
(vi) Property tax	1,075.85	934.07
(vii) Maharashtra Cess Act	Not Assessed	Not Assessed
(c) Labour matters in dispute	10.00	68.50
(d) Claim of Gujarat Electricity Board for alleged diversion of fraction of the power consumed and contested by the Company in the Court	188.29	188.29
(e) Customer claims	1,262.19	1,271.96
(f) Supplier claims	15.00	15.00
(g) Other legal matters	33.35	33.35
(h) Guarantees		
(i) Guarantees given on behalf of Shipping Principals and Surety Bonds jointly executed with third parties in favour of customs and other parties	4,857.50	4,857.50
(ii) Guarantees issued by bank	4,910.40	4,110.99
(i) Other money for which the Group is contingently liable		
Bills discounted	107.81	187.12
(j) Provision for warranty ₹ 654.76 Lakhs (Previous year ₹ 680.60 Lakhs). The Eureka Forbes Limited Group gives warranty on certain home appliances, undertaking to repair or replace the items that fail to perform satisfactorily during the warranty period. Warranty provisions are made for expected future outflows and determined based on past experience where no reimbursements are expected. Due to the volume and spread of the business, the actual utilisation of product warranty provision during the year is not determinable.		

32. Capital and other commitments

- (a) Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 1,058.85 Lakhs; (Previous year: ₹ 582.48 Lakhs) [net of advance paid aggregating ₹ 103.35 Lakhs; (Previous year: ₹ 209.28 Lakhs)]
- (b) For Service performance ₹ 509.40 Lakhs (Previous Year ₹ 445.71 Lakhs)
- (c) For product performance ₹ 678.78 Lakhs (Previous Year ₹ 613.71 Lakhs)
- (d) For commitments relating to lease arrangements, please see note 36(a) and for derivative contracts, see Note 42A

33. Employee benefit obligations

Defined-contribution plans:

The Group has recognised the following amounts in the statement of profit and loss in Note 26(b), "Contributions to provident and other funds":

Particulars	Year ended 31st March, 2012 ₹ in lakhs	Year ended 31st March, 2011 ₹ in lakhs
Provident fund	765.16	746.91
Superannuation fund	186.97	172.21
Total contribution	952.13	919.12

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2012**

Defined-benefits plans:

In terms of the guidance note issued by the Institute of Actuaries of India, the actuary has provided a valuation of provident fund liability based on the assumptions listed below and determined that there is no shortfall as at 31st March, 2012. During the previous year, the Company had made a provision of ₹ 21.35 lakhs towards interest shortfall on an estimated basis in the absence of actuarial valuation.

The assumptions used in determining the present value of obligation of the interest rate guarantee under deterministic approach are:-

Remaining terms of maturity 17 years.

Expected guarantee interest rate 8.25 %.

Discount rate for the remaining term to maturity of interest portfolio 8.15 %.

Details of defined benefit plans are as follows:

(₹ in Lakhs)

	31st March, 2012			31st March, 2011		
	Funded	Non funded		Funded	Non Funded	
	Gratuity	Gratuity	Others (Post Retirement medical and non compete fees)	Gratuity	Gratuity	Others (Post Retirement medical and non compete fees)
Present value of commitments	1,834.04	30.70	367.22	1,776.79	55.79	344.74
Fair value of plan assets	1,488.41	-	-	1,381.05	-	-
Net Liability in the balance sheet	345.63	30.70	367.22	395.74	55.79	344.74
Defined benefit commitments:						
Opening balance as at 1st April	1,776.79	55.79	344.74	1,807.85	53.87	367.20
Transfer from non-funded to funded	10.20	(10.20)	-	-	-	-
Interest expense	143.29	3.73	28.44	144.04	3.81	29.38
Current service cost	121.96	8.18	3.44	148.75	15.60	8.57
Paid benefits	(267.98)	(2.98)	(55.03)	(309.85)	(4.15)	(68.47)
Actuarial (gain) / loss	49.78	(23.82)	45.63	(14.00)	(13.34)	8.06
Closing balance as at 31st March	1,834.04	30.70	367.22	1,776.79	55.79	344.74
Plan Assets						
Opening balance as at 1st April	1,381.05	-	-	1,436.00	-	-
Opening adjustments *	4.96			-		
Expected return on scheme assets	115.89	-	-	119.95	-	-
Contributions by the group	242.83	-	-	144.93	-	-
Paid funds	(267.98)	-	-	(309.85)	-	-
Actuarial gain / (loss)	11.66	-	-	(9.98)	-	-
Closing balance as at 31st March	1,488.41	-	-	1,381.05	-	-
Return on Plan Assets						
Expected return on plan assets	115.89	-	-	119.95	-	-
Actuarial gain / (loss)	11.66	-	-	(9.98)	-	-
Actual return on plan assets	127.55	-	-	109.97	-	-
Expenses on defined benefit plan:						
Current service costs	121.96	8.18	3.44	148.75	15.60	8.57
Interest expense	143.29	3.73	28.44	144.04	3.81	29.38
Expected return on investment	(115.89)	-	-	(119.95)	-	-
Net actuarial (gain) / loss	38.12	(23.82)	45.63	(4.02)	(13.34)	8.06
Expenses charged to the Statement of profit and loss	187.48	(11.90)	77.51	168.82	6.07	46.01

* Opening adjustments in relation to plan assets represents adjustments arising on account of transfer from non-funded gratuity commitments to funded gratuity commitments.

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2012**

Investment details	% Invested 31st March 2012	% Invested 31st March 2011
Funds managed by Insurer	35.45	35.89
Public Sector Unit Bonds	13.97	-
Private sector unit bonds	4.85	6.05
State/Central Guaranteed Securities	3.26	22.65
Special deposit schemes	4.37	5.13
Others (excluding Bank Balances)	38.10	30.28
	100.00	100.00

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 expense.

	31st March 2012	31st March 2011
Rate for discounting liabilities	8.25% to 8.75%	8.25%
Expected salary increase rate	3.50% to 6.00%	3.50% to 6.00%
Expected return on scheme assets	8.00%	8.00%
Mortality rates	LIC 94-96 Table	LIC 94-96 Table

The expected return on plan assets is based on asset allocation and the market expectation, at the beginning of the period for returns over the entire life of the related obligation. These include changes in the fair value of the plan assets held during the period.

The actuarial calculations used to estimate defined benefit Medical quota entitled for Ex-Directors / their spouses are based on the following assumptions :

	31st March 2012	31st March 2011
Rate for discounting liabilities	8.25%	8.25%

Experience adjustment:

Gratuity

	2011-12	2010-11	2009-10	2008-09	2007-08
Defined benefit obligation	875.18	892.82	952.66	971.78	884.24
Plan asset	601.70	596.49	571.71	600.16	589.39
Deficit in plan asset	273.48	296.33	380.95	371.62	294.85
Experience adjustment on plan assets (loss) / gain	7.04	20.95	59.77	(6.26)	*
Experience adjustment on plan liabilities loss / (gain)	96.17	140.79	(4.63)	(4.18)	*

* Figures in respect of Financial Year 2007-08 are not available.

The estimates of future salary increases, considered in the actuarial valuation, take 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 Company during the financial year 2012-13 has not been ascertained.

The aforesaid disclosures have been made to the extent information available in the individual financial statements of the Company and its subsidiaries/ joint ventures. Accordingly, the net liability in respect of gratuity and other post retirement benefits disclosed in Note 7 - Long term Provisions and Note 11 - Short term provisions would not reconcile with the figures disclosed above.

The information in respect of medical cost trend rates and the effect of an increase / decrease of 1% point in the assumed medical cost trend rates on current service cost, interest cost, accumulated post employment benefit cost and experience adjustment is not available; during the year, medical cost of ₹ 46.93 Lakhs (Previous year: ₹ 47.15 Lakhs) recognised to the statement of profit and loss based on actuarial valuation.

The Group has charged amounts aggregating ₹ 74.30 Lakhs; (Previous year: ₹ 46.72 Lakhs) to the statement of profit and loss based on actuarial valuation [Present value of future obligation as at 31st March, 2012 ₹ 338.86 Lakhs; (Previous year: ₹ 315.90 Lakhs)] and paid ₹ 51.34 Lakhs (Previous year: ₹ 61.06 Lakhs), towards the post retirement arrangements to former Managing Directors and other Directors.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

34. **Segment reporting**
The primary segment reporting format is determined to be business segments as the Group's risks and returns, organisation structure and internal reporting system are affected predominantly by differences in the products / services. The Group's operations predominantly relate to 'Engineering', 'Health and Hygiene', 'Shipping and logistics services', 'Real estate', 'IT enabled services' and 'Others' which comprises of Education/Auxiliary Services and other services. The 'Motors' and 'Personal wear' segments have been discontinued.
Secondary information is reported geographically. The Group caters to the needs of the domestic and export markets.
Segment revenue, segment assets and segment liabilities include the respective amounts identifiable to each of the segments as also amounts allocated on a reasonable basis.

(a) **Information about primary business segments for the year:**

Particulars	Continued Operations												Discontinuing Operations						Total Operations														
	Engineering			Health and Hygiene			Shipping and logistics services			Real estate			IT enabled services			Others			Total			Motors			Personal Wear			Total					
	31st March, 2012	31st March, 2011	31st March, 2010	31st March, 2012	31st March, 2011	31st March, 2010	31st March, 2012	31st March, 2011	31st March, 2010	31st March, 2012	31st March, 2011	31st March, 2010	31st March, 2012	31st March, 2011	31st March, 2010	31st March, 2012	31st March, 2011	31st March, 2010	31st March, 2012	31st March, 2011	31st March, 2010	31st March, 2012	31st March, 2011	31st March, 2010	31st March, 2012	31st March, 2011	31st March, 2010						
External segment revenue	17,817.78	14,575.44	1,29,946.59	1,12,309.31	18,518.57	14,165.58	1,698.50	1,741.91	8,971.79	4,430.22	36.67	1,76,953.23	1,47,259.23	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,76,953.23	1,47,259.23			
Add: Inter segment revenue	17,817.78	14,575.44	1,29,946.59	1,12,309.31	18,518.57	14,165.58	1,698.50	1,741.91	8,971.79	4,430.22	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,76,953.23	1,47,259.23		
Revenue from operations	2,216.77	1,117.91	9,320.90	4,846.21	(314.52)	(1,523.32)	1,154.95	2,904.10	(602.04)	(397.99)	(70.64)	(171.11)	11,705.42	6,929.61	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11,705.42	7,228.31		
Segment Results - Profit / (Loss) (including exceptional items related to segments)	325.91	1,100.39	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	325.91	1,100.39		
Add: Unallocated income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,711.24)	(1,457.11)		
Less: Unallocated expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Add: Exceptional items other than related to segments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Profit before tax and finance costs	696.16	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Less: finance costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Profit before tax	696.16	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Provision for taxation:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Current tax expense for current year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
MAT credit entitlement (Excess) / short provision for current tax relating to prior years	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Deferred tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Profit after tax	696.16	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Capital employed	12,743.65	11,165.15	75,898.11	57,832.40	17,809.73	19,293.53	3,333.55	3,528.64	4,475.44	3,026.04	94.13	144.44	114,354.61	94,990.22	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Unallocated corporate assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total assets	12,743.65	11,165.15	75,898.11	57,832.40	17,809.73	19,293.53	3,333.55	3,528.64	4,475.44	3,026.04	94.13	144.44	114,354.61	94,990.22	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Segment liabilities	3,775.82	3,334.58	41,932.04	36,296.67	2,455.41	2,297.54	4,604.71	6,176.66	2,089.70	1,626.41	59.47	129.96	54,917.15	49,711.82	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Unallocated corporate liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	3,775.82	3,334.58	41,932.04	36,296.67	2,455.41	2,297.54	4,604.71	6,176.66	2,089.70	1,626.41	59.47	129.96	54,917.15	49,711.82	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Capital employed	8,967.83	7,930.57	33,966.07	21,535.73	15,354.32	16,996.01	(1,271.16)	(2,598.02)	2,385.74	1,399.63	34.66	14.48	59,437.46	45,278.40	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Cost incurred to acquire segment assets including capital work-in-progress	962.95	790.49	1,700.46	1,782.69	46.91	808.29	3.85	1.06	238.75	567.02	0.50	-	2,953.42	3,949.55	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated cost incurred to acquire assets including adjustments on account of capital work-in-progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total capital expenditure	962.95	790.49	1,700.46	1,782.69	46.91	808.29	3.85	1.06	238.75	567.02	0.50	-	2,953.42	3,949.55	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Segment depreciation / amortisation	980.02	1,078.87	2,147.93	1,985.43	933.68	919.69	87.67	84.68	128.89	83.52	20.17	5.77	4,298.36	4,157.96	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Unallocated corporate depreciation / amortisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total depreciation / amortisation	980.02	1,078.87	2,147.93	1,985.43	933.68	919.69	87.67	84.68	128.89	83.52	20.17	5.77	4,298.36	4,157.96	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Non-cash segment expenses other than depreciation / amortisation	7.69	177.89	378.88	270.52	234.70	166.92	-	-	34.58	105.97	-	0.03	655.85	721.33	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Unallocated non-cash expenses other than depreciation / amortisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total non-cash expenses other than depreciation / amortisation	7.69	177.89	378.88	270.52	234.70	166.92	-	-	34.58	105.97	-	0.03	655.85	721.33	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

(b) **Information about geographical business segment for the year**

Particulars	Within india			Outside india			Total		
	31st March, 2012	31st March, 2011	31st March, 2010	31st March, 2012	31st March, 2011	31st March, 2010	31st March, 2012	31st March, 2011	31st March, 2010
Revenue	1,57,390.55	1,37,306.49	19,602.68	9,752.74	-	-	1,76,953.23	1,47,259.23	-
Assets	1,13,838.12	94,338.64	516.49	729.02	19,186.08	26,011.45	1,33,540.69	1,21,079.11	-
Cost incurred to acquire segment assets including adjustments on account of capital work-in-progress	2,900.22	3,733.94	53.20	215.61	182.74	90.43	3,136.16	4,039.98	-

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

35. Related party disclosures

(A) Holding Company / Ultimate Holding Company:

- 1 Shapoorji Pallonji & Company Limited [Holding Company (*Ultimate Holding Company upto 14th October, 2010*)]
- 2 Sterling Investment Corporation Private Limited (*Holding Company upto 14th October, 2010, merged with Shapoorji Pallonji & Company Limited w.e.f. 15th October, 2010*)

(B) Fellow Subsidiaries (where there are transactions):

- 1 Afcons Infrastructure Limited
- 2 Forvol International Services Limited
- 3 Gokak Textiles Limited
- 4 Shapoorji Pallonji Investment Advisors Pvt. Limited (formerly Euphoria Properties Pvt. Limited)
- 5 Shapoorji Pallonji Energy (Gujarat) Pvt. Limited
- 6 Sterling and Wilson Limited
- 7 SP Fabricators Pvt. Limited

(C) Associate Companies (where there are transactions):

- 1 The Svadeshi Mills Company Limited
- 2 Coromondal Garments Limited (Subsidiary of The Svadeshi Mills Company Limited)
- 3 Nuevo Consultancy Services Limited (formerly Forbes Infotainment Limited) (w.e.f. 29th April, 2011) [up to 28th April, 2011 joint venture, w.e.f. 29th April, 2011 also fellow subsidiary]

(D) Joint Ventures (where there are transactions): *

- 1 Edumetry Inc
- 2 Nuevo Consultancy Services Limited (Formerly Forbes Infotainment Limited) [up to 28th April, 2011 joint venture, w.e.f. 29th April, 2011 associate and also fellow subsidiary]
- 3 Nypro Forbes Moulds Limited (formerly known as Nypro Forbes Moulds Pvt. Limited) [Joint venture of Forbes Campbell Finance Limited]
- 4 Nypro Forbes Products Limited (formerly known as Nypro Forbes Products Pvt. Limited) [Joint venture of Forbes Campbell Finance Limited]
- 5 SCI Forbes Limited

(E) Key Management Personnel:

- 1 Managing Director of Forbes & Company Ltd., Mr. Ashok Barat.
- 2 Managing Director of Eureka Forbes Ltd., Mr. S.L. Goklaney.

* Transactions with Joint Venture has been disclosed excluding group's share

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2012**

35. Related party disclosures (contd...)

(b) Details of related party transactions during the year ended 31st March, 2012 and balances outstanding as at 31st March, 2012:

(₹ in Lakhs)

	Nature of Transaction	Parties in A above	Parties in B above	Parties in C above	Parties in D above	Parties in E above	Total
	Purchases						
1	Charter Hire Charges	-	-	-	796.96	-	796.96
		-	-	-	2,990.63	-	2,990.63
	Sales						
2	Goods and Materials	133.50	1.06	-	-	-	134.56
		19.31	-	-	0.14	-	19.45
3	Services Rendered	51.38	1.86	-	2.28	-	55.52
		7.29	26.90	-	0.90	-	35.09
	Expenses						
4	Rent	41.10	-	-	-	-	41.10
		-	-	-	-	-	-
5	Travelling and conveyance expenses	-	125.80	-	-	-	125.80
		-	132.99	-	-	-	132.99
6	Legal and professional charges	-	-	-	-	-	-
		-	-	-	-	-	-
7	Transportation, freight, handling and other charges	-	1.16	-	-	-	1.16
		-	3.33	-	-	-	3.33
8	Miscellaneous expenses	1.37	-	-	-	-	1.37
		1.96	-	-	-	-	1.96
9	Recovery of Expenses	-	-	-	0.04	-	0.04
		17.92	-	-	0.19	-	18.11
10	Interest Paid / (Reversed)	64.82	-	-	-	-	64.82
		240.33	-	-	-	-	240.33
11	Provision for doubtful loans and advances	-	-	14.33	0.14	-	14.47
		-	-	16.84	-	-	16.84
12	Bad trade receivables / advances written off	-	-	-	0.10	-	0.10
		-	-	-	-	-	-
	Income						
13	Rent and Other Service Charges	845.40	48.50	-	4.80	-	898.70
		938.01	49.67	-	12.64	-	1,000.32
14	Interest Received	-	-	-	16.27	-	16.27
		-	-	-	-	-	-
15	Miscellaneous Income	-	-	-	-	-	-
		5.04	-	-	-	-	5.04
	Other Receipts						
16	Other Reimbursements	0.40	-	-	142.39	-	142.79
		-	0.09	-	-	-	0.09
	Finance						
17	Inter-corporate deposits given	-	-	14.33	500.14	-	514.47
		320.00	-	16.84	-	-	336.84
18	Inter-corporate deposits taken	1,075.00	-	-	-	-	1,075.00
		2,113.07	-	-	-	-	2,113.07
19	Repayment of deposits taken	1,200.00	-	-	-	-	1,200.00
		4,055.36	-	-	-	-	4,055.36

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2012**

35. Related party disclosures (contd...)

(b) Details of related party transactions during the year ended 31st March, 2012 and balances outstanding as at 31st March, 2012:

(₹ in Lakhs)

	Nature of Transaction	Parties in A above	Parties in B above	Parties in C above	Parties in D above	Parties in E above	Total
	Guarantees						
20	Given on behalf of the Company by Holding Company	2,598.31	-	-	-	-	2,598.31
		-	-	-	-	-	-
	Outstandings						
21	Trade Payables	-	1.65	-	4.34	-	5.99
		-	<i>17.21</i>	-	<i>1.31</i>	-	<i>18.52</i>
22	Interest Accrued	-	-	-	-	-	-
		<i>98.20</i>	-	-	-	-	<i>98.20</i>
23	Trade Receivables	76.74	3.39	20.15	0.52	-	100.80
		<i>58.24</i>	<i>27.22</i>	<i>20.15</i>	<i>1.00</i>	-	<i>106.60</i>
24	Long Term Loans and Advances	-	9.41	4,756.77	35.27	-	4,801.45
		-	<i>9.57</i>	<i>4,742.44</i>	<i>43.25</i>	-	<i>4,795.26</i>
25	Short Term Loans and Advances	-	18.82	-	24.11	-	42.93
		-	<i>18.82</i>	-	<i>0.57</i>	-	<i>19.39</i>
26	Provision for Doubtful Loans and Advances	-	-	4,757.88	35.27	-	4,793.15
		-	<i>9.57</i>	<i>4,742.44</i>	<i>35.70</i>	-	<i>4,787.71</i>
27	Provision for Doubtful trade receivables	10.65	-	20.15	0.46	-	31.26
		<i>10.65</i>	<i>22.57</i>	<i>20.15</i>	-	-	<i>53.37</i>
28	Deposits Payable	75.00	-	-	-	-	75.00
		<i>707.27</i>	-	-	-	-	<i>707.27</i>
29	Inter-corporate deposits receivable	-	-	-	500.00	-	500.00
		-	-	-	-	-	-
30	Guarantees Taken	2,598.31	-	-	-	-	2,598.31
		-	-	-	-	-	-
	Remuneration						
31	Paid / Payable	-	-	-	-	417.11	417.11
		-	-	-	-	<i>403.22</i>	<i>403.22</i>

Footnote

Figures in italics are in respect of the previous year.

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2012**

		A	A	B	B	B	B	B	C	D	D	D	E	E	
		Shapoorji Pallonji & Company Limited	Sterling Investment Corporation Private Limited	Ateons Infrastructure Limited	Forval International Services Limited	Gokak Textiles Limited	Shapoorji Pallonji Investment Advisors Private Limited	SP Fabricators Private Limited	The Svadeshi Mills Company Limited	Coromandal Garments Limited	Edumetry Inc	Nyro Foebes Moulds Limited	Nyro Foebes Products Limited	SCI Foebes Limited	Managing Director, Mr. S.L. Gokhale
35. Related party disclosures (contd.)	(c) The above Transactions includes:														
	Nature of Transaction														
1	Purchases														
	Charter Hire Charges	-	-	-	-	-	-	-	-	-	-	-	-	796.96	-
									2,990.63						
2	Sales														
	Goods and Materials	133.50	-	-	-	-	-	-	-	-	-	-	-	-	-
		19.31	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Services Rendered	51.38	-	-	-	-	-	-	-	-	-	-	-	-	-
		7.29	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Expenses														
	Rent	41.10	-	-	-	-	-	-	-	-	-	-	-	-	-
					125.80										
					132.99										
5	Travelling and conveyance expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Legal and professional charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Transportation, freight, handling and other charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-
					1.16										
8	Miscellaneous expenses	1.37	-	-	-	-	-	-	-	-	-	-	-	-	-
		1.96	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Recovery of Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		17.92	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Interest Paid / (Reversed)	64.82	-	-	-	-	-	-	-	-	-	-	-	-	-
		253.96	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Provision for doubtful loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	14.32	-	-	-	-	-	-
		-	-	-	-	-	-	-	16.84	-	-	-	-	-	-
12	Bad trade receivables / advances written off	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Income	845.40	-	-	-	-	-	-	-	-	-	-	-	-	-
	Rent and Other Service Charges	938.01	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Interest Received	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Miscellaneous Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		5.04	-	-	-	-	-	-	-	-	-	-	-	-	-
16	Other Receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Other Reimbursements	-	-	-	-	-	0.09	-	-	-	-	-	-	-	-
17	Finance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Deposits Given	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	320.00	-	-	-	-	-	-	-	-	-	-	-	-
18	Deposits Taken	1,075.00	-	-	-	-	-	-	-	-	-	-	-	-	-
		2,133.07	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Repayment of Deposits Taken	1,200.00	-	-	-	-	-	-	-	-	-	-	-	-	-
		3,926.36	-	-	-	-	-	-	-	-	-	-	-	-	-
20	Guarantees	2,598.31	-	-	-	-	-	-	-	-	-	-	-	-	-
	Given on behalf of the Company by Holding Company	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21	Outstandings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Trade Payables	-	-	-	1.65	-	-	-	-	-	-	-	-	-	-
		-	-	-	17.21	-	-	-	-	-	-	-	-	-	-
22	Interest Accrued	98.20	-	-	-	-	-	-	-	-	-	-	-	-	-
		76.74	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Trade Receivables	58.24	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	22.57	-	-	-	-	-	-	-	-	-	-	-
24	Long Term Loans and Advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-
25	Short Term Loans and Advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	18.82	-	-	-	-	-	-	-	-	-
		-	-	-	18.82	-	-	-	-	-	-	-	-	-	-
26	Provision for Doubtful Loans and Advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-
27	Provision for Doubtful Debts	10.65	-	-	-	-	-	-	-	-	-	-	-	-	-
		70.65	-	-	-	-	-	-	-	-	-	-	-	-	-
28	Deposits Payable	75.00	-	-	-	-	-	-	-	-	-	-	-	-	-
		707.27	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Inter-corporate deposits receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Guarantees Taken	2,598.31	-	-	-	-	-	-	-	-	-	-	-	-	-
31	Remuneration Paid / Payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	110.68	306.43
		-	-	-	-	-	-	-	-	-	-	-	-	93.26	309.95

Footnote
Figures in italics are in respect of the previous year.

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2012**

36. Leases

(a) Finance lease: Group as lessee

The Group has acquired Office equipment under finance lease of four years.

(i) The gross carrying amount and the accumulated depreciation at the balance sheet date are ₹ 212.78 Lakhs; (*Previous year: ₹ 90.16 Lakhs*) and ₹ 75.30 Lakhs; (*Previous year: ₹ 37.61 Lakhs*) respectively.

(ii) Depreciation recognised in the statement of profit and loss is ₹ 37.69 Lakhs; (*Previous year: ₹ 22.54 Lakhs*).

Future minimum aggregate lease payments (MLP) under finance leases together with the present value of future lease payments (PV of MLP), discounted at the interest rates implicit in the lease are as follows:

(₹ In Lakhs)

Period	As at 31st March, 2012		As at 31st March, 2011	
	MLP	PV of MLP	MLP	PV of MLP
Not later than one year	74.18	62.28	27.03	22.93
Later than one year but not later than five years	95.61	85.74	33.79	31.65
Later than five years	-	-	-	-
TOTAL	169.79	148.02	60.82	54.58
Less: Amounts representing finance charges	(21.77)	-	(6.24)	-
Present value of minimum lease payments	148.02	148.02	54.58	54.58

(b) Operating lease: Group as lessor

The Group has entered into operating lease arrangements, consisting of surplus space in buildings to others. The normal tenure of the arrangement is upto three years. The details of the premises leased are as follows:

Asset:	Buildings (pro-rata, wherever applicable)		Moulds	
	As at 31st March, 2012 ₹ In Lakhs	As at 31st March, 2011 ₹ In Lakhs	As at 31st March, 2012 ₹ In Lakhs	As at 31st March, 2011 ₹ In Lakhs
Gross carrying amount	2,830.67	4,541.97	36.00	35.66
Less: Accumulated depreciation	1,054.91	1,328.78	15.00	6.37
Net carrying amount	1,775.76	3,213.19	21.00	29.29
Depreciation for the year	414.79	111.98	9.00	6.37

(c) In case of Forbes Technosys Limited, the company has deployed certain Data Processing Equipments at various sites under cancellable Operating Lease whereby it is recovering composite Service Charges in a per transaction basis as per the agreement. Out of the above, the portion attributable towards the use of the assets which has been estimated by the management has been shown as Rental income from leased data processing equipment and the balance has been shown under Service Income.

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

Period	As at 31st March, 2012 ₹ In Lakhs	As at 31st March, 2011 ₹ In Lakhs
Not later than one year	354.00	-
Later than one year but not later than five years	746.67	-
Later than five years	-	-
TOTAL	1,100.67	-

(d) The Group has taken certain office premises, a residential flat and containers on operating lease basis. Future minimum lease payments under non-cancellable operating lease are as follows:

Period	As at 31st March, 2012 ₹ In Lakhs	As at 31st March, 2011 ₹ In Lakhs
Not later than one year	48.52	35.26
Later than one year but not later than five years	82.88	15.90
Later than five years	-	-
TOTAL	131.40	51.16

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2012**

37. Earnings per share

Earnings per share is computed as under:

S.No.	Particulars	Remarks	For the year ended 31st March, 2012	For the year ended 31st March, 2011
1.	Profit for the year after adjustment of share in Associates and Minority Interest (₹ In Lakhs)	A	5,092.51	2,968.35
2.	Weighted average number of equity shares outstanding during the year	B	1,27,32,218	1,27,32,218
3.	Earning per share (Nominal value of share ₹ 10) – (Basic & Diluted) (₹)	C=A/B	40.00	23.31

38. Deferred tax

The components of deferred tax liabilities and assets are as under:

Nature of Timing Difference	Assets	(Liabilities)	Assets	(Liabilities)
	As at 31st March, 2012 ₹ in Lakhs	As at 31st March, 2012 ₹ in Lakhs	As at 31st March, 2011 ₹ in Lakhs	As at 31st March, 2011 ₹ in Lakhs
Related to fixed assets	(1,148.86)	96.57	(1,229.80)	77.94
Voluntary retirement scheme	82.39	-	110.32	-
Provisions and liabilities to be allowed on payment basis	1,042.58	(39.86)	1,186.52	(34.19)
Unabsorbed depreciation	436.51	(45.71)	311.21	(33.85)
Business Loss	-	24.64	-	17.08
	412.62	35.64	378.25	26.98

Where an entity has unabsorbed depreciation or carry forward losses under tax laws, deferred tax asset has been recognised to the extent that future taxable income will be available from future reversal of deferred tax liability recognised at the balance sheet date and is restricted to the extent of such liabilities. As a prudent measure, the excess deferred tax asset (net) has not been recognised in the accounts as there is no virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

39. Discontinuing operations

In an earlier year, the Company had discontinued "Personal Wear" segment and "Motor Manufacturing" segment.

During the previous year, the Company had disposed off fixed assets relating to "Motor Manufacturing" Segment at Hosur, having written down value of ₹ 44.77 Lakhs (Net of provision for impairment of ₹ 362.63 Lakhs), as at the date of sale, for a consideration of ₹ 470.55 Lakhs and disposed of inventory of a carrying value of ₹ 128.14 Lakhs at a scrap value of ₹ 37.50 Lakhs.

(₹ in Lakhs)

Particulars	Continuing Operations		Discontinuing Operations						Total Operations	
			Personal Wear		Motor Manufacturing		Total			
	Year ended 31st March		Year ended 31st March		Year ended 31st March		Year ended 31st March		Year ended 31st March	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Assets										
Non-current assets	71,598.92	63,280.12	-	43.69	-	12.92	-	56.61	71,598.92	63,336.73
Current assets	61,941.77	57,648.76	-	-	-	93.62	-	93.62	61,941.77	57,742.38
Total assets	1,33,540.69	1,20,928.88	-	43.69	-	106.54	-	150.23	1,33,540.69	1,21,079.11
Liabilities										
Non-current liabilities	30,966.93	17,406.23	-	-	-	-	-	-	30,966.93	17,406.23
Current liabilities	66,198.13	72,174.93	-	16.69	-	120.06	-	136.75	66,198.13	72,311.68
Total liabilities	97,165.06	89,581.16	-	16.69	-	120.06	-	136.75	97,165.06	89,717.91
Revenue and expenses										
Revenue										
Revenue from operations	1,76,953.23	1,47,259.23	-	-	-	-	-	-	1,76,953.23	1,47,259.23
Other income	2,881.49	2,889.52	-	11.76	-	53.94	-	* 65.70	2,881.49	2,955.22
Total revenue	1,79,834.72	1,50,148.75	-	11.76	-	53.94	-	65.70	1,79,834.72	1,50,214.45
Expenses										
Cost of materials consumed	45,765.19	39,685.12	-	-	-	-	-	-	45,765.19	39,685.12
Purchases of stock-in-trade	25,398.39	19,309.49	-	-	-	-	-	-	25,398.39	19,309.49
Changes in inventories of finished goods, work-in-progress and stock-in-trade	(995.56)	(1,519.90)	-	-	-	-	-	-	(995.56)	(1,519.90)
Employee benefits expense	27,104.16	23,878.05	-	0.29	-	0.43	-	0.72	27,104.16	23,878.77
Finance costs	4,171.59	2,691.74	-	-	-	-	-	-	4,171.59	2,691.74
Depreciation and amortisation expense	4,441.52	4,304.78	-	-	-	1.78	-	1.78	4,441.52	4,306.56
Other expenses	68,095.29	59,421.72	-	30.22	-	160.28	-	190.50	68,095.29	59,612.22
Total expenses	1,73,980.58	1,47,771.00	-	30.51	-	162.49	-	193.00	1,73,980.58	1,47,964.00
Profit / (Loss) before exceptional items and tax	5,854.14	2,377.75	-	(18.75)	-	(108.55)	-	(127.30)	5,854.14	2,250.45
Exceptional items (see Footnote)	990.52	1,563.40	-	-	-	426.00	-	426.00	990.52	1,989.40
Profit / (Loss) before tax	6,844.66	3,941.15	-	(18.75)	-	317.45	-	298.70	6,844.66	4,239.85
Tax expense / (credit)										
(a) Current tax expense for current year	2,019.78	1,281.21	-	-	-	-	-	-	2,019.78	1,281.21
(b) MAT Credit Entitlement	(5.79)	-	-	-	-	-	-	-	(5.79)	-
(c) (Excess) / short provision for current tax relating to prior years	(6.83)	9.48	-	-	-	-	-	-	(6.83)	9.48
(d) Deferred Tax	(25.71)	(22.97)	-	-	-	-	-	-	(25.71)	(22.97)
	1,981.45	1,267.72	-	-	-	-	-	-	1,981.45	1,267.72
Profit / (Loss) after tax	4,863.21	2,673.43	-	(18.75)	-	317.45	-	298.70	4,863.21	2,972.13
Cash Flow										
Cash flows from / (used in) operating activities	5,586.60	1,895.22	-	-	-	(788.24)	-	(788.24)	5,586.60	1,106.98
Cash flows from / (used in) investing activities	(603.79)	(7,461.32)	-	-	16.07	454.48	16.07	454.48	(587.72)	(7,006.84)
Cash flows from / (used in) financing activities	(2,299.31)	5,693.66	-	-	-	-	-	-	(2,299.31)	5,693.66

* Includes ₹ 2.23 Lakhs being profit on sale of fixed assets other than disclosed as exceptional item.

Footnote

Details of exceptional items relating to discontinuing operations:

(₹ in Lakhs)

Particulars	Year ended 31st March	
	2012	2011
a) Profit on sale of land and building	-	276.00
b) Impairment of fixed assets no longer required written back	-	150.00
	-	426.00

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2012**

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2012**

40. Statement regarding subsidiary companies as required under section 212 of the Companies Act, 1956 pursuant to General Circular no. 2/2011 dated February 8th, 2011 issued by the Ministry of Corporate Affairs:

Sr. No.	Particulars	Reporting Currency	Exchange Rate as at March 31, 2012	Capital	Reserves	Total Assets (including investment in subsidiaries)	Total Liabilities	Details of investment (except in case of investment in subsidiaries)	Turnover	Profit / (Loss) before taxation	Provision for taxation	Profit / (Loss) after taxation	Proposed dividend
1	Eureka Forbes Limited	INR		372.80	12,654.70	58,055.68	45,028.18	435.86	1,20,028.84	4,064.39	842.48	3,221.91	-
2	Aquamall Water Solutions Limited	INR		400.02	16,581.93	22,704.64	5,722.69	3.95	43,908.58	5,087.99	1,014.52	4,073.47	-
3	Aquadiagnostics Water Research & Technology Centre Limited	INR		8.00	(157.60)	106.77	256.37	-	39.94	(37.11)	-	(37.11)	-
4	Euro Forbes International Pte. Limited	SGD	41.24	206.19	(102.31)	107.69	3.81	-	-	(122.03)	-	(122.03)	-
5	Forbes Facility Services Private Limited	INR		100.00	(189.74)	2,064.73	2,154.47	-	5,795.97	(187.46)	-	(187.46)	-
6	E4 Development & Coaching Limited	INR		100.00	(99.30)	42.66	41.96	-	64.10	(14.29)	(0.71)	(13.58)	-
7	Forbes Enviro Solutions Limited	INR		5.00	(1.42)	3.77	0.19	-	-	(0.19)	-	(0.19)	-
8	WaterWings Equipments Private Limited	INR		5.00	108.43	450.63	337.20	-	1,587.51	127.98	39.36	88.62	-
9	Radiant Energy Systems Private Limited	INR		7.25	95.52	326.25	223.48	0.98	725.11	113.91	37.40	76.51	-
10	EFL Mauritius Limited	EURO	69.16	6,120.60	104.42	6,525.95	300.93	6,495.65	-	283.53	-	283.53	-
11	Euro Forbes Financial Services Ltd.	INR		5.00	(1.12)	4.99	1.11	-	-	(1.12)	-	(1.12)	-
12	Euro Forbes Mauritius Limited	EURO	69.16	-	(9.83)	1.30	11.13	-	-	(6.10)	-	(6.10)	-
13	Euro Forbes Ltd. Dubai	US\$	51.85	42.36	(131.82)	1,501.15	1,590.61	-	-	(131.82)	-	(131.82)	-
14	Forbes Lux FZCO Ltd.	US\$	51.85	169.34	(792.00)	14,899.97	15,522.63	-	2,903.25	(813.36)	-	(813.36)	-
15	Forbes Campbell Finance Limited	INR		386.41	894.83	2,452.86	1,171.62	727.44	-	(568.60)	-	(568.60)	-
16	Forbes Bumi Armada Limited	INR		550.00	32.38	586.42	4.04	345.00	-	0.98	(0.06)	1.04	-
17	Forbes Technosys Limited	INR		1,389.72	(2,069.65)	4,787.59	5,467.52	-	8,982.12	(882.53)	-	(882.53)	-
18	Forbes Campbell Services Limited	INR		5.00	0.98	9.91	3.93	-	41.67	0.01	-	0.01	-
19	Forbes Edumetry Limited	INR		288.00	(647.08)	87.95	447.03	-	-	(27.86)	-	(27.86)	-
20	Volkart Flemming Shipping & Services Limited	INR		50.39	362.22	731.73	319.12	3.91	162.32	23.63	6.22	17.41	-
21	Forbes Container Line Pte. Limited	SGD	41.24	1,230.44	(650.87)	1,147.41	567.84	-	6,779.30	(276.22)	-	(276.22)	69.90
22	Forbes Bumi Armada Offshore Limited	INR		10.00	(111.78)	119.02	220.80	-	-	(23.81)	-	(23.81)	-

41. Standby charter agreement

To secure the lenders of SCI Forbes Limited (SFL), a jointly controlled entity, amongst other undertakings, two of the joint venture partners, including the Company, had to, sign a standby charter agreement, under which, in the event the vessels were not on charter with a lender approved third party at anytime during the pendency of the loan, two vessels each would come on automatic charter to the joint venture partners at rates specified in the standby charter agreement. Immediately thereafter the global financial crisis occurred with shipping being badly hit with charter rates crashing. The lenders sought a change in some commercial terms for agreeing to approve charters and other forms of vessel deployment. Whilst this negotiation was going on, the loan covenant had got activated and the Company (as also its other JV partner) had to take the vessels on charter at standby charter rates and deploy them on market rates resulting in the loss of ₹ 256.67 Lakhs (Previous year: ₹ 1,082.05 Lakhs), the excess of the company's interest of 25% in SFL. With effect from 1st July, 2011, the aforesaid standby charter agreement has been suspended and consequently the ships have been re-delivered by the Company as also by the joint venture partner to SFL. Non-provision of estimated loss arising from the aforesaid onerous standby charter agreements not being in accordance with the requirements of Accounting Standard 29, 'Provisions, Contingent Liabilities and Contingent Assets' (AS-29) was a subject matter of a qualification in the audit report for the year ended 31st March, 2011.

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2012**

42. Derivative instruments and unhedged foreign currency exposure

The Company enters into Foreign Exchange Contracts being derivative instruments, which are not intended for trading or speculative purposes, but for hedge purposes, to establish the amount of reporting currency required or available at the settlement date.

A) The following are the outstanding Forward Exchange Contracts entered into by the Company as at 31st March, 2012

			As at 31st March, 2012		As at 31st March, 2011	
Currency	Buy / Sell	Cross Currency	₹ in Lakhs	FC	₹ in Lakhs	FC
US Dollar	Buy	₹	254.40	US\$ 4,82,563	-	-

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

Particulars	As at 31st March, 2012		As at 31st March, 2011	
	₹ in Lakhs	FC	₹ in Lakhs	FC
a) Trade Payables	452.19	US\$ 8,71,798	312.50	US\$ 6,97,141
	-	-	64.70	GBP 89,982
	9.12	EURO 13,160	12.30	EURO 18,764
	2.75	CHF 4,777	0.64	CHF 1,319
	-	-	219.91	AUD 4,68,389
	2.29	MYR 13,569	-	-
b) Trade Receivables	211.57	US\$ 4,07,122	197.24	US\$ 4,40,193
	74.11	GBP 89,196	20.88	GBP 29,044
	-	-	6.97	ZAR 1,06,962
c) Short - term Borrowings				
Buyers Credit	347.97	US\$ 6,76,578	-	-
Buyers Credit	100.33	EURO 1,44,744	-	-
Packing Credit	57.68	US\$ 1,11,001	108.28	US\$ 2,41,673
Packing Credit	-	-	31.05	GBP 43,179
Interest Payable				
Buyers Credit	4.45	US\$ 8,568	-	-
Buyers Credit	0.01	EURO 18	-	-
d) Advances Given				
i) For import of goods	401.63	US\$ 7,72,870	13.08	US\$ 29,192
	1.91	EURO 2,759	0.34	EURO 531
	-	-	3.10	GBP 4,308
	-	-	0.08	CHF 166
ii) For capital goods	-	-	54.45	US\$ 1,21,533
	40.48	AUD 75,000	-	-
	10.81	EURO 15,594	-	-
e) Advances Received from customers	11.65	US\$ 22,416	5.84	US\$ 13,035
f) Balance with banks	890.39	US\$ 17,13,429	3,946.53	US\$ 88,07,252
g) Loans Payable	5,559.03	US\$ 1,06,97,389	8,332.74	US\$ 1,85,95,706

Footnote:

FC Foreign Currency
 US \$ United States Dollar
 GBP Great British Pound
 CHF Swiss Franc
 EUR Euro
 MYR Malaysian Ringgit
 AUD Australian Dollar
 ZAR South African Rand
 SGD Singapore Dollar

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2012**

43. (a) Forbes Technosys Limited (FTL), a wholly owned subsidiary, had issued 1,00,00,000 8% Cumulative Optionally Convertible Redeemable Preference Shares of ₹ 10 each during the previous year outside the group. Shares shall be redeemable at par upon the expiry of 20 Years from date of allotment. FTL shall have option to redeem the same earlier at any time after giving a written notice of 30 days. The holder of the shares have option after 18 months from date of allotment by written notice of 30 days to call up FTL to convert the share to equity capital at par with the outstanding / existing share capital. The Preference Shares shall be converted to Equity Shares at face value.
- (b) Forbes Container Line Pte. Limited (FCLPL), a wholly owned subsidiary, had issued 21,18,750 Redeemable Convertible Preference Shares (RCPS) of SGD 1 each during the previous year outside the group. RCPS are entitled to receive 8% cumulative preference dividends before any dividends are declared to the ordinary shareholders. FCLPL has the option to redeem these RCPS within two years from the date of allotment, 8th June, 2010. The subscribers of RCPS have the option to convert them into ordinary share on a one-for-one basis after two years from the date of allotment upto June, 2030. RCPS have no right to share any surplus assets or profits and carry no voting rights. If RCPS have not been converted into ordinary shares on the expiration of 20 years from date of allotment, it has to be fully redeemed in cash by FCLPL.
44. Forbes Lux FZCO is limited liability company incorporated on 26th June, 2011 in the Jebel Ali Free Zone Dubai. The company upto 25th June 2011, operated as wholly owned subsidiary free zone establishment of Forbes Lux Group AG, a private limited liability joint venture company incorporated in Switzerland with Eureka Forbes Limited and Lux International AG. The free zone establishment (FZE), previous owner, transferred the assets and liabilities at book value to the free zone company (FZCO), new shareholders effective 26th June 2011 against settlement of debt amounting to US \$ 24,63,085 (equivalent to ₹ 1,337.11 Lakhs) for which no effect is given in these financial statements. The financial statements of the company for the year ended 31st December, 2011, reflect activities of FZE up to 25th June, 2011 and thereafter of FZCO. As of 31st December, 2011, the company had a deficiency of assets amounting to US \$ 12,00,845 (equivalent to ₹ 651.89 Lakhs) resulting from losses, without considering impairment in the value of the other financial assets and long overdue trade receivables, incurred during the current and the previous year with accumulated losses of US \$ 15,27,424 (equivalent to ₹ 829.18 Lakhs).
45. Account balances of trade payables and other current liabilities aggregating to ₹ 1,803.77 Lakhs and trade receivables, long term / short term loans and advances and other current assets aggregating to ₹ 1,321.48 Lakhs relating to the Shipping and Logistics division are in the process of detailed review and reconciliation. This was a subject matter of qualification in the audit report for the year ended 31st March, 2011 and continues to be a subject matter of qualification in the audit report for the year ended 31st March, 2012. The Management expects that the net effect on the financial results would not be material on completion of this exercise.
46. SCI Forbes Limited, a joint venture company has reviewed the recoverable amount of its vessels as on the Balance Sheet date. In the opinion of the management, the value in use, being the present value of estimated future cash flow expected to arise from the continuing use of the vessels and from its disposal at the end of its useful life, is greater than the carrying amount of the vessel and consequently no provision for impairment has been made.
47. During the year, Aquamall Water Solutions Limited, a subsidiary company received a government grant of ₹ 30 Lakhs (*Previous year ₹ Nil*) which is recognized under Capital reserves.
48. The Revised Schedule VI has become effective from 1st April, 2011 for the preparation of financial statement. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

SHAPOOR P. MISTRY
ASHOK BARAT

Chairman
Managing Director

AMIT MITTAL
Director (Finance)

A.T. SHAH
Company Secretary

D.B. ENGINEER
N.D. KHURODY
R.N. JHA
S.L. GOKLANEY
T.R. DOONGAJI
KAIWAN D. KALYANIWALLA
D. SIVANANDHAN
JIMMY J. PARAKH
JAI L. MAVANI
Mumbai, 29th May, 2012

Directors



FORBES & COMPANY LIMITED

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

93RD ANNUAL GENERAL MEETING ON TUESDAY THE 21ST AUGUST, 2012 AT 4.00 P.M.

VENUE: M.C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, Kaikhushru Dubash Marg,
(Behind Prince of Wales Museum), Mumbai – 400 001.

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)
(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 advice changes in their address, if any, to the Company's Registrars and Share Transfer Agents, TSR Darashaw 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 the shareholders registered under the Ledger Folio.

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

----- ✂ ----- TEAR HERE ----- ✂ -----



FORBES & COMPANY LIMITED

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 93rd Annual General Meeting of the Company to be held on Tuesday, 21st August, 2012 and at any adjournment thereof.

Signed this _____ day of _____ 2012.

FOR OFFICE USE ONLY

Please
Affix Re. 1
Revenue
Stamp

PROXY NO.:

REGD FOLIO:

NO.OF SHARES

*DP ID No.

Signature(s) of the Shareholder(s)

*Client ID No.

*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.



IMPORT DESTUFFING AT CFS



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STUFFING STATION AT THE CFS



IMPORT CONTAINER VOLUME HANDLED

FORBES INNOVATING FOR INDIA



Multi mode payment kiosk



Cheque-only, wall mounted kiosk



G2C Platform



Recharge Kiosk



Multi function ATM



Micro-ATMs



Mobile ATM



ATVM



Mega Banker



Forbes Technosys, a subsidiary company is selected as a Red Herring Top 100 GLOBAL Tech Start-up



Choosing the best out of the previous two years was by no means a small feat," said Alex Vieux, Chairman of Red Herring. "After rigorous contemplation and discussion, we narrowed down our list from 1,100 potential companies to 100 winners. Forbes Technosys should be extremely proud of its achievement; the competition for the Top 100 was fierce. The Top 100 Global are truly the best of the best."



Forbes Technosys selected as a Red Herring Top 100 ASIA Tech Start-up

Red Herring's Top 100 list has become a mark of distinction for identifying promising new companies and entrepreneurs. Companies such as Facebook, Twitter, Google, Yahoo, Skype, Salesforce.com, YouTube, and eBay are some of the companies that won this award during their start-up phase.



Forbes Technosys wins the award for BEST USE OF ICT FOR PSU in the category - "ICT Innovation in Governance" at the eWorld 2011 awards function.



Forbes Technosys wins the Star of Industry National award for "IT Process Innovation". Other winners in various categories included Microsoft, TCS, WIPRO, IGATE, Accenture, INFOSYS, MAHINDRA, CAP GEMINI, WNS etc.

FORBES & COMPANY LIMITED

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