

FORBES & COMPANY LIMITED | ANNUAL REPORT 2012-2013



ACTIVITIES AT CONTAINER FREIGHT STATION



Handling of Open Top Container for Over Dimensional Cargo at CFS



India's famous carpets being consolidated at CFS for exports



Fully occupied export warehouse at CFS



Export of Tractors from CFS

| | | |
|---|---|---|
| DIRECTORS: | SHAPOOR P. MISTRY | <i>Chairman</i> |
| | ASHOK BARAT | <i>Managing Director</i> |
| | D. B. ENGINEER | |
| | R. N. JHA | |
| | S. L. GOKLANEY | |
| | T. R. DOONGAJI | |
| | KAIWAN D. KALYANIWALLA | |
| | D. SIVANANDHAN | |
| | JIMMY J. PARAKH | |
| | JAI L. MAVANI | |
| SECRETARY: | A. T. SHAH | <i>Company Secretary</i> |
| MANAGEMENT: | ASHOK BARAT | <i>Managing Director</i> |
| | SHRIKRISHNA BHAVE | <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. MESSRS. DESAI & DIWANJI | |
| BANKERS: | PUNJAB NATIONAL BANK STANDARD CHARTERED BANK IDBI BANK LIMITED HDFC BANK LIMITED | |
| REGISTRAR AND SHARE TRANSFER AGENTS: | TSR DARASHAW PRIVATE 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-FOURTH ANNUAL REPORT 2012-2013

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**Annual General Meeting will be held on Friday, August 2, 2013 at 4.00 p.m.
at Indian Merchants' Chamber, Walchand Hirachand Hall, IMC Building,
4th Floor, Churchgate, Mumbai 400 020.**

NOTICE

NOTICE is hereby given that the NINETY-FOURTH ANNUAL GENERAL MEETING of the shareholders of FORBES & COMPANY LIMITED will be held at Indian Merchants' Chambers, Walchand Hirachand Hall, IMC Building, 4th floor, Churchgate, Mumbai 400020 on Friday, August 2, 2013 at 4.00 p.m. to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2013, the Statement of Profit and Loss for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare a Dividend.
3. Mr. D. B. Engineer who retires by rotation is not seeking re-appointment and the vacancy would be filled by the Board of Directors.
4. Mr. R.N. Jha who retires by rotation is not seeking re-appointment and the vacancy would be filled by the Board of Directors.
5. To appoint a Director in place of Mr. T.R. Doongaji who retires by rotation and is eligible for re-appointment.
6. To appoint Messrs. Deloitte Haskins & Sells, Chartered Accountants, as Auditors and to authorise the Board of Directors to fix their remuneration.

Special Business:

7. To consider and, if thought fit, to pass, with or without modification, the following resolution, as an Ordinary Resolution:

“RESOLVED that, pursuant to Sections 198, 269, 309 and 310 and other applicable provisions, if any, of the Companies Act, 1956 (as amended or re-enacted from time to time), read with Schedule XIII thereto, the consent of the Company be and is hereby accorded to the re-appointment of Mr. Ashok Barat as the Managing Director of the Company for a period of 5 years from April 1, 2013 to March 31, 2018 (both days inclusive) on the remuneration and upon the terms and conditions as set out in the draft of the Agreement to be entered into between the Company and Mr. Ashok Barat placed before this meeting and initialed by the Chairman for the purpose of identification. Notwithstanding the period of appointment or any clause of the Agreement between the Company and Mr. Ashok Barat, his appointment as the Managing Director shall be subject to the retirement policy of the Company for the time being.

RESOLVED FURTHER that the Board of Directors of the Company or a duly constituted Committee thereof be and is hereby authorised to vary, increase, expand, enhance, enlarge, widen or alter the scope of the remuneration and perquisites, including the monetary value thereof, from time to time as it may, in its discretion, deem fit, within the maximum amount payable to Managing and Whole-time Directors in accordance with Section 198, 269, 309 and 310 and other applicable provisions, if any, of the Companies Act, 1956 and Schedule XIII thereto or any amendment made hereafter in this regard and that, the Agreement as per the draft placed before the meeting between the Company and Mr. Ashok Barat be entered into to give effect to the same in such manner as may be agreed to between the Board and Mr. Ashok Barat.”

8. To consider and, if thought fit, to pass, with or without modification, the following resolution, as a Special Resolution:

“RESOLVED that pursuant to Schedule XIII of the Companies Act, 1956, where in any financial year during a period of 3 years from April 1, 2013 to March 31, 2016, or during the tenure of Mr. Ashok Barat as the Managing Director, whichever period is less, the Company has no profits or its profits are inadequate, it shall pay remuneration to Mr. Ashok Barat by way of salary, dearness allowance, perquisites and other allowances as per the Agreement proposed to be entered into between the Company and Mr. Ashok Barat, in terms of the draft of the Agreement placed at this Meeting and referred to in Item 7 of this Notice.”

9. To consider and, if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:

“RESOLVED that pursuant to the provisions of Section 309(4) (as amended or re-enacted from time to time) and other applicable provisions, if any, of the Companies Act, 1956 and, subject to other approvals as may be required, consent be and is hereby accorded to the payment and distribution of such sum by way of commission, not exceeding in aggregate, 1% per annum of the net profits of the Company, computed in the manner referred to in Section 198 and other applicable provisions of the Companies Act, 1956, for each of the five financial years of the Company, commencing from April 1, 2013, to such Directors of the Company (other than the Managing Director and the Whole-time Directors), the quantum, proportion and manner of such payment and distribution to be made as the Board may from time to time decide”.

Pursuant to the provisions of the Sections 192A of the Companies Act, 1956 read with Companies (Passing of the Resolution by Postal Ballot) Rules, 2011 the resolutions at item nos. 10 and 11 would require the consent of the shareholders by Postal Ballot and will not be transacted at the Annual General Meeting.

10. To consider and, if thought fit, to pass, with or without modification, the following resolution, as an Ordinary Resolution:

“RESOLVED that pursuant to Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 (as amended or re-enacted from time to time), consent of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as the “Board”, which term shall be deemed to include any duly constituted Committee thereof) to create charge in order to secure the Secured Redeemable Non-convertible Debentures aggregating to ₹ 100 crores issued by the Company, as per the details given below:

| | Details of Debentures and the Trustees for the debenture-holders | | Security |
|----|--|---|--|
| 1. | a) 11% Non convertible Debentures of aggregate amount ₹ 60 crores and b) 5% Non convertible Debentures of aggregate amount ₹ 40 crores with IDBI Trusteeship Services Ltd., acting as Trustees for the debenture-holders | : | Registered mortgage/English mortgage without possession, over the property situated at Plot No. B-13 admeasuring 65,893 sq. mtrs., in MIDC Industrial Area, Waluj, Aurangabad. |

on such terms and conditions as the Board may think fit, in order to secure the due repayment of the debentures issued by the Company together with the payment of interest thereon at the respective agreed rates, additional interest, liquidated damages, commitment charges, premia on prepayment or on redemption, costs, charges, expenses and all other monies payable by the Company to the debenture-holders, in terms of the letter of offer issued by the Company, in respect of the above mentioned debentures.

RESOLVED FURTHER that the Board of Directors of the Company, be and is hereby authorized to finalise with the Trustees all necessary documents for creating the mortgage and / or charge and / or hypothecation as aforesaid and to do all other acts, deeds, matters and things and to execute all such documents and writings as it may deem necessary, usual, requisite or proper for the purpose of giving effect to the aforesaid Resolution.”

11. To consider and, if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:

“RESOLVED that, in accordance with the provisions of Section 372A and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby ratifies execution by the Company of –

- the non-disposal agreement dated December 17, 2012 with Bumi Armada Berhad, Forbes Bumi Armada Offshore Limited (“FBAOL”), Bank of India (in its capacity as the agent of the lenders) and SBICAP Trustee Company Limited (in its capacity as a security trustee) in relation to the shares of FBAOL held by the Company or which may be held by the Company in future; and
- the power of attorney in favour of SBICAP Trustee Company Limited (in its capacity as a security trustee) and authorised on occurrence of an event of default (as defined under the facility agreement dated December 17, 2012 executed between Armada D1 Pte. Limited, the lenders and Bank of India (in its capacity as the agent of the lenders)) creation of pledge in favour of SBICAP Trustee Company Limited (in its capacity as a security trustee of the Lenders) in respect of shares covered by the non-disposal agreement.

The current value as on June 20, 2013 of the shares held by the Company and offered as security and for which the non-disposal agreement and the power of attorney are executed by the Company, is ₹ 6.31 per share of face value ₹ 10 as certified by the auditors U. V. Shah & Co., Chartered Accountants and the limits specified under Section 372A of the Companies Act, 1956 are not exceeded.

RESOLVED FURTHER that this resolution is passed in compliance with one of the conditions of the Facility Agreement requiring the shareholders of the Company to pass a resolution under Section 372A of the Companies Act, 1956 on or before September 30, 2013 in relation to the obligations of the Company under the non-disposal agreement and the power of attorney.”

For and on behalf of the
Board of Directors

SHAPOOR P. MISTRY
Chairman

Mumbai, July 1, 2013.

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

NOTES:

1. A MEMBER 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 MEMBER OF THE COMPANY. Proxies, in order to be effective, should be duly stamped, completed, signed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
2. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of business under item nos. 7, 8, 9, 10 and 11 is annexed hereto and forms part of this Notice.
3. The information in respect of the Directors to be appointed and re-appointed, as required pursuant to the provision of Clause 49 IV (G) (i) of the Listing Agreement, is given in Annexure "AC" to the Report on Corporate Governance.
4. The Register of Beneficial Owners, Register of Members and Share Transfer Books of the Company will remain closed from Friday, July 26, 2013 to Friday, August 2, 2013 (both days inclusive).
5. The dividend, if approved by the Members at the Annual General Meeting, will be paid within 30 days i.e. on or before August 31, 2013 to the Members whose names appear on the Register of Members as on August 2, 2013 and to the Beneficial Owners of the shares as on July 25, 2013, as per details furnished by the Depositories for this purpose.
6. Members are requested to immediately intimate changes, if any, in their registered addresses along with the pin code number to the Company or the Registrars & Share Transfer Agents. Members holding shares in dematerialized mode are requested to intimate the same to their respective Depository Participants.
7. **The Securities and Exchange Board of India (SEBI) has made it mandatory for all companies to use the bank account details furnished by the depositories for depositing dividends. Dividend will be credited to the Members' bank account through NECS wherever complete core banking details are available with the Company. In cases where the core banking details are not available, dividend warrants will be issued to the Members with bank details printed thereon as available in the Company's records.**
8. In terms of Sections 205A and 205C of the Companies Act, 1956, any dividend remaining unclaimed / unpaid for a period of seven years from the due date of payment is required to be transferred to the Investor Education and Protection Fund. Accordingly, unclaimed dividend for the year ended March 31, 2005 has been transferred to Investor Education and Protection Fund.

Members who have not encashed their dividend warrants for the year ended March 31, 2006 or thereafter are requested to write to the Company/Registrars & Share Transfer Agents for issue of demand drafts for the same.
9. In compliance with Clause 5A of the Listing Agreement with the Bombay Stock Exchange Limited, the Company has sent reminder letters on August 3, 2011, December 23, 2011 and March 29, 2012 in respect of the shares returned and lying unclaimed in the custody of the Company. The same shall be transferred to Unclaimed Suspense Account.
10. **The Ministry of Corporate Affairs ("MCA), Government of India has allowed paperless compliances by Companies. MCA has issued a Circular No.17/2011 dated April 21, 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 in case he wishes 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., in electronic mode. We invite you to co-operate in helping the Company implement the e-governance initiatives of the Government by registering your e-mail address.**
11. Disclosure in terms of Clause 49 (IV)(E)(V) of the Listing Agreement with the Bombay Stock Exchange Ltd.

| | Name of the Director seeking appointment / re-appointment | Shares held as on 31.3.2013 |
|----|---|-----------------------------|
| 1. | Mr. Ashok Barat | Nil |
| 2. | Mr. T. R. Doongaji | Nil |
12. **Please note that the transactions at Item nos. 10 and 11 of the AGM Notice dated July 1, 2013 would require the consent of the shareholders through Postal Ballot. Postal Ballot Form is enclosed herewith. The Company is also offering E-voting facility as an alternate, for the shareholders to enable them to cast their votes electronically. E-voting is optional. The procedure and instructions are given on the reverse of the Postal Ballot Form. The 94th AGM Notice dated July 1, 2013 shall also be deemed to be Notice under sections 192A of the Companies Act, 1956 read with Companies (Passing of the Resolution by Postal Ballot) Rules, 2011.**
13. Members are requested to bring their copy of the Annual Report to the meeting, as the same will not be distributed at the meeting.

14. Please address all communications, including lodging of Transfer Deeds, to-

REGISTRARS AND SHARE TRANSFER AGENTS

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

Branch Offices

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

Agent

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 Registrars and Share Transfer Agents.

ANNEXURE TO NOTICE

Explanatory Statement under Section 173 of the Companies Act, 1956

Item : 7

The Board of Directors of the Company on March 27, 2013, have, subject to the approval of the shareholders of the Company, re-appointed Mr. Ashok Barat as the Managing Director for a period of 5 years from April 1, 2013 to March 31, 2018 at the remuneration and upon the terms and conditions set out in the draft of the Agreement placed before the meeting and initialed by the Chairman for the purpose of identification. Emoluments, benefits, perquisites and other conditions of the appointment of Mr. Ashok Barat, have been set out in Schedule 'A' hereto.

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

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

1. The re-appointment of Mr. Ashok Barat shall be for a period of 5 years from April 1, 2013 to March 31, 2018 (both days inclusive) subject to the same being previously determined as provided in the Agreement. Further, notwithstanding the period of the re-appointment or any clause of the Agreement, the appointment of Mr. Ashok Barat, as Managing Director, shall be subject to the retirement policy of the Company for the time being.
2. During his tenure as the Managing Director the day-to-day management of the Company shall be in the hands of Mr. Ashok Barat, subject to the supervision and control of the Board of Directors of the Company.
3. Mr. Ashok Barat shall devote his whole time, attention and ability during business hours to the business of the Company and undertake travel in India and abroad for the same.
4. Pursuant to Article 141 of the Articles of Association, Mr. Ashok Barat shall not be subject to retirement by rotation in accordance with Section 256 of the Act and Article 127 of the Articles of Association of the Company.

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

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

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

This explanatory statement read with Schedule 'A' hereto is and should be treated as an abstract under Section 302 of the Companies Act, 1956, of the Agreement to be entered into between the Company and Mr. Ashok Barat.

Item 8:

Pursuant to Schedule XIII of the Act where in any financial year during the currency of tenure of Mr. Ashok Barat, the Company has no profits or its profits are inadequate, it may, subject to approval of the Shareholders of the Company by a special resolution, pay remuneration to Mr. Ashok Barat by way of salary, dearness allowance, perquisites and any other allowances, exceeding the ceiling limit specified in Schedule XIII of the Act. However, in view of the General Circular No. 46/2011 dated July 14, 2011 issued by the Ministry of Corporate Affairs, the Company, being a listed company, is not required to obtain approval of the Central Government for payment of remuneration to Mr. Ashok Barat exceeding the ceiling limit specified in schedule XIII as Mr. Ashok Barat has no direct or indirect interest in the capital of the Company or its holding company or through any other statutory structure at any time during last two years before or on the date of appointment and he is having a graduate level qualification with expert and specialized knowledge in the field of his profession. Shareholders can approve payment of such remuneration for a period not exceeding three years.

Accordingly, the resolution at Item 8 is proposed as a special resolution to enable the Company to pay remuneration to Mr. Ashok Barat for the period April 1, 2013 to March 31, 2016 as per the terms and conditions set out in the explanatory statement annexed to the Notice.

The payment of the aforesaid remuneration is approved by a resolution dated May 28, 2013 passed by the Remuneration Committee. The Company has not made any default in payment of any of its debts (including public deposits) or debentures or any interest payable thereon for a continuous period of thirty days in the preceeding financial year before the date of appointment of Mr. Ashok Barat.

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

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

Item 9:

At the 89th Annual General Meeting held on August 27, 2008, the Shareholders conferred on the Board an authority to pay a commission on net profit in terms of Section 309(4) of the Companies Act, 1956 for a period of 5 years from April 1, 2008.

The said period of 5 years has completed on March 31, 2013 and approval of the Shareholders is requested for payment of commission on net profits in terms of Section 309(4) of the Companies Act, 1956 for a further period of 5 years from April, 2013.

All the Directors of the Company, except Mr. Ashok Barat may be deemed to be interested in the resolution at Item 9 of the Notice, in so far and to the extent of the commission that may be payable to them in terms thereof.

Item No. 10:

For augmenting resources for General Corporate Purpose including meeting working capital requirements, capital expenditure, investment in subsidiaries/joint venture/group companies and refinancing of existing debts servicing requirements, the Company has issued Secured Redeemable Non-convertible Debentures of aggregate amount ₹ 100 crores.

The said Debentures together with interest, premia, costs, expenses and all other monies payable by the Company to the debenture-holders is required to be secured by creation of charge in favour of the Trustees, inter alia, on the fixed assets of the Company.

| | Details of Debentures and the Trustee for debenture-holders | Security |
|----|--|--|
| 1. | a) 11% Non-convertible Debentures of aggregate amount ₹ 60 crores and b) 5% Non-convertible Debentures of aggregate amount ₹ 40 crores with IDBI Trusteeship Services Ltd., acting as Trustees for the debenture-holders | : Registered mortgage/English mortgage without possession, over the property situated at Plot No. B-13 admeasuring 65,893 sq. mtrs., in MIDC Industrial Area, Waluj, Aurangabad. |

Section 293 (1) (a) of the Companies Act, 1956 provides that a public company, shall not, without the consent of its shareholders in General Meeting, sell lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company. Hence the resolution at Item 10 of the Notice. Consent of the Shareholders to the resolution at Item 10 is sought by means of Postal Ballot.

None of the Directors are interested in the Resolution at Item 10 of the Notice.

Item No. 11:

A subsidiary of the Company, Forbes Bumi Armada Offshore Ltd. ("FBAOL"), which is also a joint venture of the Company and Bumi Armada Berhad (being a company incorporated in Malaysia), had entered into a bare boat charter agreement on October 12, 2012 with Armada D1 Pte. Limited for chartering the floating production storage and offloading vessel ("FPSO").

Armada D1 Pte. Limited ("Borrower") has borrowed, for the purpose of part financing of the acquisition and refurbishment of the FPSO, a dollar term loan facility not exceeding a sum of USD 276,400,000 (United States Dollars Two Hundred Seventy Six Million and Four Hundred Thousand only) (the "Facility"), lent and advanced by overseas branches of Indian banks (the "Lender(s)") to the Borrower under a facility agreement dated December 17, 2012 executed between the Borrower, the Lenders and Bank of India (in its capacity as the agent of the Lenders) ("Facility Agreement").

One of the conditions for the grant of the Facility to the Borrower was that the joint venture partners of FBAOL viz. the Company and Bumi Armada Berhad provide an undertaking that the joint venture partners shall at all times maintain and hold their shareholding in FBAOL until the repayment of the Facility by the Borrower (unless otherwise permitted by the Lenders earlier) and a pledge shall be created upon occurrence of an Event of Default (as defined under the Facility Agreement) in favour of SBICAP Trustee Company Limited (in its capacity as a security trustee of the Lenders).

Accordingly, the Board of Directors of the Company on November 23, 2012 authorised the execution of (i) a non-disposal agreement by the Company with Bumi Armada Berhad, FBAOL, Bank of India (in its capacity as the agent of the lenders) and SBICAP Trustee Company Limited (in its capacity as a security trustee) in relation to the shares of FBAOL held by the Company; and (ii) the power of attorney by the Company in favour of SBICAP Trustee Company Limited (in its capacity as a security trustee) and authorised creation of a pledge over these shares in favour of SBICAP Trustee Company Limited (in its capacity as a security trustee of the Lenders) upon occurrence of an Event of Default (as defined under the Facility Agreement).

One of the conditions of the Facility Agreement require the shareholders of the Company to pass a resolution under Section 372A of the Companies Act, 1956 on or before September 30, 2013 in relation to the obligations of the Company under the non-disposal agreement and the power of attorney. Hence the resolution at Item 11 of the Notice. Consent of the Shareholders to the resolution at Item 11 is sought by means of Postal Ballot.

SCHEDULE “A”

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

These will be subject to the limits laid down under Sections 198 and 309 and Schedule XIII of the Companies Act, 1956 (as amended or re-enacted from time to time).

1. SALARY:

| Name | Period of appointment | Scale * |
|---------------------------------|--------------------------|--------------------------|
| Mr. Ashok Barat (the Appointee) | 01.04.2013 to 31.03.2018 | ₹ 2,00,000 to ₹ 4,00,000 |

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

2. PERQUISITES AND ALLOWANCES:

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

3. COMMISSION:

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

4. MINIMUM REMUNERATION:

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

5. OTHER CONDITIONS:

- (1) The Appointee shall not be paid any sitting fees for attending the meeting of the Board of Directors or Committee thereof.
- (2) For the purpose of remuneration including commission on net profit, the certificate of the Company’s Auditors as to the net profits of the Company for any financial year shall be final, conclusive and binding on the Appointee.
- (3) The Appointee shall be entitled to accumulate leave upto a period as may be approved by the Chairman. In respect of leave availed of, the Appointee shall be reimbursed actual air/rail/road transportation incurred by him, his wife and dependent children to any place in India, subject to such rules, regulations and conditions as the Board may from time to time prescribe.

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

For and on behalf of the
Board of Directors

SHAPOOR P. MISTRY
Chairman

Mumbai, July 1, 2013.

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

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

I. General Information

| | | | | | |
|-----|--|---|----------------|----------------|----------------|
| (1) | Nature of Industry | Light Engineering Goods including threading and other tools, Shipping and Logistics Services, Business Automation and Equipments and through subsidiaries/associate companies clean water, air, and hygiene products, transaction solutions systems, provide supply Floating Processing Storage Offloading Vessels (FBAOL) and other marine vessels, chartering and operating chemical tankers. | | | |
| (2) | Date or expected date of commencement of commercial production. | The Company is in commercial production since the year 1919. | | | |
| (3) | In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus. | Not Applicable. | | | |
| (4) | Financial Performance based on given indicator | (₹ in Crores) | | | |
| | | | Y.E. 31.3.2011 | Y.E. 31.3.2012 | Y.E. 31.3.2013 |
| | | Gross Income | 226.78 | 286.94 | 321.26 |
| | | PBT | 0.60 | 4.73 | 36.14 |
| | | Net Worth | 133.67 | 136.89 | 167.49 |
| | | Dividend % | 0 | 10% | 5% |
| (5) | Export Performance & net foreign exchange earning. | (₹ in Crores) | | | |
| | | | Y.E. 31.3.2011 | Y.E. 31.3.2012 | Y.E. 31.3.2013 |
| | | Foreign Exchange Earning | 32.86 | 20.99 | 18.56 |
| | | Less: Foreign Exchange Outgo | 63.42 | 42.02 | 63.41 |
| | | Net Position | (30.56) | (21.03) | (44.85) |
| (6) | Foreign Investor or Collaborators, if any. | There is no foreign direct investment in the Company. | | | |

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

| | | | |
|-----|----------------------------------|---|--------|
| (1) | Background details. | Mr. Ashok Barat aged 56 years is a Commerce Graduate (Gold Medalist) from Allahabad University and a Member of the Institute of Chartered Accountants of India and the Institute of Company Secretaries of India. | |
| (2) | Past Remuneration. | Remuneration comprises monthly salary, perquisites, contribution towards retiral benefits and commission on net profits, the details of which are – | |
| | | | Lakh ₹ |
| | | Y.E. 31.3.2011 | 93.27 |
| | | Y.E. 31.3.2012 | 110.68 |
| | | Y.E. 31.3.2013 | 118.85 |
| (3) | Recognition or Awards. | Mr. Ashok Barat is a Member of Committees of several Trade Associations. | |
| (4) | Job profile and his suitability. | Mr. Ashok Barat has worked in India and abroad with leading FMCG companies and has a rich experience in the corporate world including MNC, in different fields. He is also a Director of several other companies. | |

| | | | | |
|-----|--|---|------------------------------|---|
| (5) | Remuneration proposed. | Remuneration proposed includes – | | |
| | | (a) A monthly salary in the salary range of ₹ 2,00,000 to ₹ 4,00,000 | | |
| | | (b) Housing, Vehicle, Medical and Leave Travel and other perquisites subject to a ceiling of 125% of salary. | | |
| | | (c) Such commission as may be approved by the Board of Directors of the Company having regard to the net Profits of the Company and provisions of Section 198 and other sections of the Companies Act, 1956. | | |
| | | (d) Contribution to the Provident Fund, Superannuation Fund and Gratuity Fund, as per the Rules of the Company. | | |
| (6) | Comparative remuneration profile with respect of industry, size of Company, profile of the position and person (in case of expatriates the relevant details would be with reference to the country of his origin). | The remuneration proposed is more or less in line with the general pattern for comparable responsibility/job profile. Some illustrations: | | |
| | | Company | Position | Total Remuneration |
| | | KEC International Limited | Managing Director | For the year ended 31.3.2012 ₹ 236.13 lakhs. |
| | | Elecon Engineering Company Limited | Chairman & Managing Director | For the year ended 31.3.2012 ₹ 495 lakhs. |
| (7) | Pecuniary relationship directly or indirectly with the Company or the relationship with the Managerial Personnel, if any. | Mr. Ashok Barat does not have (i) any pecuniary relationship with or any interest in the capital of the Company or its holding company, directly or indirectly or through any other statutory structures; (ii) any direct or indirect interest; and (iii) any relationship with the Directors or Promoters or the Managerial Personnel of the Company or its holding company. | | |

III. Other Information:

1. Reasons of loss or inadequate profits
2. Steps taken or proposed to be taken for improvement
3. Expected increase in productivity and profits in measurable terms

During 2008-2009, the Company had taken up restructuring of its business portfolio with a view to lay the foundation and shape the Company into a focused company by exiting non-core business verticals and segments, curtailing the activities which were not remunerative or viable, impairment of investments in loss making ventures. Further, the Company had also made investments in new ventures with long gestation periods. Thus the Company reported substantial losses during 2008-09 and 2009-10. However, the Company had reported a nominal profit for 2010-11. The new ventures in which the Company had made investments, have also started reporting improved performance.

Thus, the benefits of the restructuring efforts have already started accruing to the Company.

IV. Disclosures:

1. The necessary disclosures required under Clause IV of paragraph 1.C. of Section II in Part II of Schedule XIII to the Companies Act, 1956 as amended by notification dated January 16, 2002 have been reported in the Board of Directors' report under the heading "Corporate Governance" attached to the Annual Report of the Company.

DIRECTORS' REPORT

To,

The Shareholders,

Your Directors submit their Report and the Audited Accounts of the Company for the year ended March 31, 2013.

1. FINANCIAL RESULTS:

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

₹ in Crores

| | For the year ended March 31, 2013 | <i>For the year ended March 31, 2012</i> |
|---|--|--|
| Revenue from Operations and Other Income | 321.26 | 286.94 |
| Less: Expenses | 309.26 | 271.62 |
| Profit after Interest and before Depreciation | 12.00 | 15.32 |
| Less: Depreciation | 13.17 | 12.12 |
| Profit/(Loss) after Depreciation and before exceptional items | (1.17) | 3.20 |
| Add: Exceptional items | 37.31 | 1.53 |
| Profit before tax | 36.14 | 4.73 |
| Less: Tax Expenses/(benefit) | | |
| -Current tax expense | 5.45 | - |
| -Excess provision for tax relating to prior years | (0.66) | - |
| Profit after tax for the year | 31.35 | 4.73 |

2. DIVIDEND:

The Company has earned net profit after tax of ₹ 31.35 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 have proposed payment of dividend out of reserves at the maximum permissible rate of 5% (*Previous year – 10%*).

3. MANAGEMENT DISCUSSION & ANALYSIS:

3.1 ENGINEERING DIVISION:

Precision tools:

This business vertical mainly caters to the Automobile Sector, which showed signs of slowdown during the year. Despite this, it has reported a satisfactory performance. To strengthen the market position, the Company continued to invest in modernizing the production facilities for better quality and synchronizing its supply chain for operational efficiency. Further, to develop, both, domestic and export markets, appointments of dealers in new territories were made and a new range of Fasteners and Drills were launched.

There were continuous efforts to improve the exports to Middle East and South East Asian markets, that enabled development of new territories like Lebanon, Sri Lanka, China, Japan and Pakistan and led to the growth in exports by 20%.

Coding Business Group:

This business vertical had taken new initiatives to provide Automation solutions for Marking, Robotics solutions for material handling and Vision systems for component inspection, for Engineering and Automobile Industries. The various solutions are provided with software support, data acquisition, pick and place, and Supervisory Control and Data Acquisitions (SCADA) for applications like Engine Chassis, Frames, Alternators and Engines etc.

The product development initiatives include low cost pin marking machines, laser marking machines.

The Company commenced in-house assembling of machines, automation systems and testing at Aurangabad that will offer comprehensive services to automobile and engineering industries for better productivity in their production lines.

Energy Solutions Group:

Execution of the projects booked in the previous year, resulted in a three-fold jump in the revenue and thus, established the potential of Energy Solutions Group (ESG) on a very firm footing. Despite the revenue growth, the profitability was affected due to delayed execution of a few projects on account of late deliveries from vendors as well as due to the appreciation of Dollar vis-à-vis Indian Rupee, resulting in substantially higher raw material cost. The growth in new order bookings was slow due to lower demand from capital goods and power sector. However, the division is hopeful to receive new orders in FY 2013-14 from the ongoing projects in Oil and Gas sector.

The new initiatives in Renewable Energy segment received momentum with the signing of a Memorandum of Understanding with Morgan Solar Inc. (MSI) of Canada. MSI is developing advanced Concentrated Photovoltaic (CPV) based solar panels and self-ballasted tracking systems. This technology would be twice as efficient as the regular PV panels and therefore, will have lower cost of generation. The product is expected to be launched in Indian market by the end of current financial year and expected to make strong impact in the Photovoltaic based grid-connected solar power segment.

3.2 LOGISTICS, CONTAINER FREIGHT STATIONS AND SHIPPING RELATED ACTIVITY:

Container Freight Stations

The performance of Company's Container Freight Stations at Mundra and Veshvi was impacted in terms of handling of, both, export and import cargoes. The continuing recession in European markets resulted in lower exports from India and the depreciating Indian Rupee reduced imports and resulted in lower cargo flows. Hence, despite marketing efforts, under tough business conditions, both, income and profitability were impacted and resulted in lower profit compared to the previous year.

The division continued to focus on cost optimization. The Division procured three reach stackers; two of which have been deployed at Mundra Container Freight Station and one at Veshvi Container Freight Station. This is expected to improve operational efficiencies, at both, the Freight Stations. The Division has also, planned development of container yards during FY 2013-14 thereby increasing the handling capacity as well as providing more flexibility towards handling of project cargo in both the Freight Stations.

Freight Forwarding

The Division continued to face challenges in freight forwarding of, both, export as well as import cargoes, due to the continuing recession in, both, European and US markets throughout the year and there was a marginal growth in gross earnings. The Division continued its focus on improving margins in the business, which resulted in improved profitability.

The Division expects to maintain a proper balance between growth and profitability by offering integrated solutions. As part of this strategy, it has commenced warehousing operations for certain multinational customers in Mumbai and plans to expand the warehousing and transportation operations, gradually, across the country.

To grow inorganically, the Division is exploring possibilities of forming joint ventures with reputed entities in the logistics space.

Stabilization of a new ERP system has resulted in better control over the operations.

3.3 OTHERS:

During the year, the Company continued to invest in its subsidiary companies with high potential for growth. It

invested ₹ 30 crores in Forbes Technosys Limited and ₹ 1 crore in Forbes Bumi Armada Offshore Limited.

3.4 FINANCE AND CORPORATE:

During the year, the Company issued Redeemable Non Convertible Debentures (NCDs) of aggregate value ₹ 100 crores on private placement basis mainly to change the borrowing pattern from short term to long term to facilitate investment in subsidiaries as well as to reduce effective interest cost.

Relentless focus on economical unit realizations, strict cost control, use of alternative borrowing instruments, efficient working capital management etc. has helped in keeping the borrowings and effective interest cost under control.

3.5 OUTLOOK FOR FUTURE AND POST BALANCE SHEET EVENTS:

The Company's businesses continue to be affected by the slowdown of the economy in general and the automobile industry in particular. Initiatives are underway to sustain the performance level. Devaluation of Rupee had impacted the profitability of the Energy Solutions business and continues to be a challenge.

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 for inspection to the shareholders of the holding company and other investors on request and are also available for inspection at the Registered Office of the Company and that of the subsidiary company concerned.

4.2 Eureka Forbes Limited (EFL)

During the year, the global economy improved slowly, but was short on expectations. Deceleration in industrial output and exports weakened India's economic growth significantly. The year proved to be a challenging year amidst global economic uncertainties and disturbances in many parts of the world.

Despite these constraints and challenging environment, EFL has performed well with a growth in revenue by 6.73% over previous year i.e. from ₹ 1234.50 crores in previous year to ₹ 1317.54 crores in current year and an increase in net profit after tax by 8.41% over previous year i.e. from ₹ 32.22 crores in previous year to ₹ 34.93 crores in current year.

Transformation truly was the mantra in Direct Sales which evolved to focus on the 'digital medium' becoming very active on the 'social media', improving word of mouth and making access to consumers easier with the 'click to call' facility both on the website as well as print advertisements. Strong focus on bringing down the 'Cost per Unit' and steps to manage the customer database better with 'Data Validation', productivity increase and movement to high value selling made Direct Sales succeed in its endeavor during this tough year. EFL also invested in developing the Partner Channel bringing in tremendous growth opportunities for the future.

In the consumer division, the Packaged Drinking Water (PDW) business was further strengthened, with 26 franchisees going live and collectively dispensing 49 million litres of AquaSure PDW water.

EFL also strengthened its international retail business in the Middle East and Africa by launching new products and expanding the width and depth of distribution. Retail business in new geographies of Sri Lanka and Mauritius were also started.

To strengthen the infrastructure and product availability, the IT and the supply chain process were streamlined leading to optimization of the resources and improving operating efficiencies.

Towards its brand building exercise, EFL took a number of new initiatives right from new communication, product development and working on its digital presence to build stronger bonds with customers. EFL also has worked on improving its award winning service to customers.

EFL received various awards and recognition, as in previous years, in the current year also some of which are –

- Golden Peacock Award for Corporate Social Responsibility – 2013
- Golden Peacock Eco-Innovation Award for Aquaguard Green RO
- Euroclean elevated as Reader's Digest Trusted Brand - Platinum category (Household Products - Vacuum Cleaner) for the first (1st) time - elevated from Gold category
- Aquaguard chosen as Reader's Digest Trusted Brand - Platinum category (Household Products - Water Purifier) for the seventh (7th) time
- Once more featured in DSN Global 100: The Top Direct Sales Companies in the World - Rank: 40
- Recognised as Asian MAKE Winner for the fourth (4th) time and also entered the 2012 MAKE Hall of Fame by being one of just 10 organisations that were Asian MAKE Finalists in each of the past five annual studies
- Bombay Chamber of Commerce & Industry conferred Good Corporate Citizen Award in the Large Corporate category
- Picked as Best Franchisor in Customer Service by Franchisee India magazine once more
- Aquaguard saluted as winner in the Most Popular Safe Water Equipment category of the Child Best Awards (inaugural edition) from Child India magazine
- EuroAble selected for NCPEDP-Shell Helen Keller Award in Category C: Role Model Organisations for its work promoting employment opportunities for people with disabilities - award was given on the eve of the World Disability Day, December 2, 2012
- Bagged the S. P. Jain Institute of Management and

Research (SPJIMR) Marketing Impact Awards 2013 at the Bharti Vidya Bhavan's SPJIMR Academic Conclave for community fulfillment initiatives

- Picked up 2012 Indian MAKE Award for the 7th time
- Harvard Case Study became a graphic Photonovel with the Eurochamp as its hero
- Prestigious (6th time) UNESCO-Water Digest Awards in the following categories:
 - Best Complete Domestic Water Solutions Provider
 - Best Domestic UV Water Purifier (Aquaguard Enhance UV)
 - Best Domestic RO Water Purifier (Aquaguard Enhance Green RO)
- Distinguished Water R&D and Technological Breakthrough (Aquaguard Geneus)
- Your Directors are confident that, barring unforeseen circumstances, in the ensuing year EFL shall maintain the growth momentum.

4.3 Forbes Technosys Limited (FTL)

During the last one year FTL has made great strides in multiple dimensions:

- There has been a sharp increase (83%) in FTL's turnover to ₹ 166.84 crores (*previous year ₹ 91.19 crores*). Growth was witnessed across business verticals and product range, specifically Kiosks and Recharge Business.
- Against a loss of ₹ 8.83 crores in the previous year, FTL has reported profit after taxation of ₹ 0.26 crores.
- Customer confidence in FTL's solutions has grown significantly and, during the year, FTL has witnessed strong order booking -and successful execution thereof- from Punjab National Bank, State Bank of India and associate banks, TATA Motor Finance, United Bank of India, Central Bank of India, Andhra Bank, Central Railways, Maharashtra Tourism, TATA Starbucks, etc.
- During the year, FTL has established leadership in e-lobbies, Cash Deposit Kiosks, Passbook Printing Kiosks, Ticket Vending Kiosks and Information Kiosks and also made a successful entry into Enterprise mobility, Q Management, Currency Sorters and Coin Vending Machines. FTL has also received orders from Tanzania and Nepal.
- FTL continues to receive National and International recognitions in the form of several awards including iCMG Global Excellence Award for Cloud Technologies, e-world Award for Use of ICT in PSUs, Stars of the Industry Awards for Manufacturing Excellence, e-India Awards for Judicial Franking in Bihar, nomination in Top 30 Rural Innovations for NABARD (National Bank for Agricultural & Rural Development) Award and the AIMA (All India Management Association) Award for Breakthrough Innovations.

- AIMA has published the case study of FTL's "Cloud based e-distribution for e-services" in a book titled "Breakthrough Innovations"--Innovative Practices across India. The Megabanker and the Nanobanker, two of the products targeted at the Banking Industry, received the prestigious India Design Mark.
- FTL's new manufacturing facility for manufacture of Kiosks and ATMs was set up in Kalher, Thane and production of kiosks and ATMs increased by 300% over the previous year. Further expansion of the facility is in progress to cater to the increasing demand.
- To create a platform for long - term profitable growth, FTL continues to follow a five point strategy which consists of the following:
 - Create and target profitable business opportunities
 - Cutting the bleed in non-productive areas/activities
 - Enhancing and improving Customer experience
 - Proactive Cash Flow Management
 - Implement Sustainable and environment friendly processes

4.4 Forbes Container Line Pte. Limited (FCL)

During the year, the gross revenues of FCL have improved by 13% from S \$16 mn. to S \$ 18 mn. despite the subdued global shipping market.

The year 2012-13 was relatively a bad year for global shipping which has affected FCL's performance also. During the year, many shipping lines deployed their newly -built Very Large Container Carriers (VLCC) with capacities of 14000 TEUs to 18000 TEUs. This resulted in excess capacity and had a big impact on the global sea freight market due to unhealthy competition among the mainline operators. Since most of these vessels were deployed in the Asia - Europe and Asia - USA trade, the freight rates to short sea routes in Asia where FCL is active has suffered very heavily, especially on the China-South-East Asia to India routes and India to Gulf routes. The freight rates in India - Dubai sector have fallen from a peak of US \$ 300/TEU to US \$ 40/TEU and have not improved during the major part of the year. Due to these factors, profitability of FCL did not increase commensurately with the increase in gross revenue.

FCL has plans to increase volumes by on-hiring and buying new containers during FY 2013-14. FCL also plans to enter the specialised market segment of refrigerated cargo and improve the freight forwarding activity by opening a new office in Dubai.

FCL has set up a company in Dubai in the name 'Forbes Shipping and Services LLC' which will operate as an independent shipping agency and logistics provider in the UAE. It will also have freight forwarding as one of its core activities. The operations are expected to commence from shortly. This will provide FCL an opportunity to improve its freight forwarding activity from Singapore and China and enter into the African market also which is a developing market.

4.5 SCI Forbes Limited (SCIF):

During the year under review, all the four ships of SCIF were employed in the MARIDA Pool, where 21 ships of similar size form the pool. Most of the MARIDA Pool ships trade in the West and only 5 ships are deployed in the East. The Pool's performance reflected slowdown of the markets in chemical trading, during the year. European Union (EU) region and Trans Atlantic business suffered due to slowdown in trade and EU region woes.

During the year, MT. ASAVARI had to be laid up for repairs for an extended period to recoat the cargo tanks since the damage to the coating caused an expensive cargo contamination claim. The vessel suffered loss of earnings due to a prolonged delay in repairs and thus the overall earnings for the year came down.

The Chemical markets showed signs of improvement in the second half of the year, but the markets in Europe and America have dampened the overall earnings. The Clean Petroleum Product market was buoyant at the beginning of year 2013, which supported chemical rates for a brief period of 2 months.

SCIF had a default in fulfilling some loan covenants that caused the lenders to declare an "Event of Default". The Shareholders of SCIF are working with the lenders to arrive at an acceptable resolution.

In the coming year the Chemical markets are expected to be marginally better, compared to FY 2012-13.

4.6 Forbes Bumi Armada Offshore Limited (FBOL)

As advised in the previous year, FBOL was awarded by ONGC a 7-year contract for providing a Floating Production Supply and Offloading vessel (FPSO) on Charter Hire including its Operation & Maintenance. The Company has mobilised and deployed the FPSO "Armada Sterling" along with crew in D1 field of ONGC. The FPSO had reached the location on January 27, 2013. After completion of subsea installation and pre-startup activities, safe startup of FPSO was accomplished and received first quantity of oil from the wells on April 7, 2013.

As per the conditions of the contract with ONGC, the test run was completed and final acceptance received from ONGC with effect from April 22, 2013. The oil is produced and stored in the crude storage tanks on FPSO. First batch of the crude was offloaded to the ONGC designated buyer on May 14, 2013.

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 matter came up for hearing and arguments on behalf of the

Appellants, the recognized and representative union, have been completed. The arguments of aggrieved parties are pending. The appeal is yet to be disposed off.

Your Company, being a secured creditor, with adjudicated dues by the Official Liquidator, expects to receive the dues along with nominal interest thereon, when the matter is ultimately disposed off.

5. DIRECTORS:

- i) Mr. D. B. Engineer and Mr. R. N. Jha, who retire by rotation, are not seeking re-appointment in view of their other professional commitments. The Board of Directors has decided to accept their requests with deep regret.

Mr. Engineer was invited, during 1975, to join the Board of Directors of the erstwhile, Forbes Forbes Campbell & Co. Ltd., which position he continued to hold until 1992, when Forbes Forbes Campbell & Co. Ltd., amalgamated with the Company. In 1992, Mr. Engineer was invited to join the newly constituted Board of Directors of the amalgamated Company and has been a Director of the Company, since then. Mr. Engineer has been a member of the Audit Committee since 2001 and its Chairman since 2010.

Mr. Jha was invited, during 1998, to join the Board of Directors of the Company at the instance of Life Insurance Corporation of India (LIC), as one of the major shareholders of the Company, which position he continued to hold until 2004, when LIC decided to withdraw its representation on the Board of Directors of the Company. However, Mr. Jha was invited to join the Board of Directors of the Company, immediately thereafter, as an Independent Director and has been a Director of the Company, since then. Mr. Jha has been a member of the Audit Committee since 2003, Remuneration Committee since 2002 and Shareholders' Committee since 2010.

The Board of Directors places on record their sincere appreciation for the valuable services rendered by, both, Mr. D. B. Engineer and Mr. R. N. Jha to the Board and to the Company during their tenure as Directors of the Company.

- ii) Mr. T. R. Doongaji is due to retire by rotation and the Board of Directors commends his re-appointment as Director of the Company.

6. 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.

7. CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS:

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' forms part of this report.

8. 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 -

- that in the preparation of the annual accounts, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- 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;
- 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;
- that they have prepared the annual accounts on a going concern basis.

9. 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 June 30, 2011 and January 24, 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 cost audit report was filed with the Central

Government on December 12, 2012 The Central Government has approved appointment of Kishore Bhatia & Associates, Cost Accountants, as Cost Auditors for the financial year 2012-2013.

10. 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.

11. 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.

12. HUMAN RESOURCES DEVELOPMENT AND INDUSTRIAL RELATIONS:

In continuation with the earlier Organisational Development initiative a "Development Centre" for top leaders, and the next level of management was undertaken to build second level leadership pipeline and develop middle level leaders. This will also be used for planning succession and drawing career path for potential performers.

A major initiative was undertaken to recruit professionals with domain knowledge in a time bound plan so as to strengthen businesses to deliver performance as per stipulated business plans.

Industrial Relations

The relations with various Unions continued to be cordial which helped in encouraging and boosting the productivity. Long-term agreements with the Chandivali Labour Union and

Head office union were signed in a healthy atmosphere. There was no loss of man hours and production due to industrial unrest.

13. 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.

14. 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, July 1, 2013.

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. Roof sheets changed to Natural light to have power saving.
2. ESCO Project for Centralised Air Conditioning Plant implemented
3. Natural draft air circulation fans fitted to increase air changes and day light in Waluj & Chandivali factory & Energy efficient lighting systems
4. Servo drives for milling & relieving machines
5. Modification in filtration system for lower power consumption for Chandivali Factory.

(b) Additional investments proposals:

1. Explore application of efficient lighting.
2. Improvement in efficiency of Central Air Conditioning Unitsg

(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. ₹ 8,55,000 p.a. due to the measure taken at (a)(2) above.
3. Saving of approx. ₹ 8,40,000 p.a. due to the measure taken at (a)(3) above.
4. Saving of approx. ₹ 1,00,000 p.a. due to the measure taken at (a)(4) above.
5. Saving of approx. ₹ 4,80,000 p.a. due to the measure taken at (a)(5) 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 | 1,804.57 |
| 2. Commission and other Services | 22.87 |
| 3. Freight and Insurance recoveries | 28.31 |
| Total | 1,855.75 |

(b) Foreign exchange outgo:

| | |
|--|-----------------|
| 1 Imports calculated on CIF basis – Raw material | 826.25 |
| 2 Imports calculated on CIF basis – Components | 3,485.69 |
| 3 Imports calculated on CIF basis – stores, spares and tools | 128.19 |
| 4 Imports calculated on CIF basis – purchase for re-sale | 571.23 |
| 5 Imports calculated on CIF basis – Capital Goods | 946.04 |
| 6 Commission to overseas agents | 29.42 |
| 7 Foreign travel | 25.36 |
| 8 Royalty | 19.42 |
| 9 Others | 309.55 |
| Total | 6,341.15 |

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 | <ul style="list-style-type: none"> a) Development of Application specific tool geometries for Deep hole drilling in Crank Shaft application b) HSS Taps for Aluminum application c) Special Dies developed for Japan market d) High Tensile Fasteners e) Special Marking test rigs for auto components |
| 2. Benefits derived as a result of the above R & D: | <ul style="list-style-type: none"> a) New products developed by R&D have been commercialized |
| 3. Future course of action: | <ul style="list-style-type: none"> a) Build our own laser assembly line 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 | <ul style="list-style-type: none"> a) New Grinding technology to remove internal stresses through improved grinding wheels . b) Special Edge Honning technology for enhanced tool performance.. c) Laser machine assembly in marking solutions business. |
| 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. | } |
| | Nil and Not Applicable |

Annexure forming part of Directors' Report for the year ended 31st March, 2013
Note: Position indicated is as at the end of the year i.e. 31st March, 2013, 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, 2013 See Annexure AA |
| i) Promoter Director | 1 |
| ii) Managing/Executive Directors | 1 |
| iii) Non-Executive Directors | 9 (including 1 included in (i) above) |
| iv) Independent Non-Executive Directors | 5 (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 half of the Board 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 Board of Directors or Board Committee in which each director is a member or Chairperson. | See Annexure AB |
| d. Number of Board Meetings held and dates of the Board Meeting | 6 Board Meetings were held on the following dates – 29.05.2012 21.08.2012 23.11.2012 25.07.2012 05.11.2012 30.01.2013 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 |
| Code of Ethics for Board of Directors and Senior Management : | |
| 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 31 st March, 2013. The Annual Report contains a declaration to this effect signed by the Managing Director. | |
| CEO/CFO Certification : | |
| As required by the revised Clause 49 (V) of the Listing Agreement, the Certificate from Mr. Ashok Barat, Managing Director and Mr. Amit Mittal, Director (Finance) was placed before the Board of Directors at their meeting held on 28 th May, 2013. | |

| 3. Audit Committee (AC): | | | |
|---|---|---|-------------------------------------|
| 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 AC Meetings held during his tenure | No. of AC Meetings attended by him. |
| | * Mr. D. B. Engineer (Chairman) | 4 | 2 |
| | * Mr. R. N. Jha | 4 | 4 |
| | ** Mr. Ashok Barat | 4 | 4 |
| | * Mr. T. R. Doongaji | 4 | 4 |
| | * 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 | 4 Audit Committee meetings were held on the following dates - 29.05.2012 05.11.2012 25.07.2012 30.01.2013 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. Shapoor P. Mistry (Chairman) | 1 | - |
| | Mr. R. N. Jha | 1 | 1 |
| | Mr. N. D. Khurody * Ceased to be a member w. e. f. 21.8.2012 | 1 | - |
| | Mr. T. R. Doongaji | 1 | 1 |
| | Mr. Kaiwan D. Kalyaniwalla **Appointed a member w.e.f. 25.5.2013 | - | - |
| 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 | 1,06,06,196 | | | |
| (b) Benefits and Perquisites | 4,84,776 | | | |
| (c) Bonus/Commission | - | | | |
| (d) Pension-Contribution to PF & Superannuation Fund | 7,93,800 | | | |
| Total | 1,18,84,772 | | | |
| 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 Re-appointed for a period of 5 years with effect from 1.4.2013, subject to the approval of the shareholders 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. Shapoor P. Mistry | Nil | 40,000 | Nil | 40,000 |
| Mr. D. B. Engineer | 385 | 60,000 | Nil | 60,000 |
| Mr. N. D. Khurody (Ceased to be a Director of the Company w. e. f. 21.08.2012) | Nil | Nil | Nil | Nil |
| Mr. R. N. Jha | Nil | 1,10,000 | Nil | 1,10,000 |
| Mr. S. L. Goklaney | Nil | 50,000 | Nil | 50,000 |
| Mr. T. R. Doongaji | Nil | 1,00,000 | Nil | 1,00,000 |
| Mr. Kaiwan D. Kalyaniwalla | Nil | 50,000 | Nil | 50,000 |
| Mr. D. Sivanandhan | Nil | 50,000 | Nil | 50,000 |
| Mr. Jimmy J. Parakh | Nil | 20,000 | Nil | 20,000 |
| Mr. Jai L. Mavani | Nil | 60,000 | Nil | 60,000 |
| The remuneration by way of commission to the Non-wholetime Directors is decided by the Remuneration Committee of 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 the payment of remuneration by way of commission to the Non-wholetime Directors of the Company, of a sum not exceeding 1% p.a. of the net profits of the Company, calculated in accordance with the provisions of the Act, for a period of 5 years commencing 1.4.2008. | | | | |

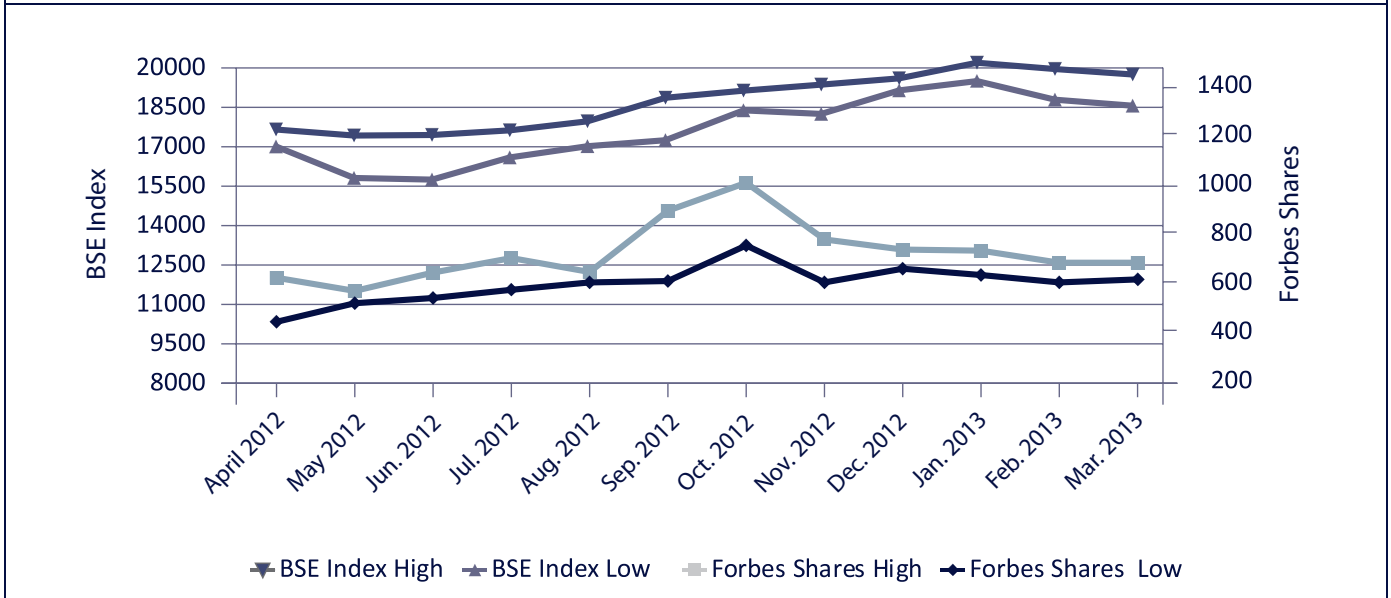
| 5. Shareholders Committee: | | | |
|---|---|---|---|
| i) Name of non-executive Director heading the committee | Mr. Kaiwan D. Kalyaniwalla (Chairman) | | |
| ii) Name and designation of Compliance Officer | Mr. A. T. Shah, Company Secretary | | |
| iii) No. of Shareholders complaints received. & iv) No. of complaints not solved to the satisfaction of the Shareholders. | | Total | Of which Court Cases |
| | Pending as on 1.4.2012 * | 12 | 12 |
| | Add: Received | 2 | - |
| | | 14 | 12 |
| | Less: Solved to the satisfaction of the Shareholders | 2 | - |
| | Balance as on 31.3.2013 | 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, 2013. | | |
| v) No. of pending share transfers | No Transfers are pending as on 31 st March, 2013 | | |
| 6. General Body Meetings: | | | |
| i) Location and time where last three AGMs were held | 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 | AGM 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) Details of Special Resolutions passed in the previous 3 AGMs | <p>(1) AGM – 22nd September, 2010: No Special Resolution was passed at this Annual General Meeting.</p> <p>(2) AGM - 24th August, 2011: Payment of remuneration to Mr. Ashok Barat as per the Agreement dated 3rd 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 1st April, 2011 to 31st March, 2014 or during the tenure of Mr. Ashok Barat, as the Managing Director, whichever period is less.</p> <p>(3) AGM – 21st August, 2012: No Special Resolution was passed at this Annual General Meeting.</p> | | |
| 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 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 iv) 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 Friday, the 2 nd August, 2013 at 4.00 p.m. at Indian Merchants' Chambers, Walchand Hirachand Hall, IMC Building, 4 th Floor, IMC Marg, Churchgate, Mumbai 400020. |
| 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, 2013. |
| iii) Book Closure Date | The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, the 26 th July, 2013 to Friday, the 2 nd August, 2013. |
| iv) Dividend Payment date | The dividend, when declared, will be paid within 30 days of the date of the Annual General Meeting to those shareholders, whose names appear on the Registrar of Members on 2 nd August, 2013. 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, 2012 | 618.30 | 440.10 | 99,698 | 17,664.10 | 17,010.16 | 6,887.06 | 6,585.99 |
| May, 2012 | 565.00 | 515.00 | 1,50,823 | 17,432.33 | 15,809.71 | 6,741.87 | 6,129.37 |
| June, 2012 | 640.00 | 537.00 | 1,25,556 | 17,448.48 | 15,748.98 | 6,686.19 | 6,088.62 |
| July, 2012 | 699.00 | 570.25 | 37,323 | 17,631.19 | 16,598.48 | 6,797.05 | 6,407.78 |
| August, 2012 | 642.00 | 600.00 | 57,233 | 17,972.54 | 17,026.97 | 6,848.80 | 6,560.62 |
| September, 2012 | 891.00 | 605.00 | 96,380 | 18,869.94 | 17,250.80 | 7,243.40 | 6,582.88 |
| October, 2012 | 1,005.00 | 750.15 | 1,06,275 | 19,137.29 | 18,393.42 | 7,364.54 | 7,070.76 |
| November, 2012 | 774.90 | 600.00 | 34,671 | 19,372.70 | 18,255.69 | 7,478.35 | 7,057.34 |
| December, 2012 | 733.05 | 655.00 | 54,325 | 19,612.18 | 19,149.03 | 7,627.07 | 7,460.59 |
| January, 2013 | 729.00 | 630.00 | 28,990 | 20,203.66 | 19,508.93 | 7,792.70 | 7,600.10 |
| February, 2013 | 680.00 | 600.10 | 49,947 | 19,966.69 | 18,793.97 | 7,697.72 | 7,138.74 |
| March, 2013 | 680.00 | 612.05 | 2,96,156 | 19,754.66 | 18,568.43 | 7,478.62 | 6,976.75 |

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



| | |
|--|--|
| ix) Registrars and Share Transfer & Agents and x) Share Transfer System | <p>Shares of the Company held in physical form can be transferred by lodging Transfer Deeds and Share Certificates with Registrars and Share Transfer Agents, TSR Darashaw Pvt. 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 15 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> |
|--|--|

| | | | | |
|--|--|----------------------------|---------------------------|------------------------|
| xi) a. Distribution of Shareholding | - Distribution by category as on 31.3.2013 | | | |
| | Category | No. of shares | % | |
| | Promoters | 94,61,691 | 73.35 | |
| | Central/State Government Institutions | 1,10,343 | 0.86 | |
| | Nationalised Banks | 19,082 | 0.15 | |
| | Nationalised Insurance Companies & Mutual Fund | 923 | 0.01 | |
| | FII & NRI/FBC | 13,47,225 | 10.44 | |
| | Public | 19,59,352 | 15.19 | |
| | Total | 1,28,98,616 | 100.00 | |
| | - Distribution by size as on 31.3.2013 | | | |
| | Holding | No. of Shareholders | No. of shares | % Shareholders |
| | 1 to 25 | 3,026 | 36,201 | 28.12 |
| | 26 to 50 | 2,850 | 1,17,772 | 26.49 |
| | 51 to 100 | 2,862 | 2,10,524 | 26.59 |
| 101 to 500 | 1,533 | 3,64,101 | 14.25 | |
| 501 to 1000 | 276 | 2,05,265 | 2.57 | |
| 1001 to 5000 | 173 | 3,46,151 | 1.61 | |
| 5001 to 10000 | 18 | 1,22,851 | 0.17 | |
| 10001 & above | 22 | 1,14,95,751 | 0.20 | |
| Total | 10,760 | 1,28,98,616 | 100.00 | |
| xi) b. Dematerialisation of shares & liquidity | Status of dematerialization of shares and liquidity as on 31.3.2013 | | | |
| | Details | No. of shares | % of Share Capital | No. of Accounts |
| | National Securities Depository Ltd. | 1,18,44,649 | 91.83 | 4,194 |
| | Central Depository Services (India) Ltd. | 4,46,929 | 3.46 | 1,236 |
| | Total dematerialized | 1,22,91,578 | 95.29 | 5,430 |
| | Physical | 6,07,038 | 4.71 | 5,330 |
| | Total | 1,28,98,616 | 100.00 | 10,760 |
| xii) Outstanding GDR / ADR / Warrants or any Convertible instruments, Conversion date and likely impact on equity. | The Company has not issued any of these instruments so far. | | | |
| xiii) (a) Plant locations : | i) A7, MIDC Area, Chikalthana, Aurangabad – 431 210, Maharashtra | | | |
| | ii) Plot B-13, Waluj Industrial Area, Waluj Aurangabad – 431 133, Maharashtra | | | |
| (b) Container Freight Stations: | iii) Chandivali Estate, Saki Powai Road, Mumbai – 400 072, Maharashtra | | | |
| | iv) Plot No.C-17/18, Road No.16, Wagle Industrial Estate, Thane – 400 604, Maharashtra | | | |
| | Veshvi, Post – Dighode, Taluka – Uran, Dist. Raigad – 410 206, Maharashtra | | | |
| | Bharat CFS Zone 1, Old Port Road, MP and SEZ, Mundra - 370 421, Gujarat | | | |

Annexure forming part of Corporate Governance Report for the year ended 31st March, 2013.

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. Shapoor P. Mistry | Non-Executive Promoter | 6 | 4 | Yes |
| 2. Mr. Ashok Barat | Executive | 6 | 6 | Yes |
| 3. Mr. D. B. Engineer | Non-Executive Independent | 6 | 4 | Yes |
| 4. Mr. N. D. Khurody* <i>(Ceased to be a Director of the Company w.e.f. 21.08.2012)</i> | Non-Executive Independent | 3* | 0 | No |
| 5. Mr. R. N. Jha | Non-Executive Independent | 6 | 6 | Yes |
| 6. Mr. S. L. Goklaney | Non-Executive Non-Independent | 6 | 5 | No |
| 7. Mr. T. R. Doongaji | Non-Executive Independent | 6 | 5 | Yes |
| 8. Mr. Kaiwan D. Kalyaniwalla | Non-Executive Independent | 6 | 5 | Yes |
| 9. Mr. D. Sivanandhan | Non-Executive Independent | 6 | 5 | Yes |
| 10. Mr. Jimmy J. Parakh | Non-Executive Non-Independent | 6 | 2 | Yes |
| 11. Mr. Jai L. Mavani | Non-Executive Non-Independent | 6 | 6 | Yes |

Annexure forming part of Corporate Governance Report for the year ended 31st March, 2013.**ANNEXURE 'AB'**

Members of the other Boards of Directors or Board Committees in which the Director being a Director as at 31st March, 2013 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. Shapoor P. Mistry | 10 | Nil | Nil |
| Mr. Ashok Barat | 8 | Nil | 4 |
| Mr. D. B. Engineer | 7 | 2 | 3 |
| Mr. R. N. Jha | 3 | 2 | 1 |
| Mr. S. L. Goklaney | 3 | Nil | 1 |
| Mr. T. R. Doongaji | 1 | Nil | Nil |
| Mr. Kaiwan D. Kalyaniwalla | 4 | 1 | 2 |
| Mr. D. Sivanandhan | 4 | Nil | Nil |
| Mr. Jimmy J. Parakh | 5 | Nil | 2 |
| Mr. Jai L. Mavani | 3 | Nil | Nil |

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

Annexure forming part of Corporate Governance Report for the year ended 31st March, 2013.

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. Ashok Barat | Mr. T. R. Doongaji |
| Date of Birth | 5 th December, 1956 | 4 th November, 1943 |
| Date of first Appointment | 1 st April, 2008 | 28 th August, 2008 |
| Qualification | F.C.A., A.C.S. | M.A. in Political Science |
| Relationships between directors inter-se | Not related to any Director of the Company. | Not related to any Director of the Company. |
| Expertise in specific functional areas | Mr. Ashok Barat has worked in India and abroad with leading FMCG companies and has a rich experience in the corporate world including MNC, in different fields. He is a Member of Committees of several Trade Association. He is also a Director of several other companies. | Mr. T. R. Doongaji has wide and varied experience in formulation and implementation of business plans, business investment strategy and turning around companies. He is the Founder and Principal Consultant of the consulting firm 'Credibility Consulting' which provides consultancy to companies and institutions in Business Excellence, HR, Finance, Strategy etc. |
| List of Companies in which Directorship held as on 31 st March, 2013 | <u>PUBLIC COMPANIES</u> 1. Forbes & Company Ltd. 2. Forbes Technosys Ltd. 3. Forbes Campbell Finance Ltd. 4. Nypro Forbes Products Ltd. 5. Forbes Bumi Armada Ltd. 6. Forbes Bumi Armada Offshore Ltd. 7. Gokak Textiles Ltd. 8. SCI Forbes Ltd. 9. Simar Port Ltd. | <u>PUBLIC COMPANIES</u> 1. The Associated Building Co. Ltd. 2. Forbes & Company Ltd. |
| Member of the Board Committees | <u>Audit Committee</u> 1. Forbes & Company Ltd. 2. Gokak Textiles Ltd. 3. Forbes Technosys Ltd. 4. Simar Port Ltd. <u>Share Transfer and Shareholders Grievance Committee</u> 1. Forbes & Company Ltd. 2. Gokak Textiles Ltd. | <u>Audit Committee</u> 1. Forbes & Company Ltd. <u>Remuneration Committee</u> 1. Forbes & Company Ltd. |
| No. of shares held | 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, 2013 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 Registrar.

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

Mumbai, 1st July, 2013.

SUMMARISED BALANCE SHEET

(₹ in Lakhs)

| Year/ Period | Subscribed Capital | Reserve and Surplus | Bank Borrowings Acceptance and Loans | Other Liabilities and Provisions | Total | Gross Block | Less: Total Depreciation | Net Block | Investments | Current Assest | Loans and Advances | Cash and Bank Balances | Miscellaneous Expenditure to the extent not written off |
|-----------------|--------------------|---------------------|--------------------------------------|----------------------------------|----------|-------------|--------------------------|-----------|-------------|----------------|--------------------|------------------------|---|
| 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 | - |
| 2012-2013 | 1289.86 | 15459.31 | 16092.58 | 12191.19 | 45032.94 | 22611.12 | 10868.44 | 11742.68 | 15486.59 | 11041.57 | 5567.24 | 1194.86 | - |

\$\$ 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 ₹ 82.64 lakhs

SUMMARISED PROFIT AND LOSS ACCOUNT

(₹ in Lakhs)

| Year/ Period | Raw Mate- rial Stores, Fuel and Power etc. after adjust- ment 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 (₹) |
|-----------------|---|---|-------------------|----------|--------------|----------------------|----------|-------------------------------------|------------------------------|--|---------------------------|--------------------------|----------------------------|
| 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 | 7251.98 | 4049.79 | 14561.64 | *1299.79 | 1211.50 | **(152.98) | - | 472.71 | 28694.43 | 128.99 | 1.00 | 3.66 | 106.14 |
| 2012-2013 | 10785.42 | 4523.99 | 14087.11 | *1529.81 | 1317.54 | **(3731.47) | 479.28 | 3134.77 | 32126.45 | 64.49 | 0.50 | 24.30 | 129.85 |

\$\$ 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, 2013**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FORBES & COMPANY LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **FORBES & COMPANY LIMITED** ("the Company") which comprise the Balance Sheet as at 31st March, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and 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, 2013;
- (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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. We draw attention to Note 49 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.
3. As required under provisions of Section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) 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.
 - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.

- (e) On the basis of the written representations received from the directors as on 31st March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

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

Rajesh K Hiranandani
Partner
(Membership No.36920)

MUMBAI, 28th May, 2013

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT**(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

- i. Having regard to the nature of the Company's business / activities / results during the year, clauses (xii), (xiii), (xiv), (xv), (xviii) and (xx) of paragraph 4 of the Order 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) Some of the fixed assets were physically verified during the year by the Management in accordance with a programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us no material discrepancies were noticed on such verification.
- (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 and according to the information and explanations given to us, the Company has generally maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- 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 reimbursement of expenses where the question of comparison with prevalent market prices at the relevant time does not arise.
- 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, Customs Duty, Excise Duty and other material statutory dues applicable to it with the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Customs Duty, Excise Duty and other material statutory dues in arrears as at 31st March, 2013 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 | 0.38 | Prior to 31 st December 2009 |

(c) Details of statutory dues that have not been deposited as at 31st March, 2013 on account of disputes which relate to Income Tax, Sales Tax, Wealth Tax, Excise Duty and Service tax 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, 2004-05 to 2006-07 | 562.88 |
| | | Commissioner of Income-Tax (Appeals) | Assessment Years :- 1991-92, 1992-93, 1998-99, 2001-02, 2007-08, 2008-09 | 505.51 |
| 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 |
| | | Joint Commissioner of Appeal Sales Tax, Delhi | 2008-09 to 2010-11 | 4.85 |
| | | Joint Commissioner of Appeal Sales Tax, Ahmedabad | 2008-09 | 1.52 |
| | | Joint Commissioner of Appeal Sales Tax, Kolkata | 2009-10 | 12.72 |
| | | Joint Commissioner of Appeal Sales Tax, Bangalore | 2005-06 | 2.82 |
| | | 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 | 0.44 |
| | | Sales Tax Appellate Tribunal, Mumbai | 1994-95, 1998-99, 2001-02 to 2002-03 | 42.20 |
| | | 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 |
| | | Custom Excise & Service Tax Appellate Tribunal, Chennai | 1995-96 | 9.38 |
| | | Custom Excise & Service Tax Appellate Tribunal, Mumbai | 1999-00 | 1.63 |
| | | Assistant Commissioner of Central Excise | 2000 to 2004 | 4.86 |
| | | Commissioner of Central Excise, Chennai | December 2003 to December 2004 and November 2006 to February 2007 | 21.53 |
| | | Commissioner of Central Excise, Mumbai-II | 2010-2011 | 6.25 |
| The Finance Act, 1944 | Service Tax | Commissioner of Service Tax – I, Mumbai | 2007-08 to 2011- 12 | 252.10 |
| | | Commissioner of Central excise, Aurangabad | October 2009 to September 2011 | 2.11 |
| Karnataka Tax on Entry of Goods, 1979 | Entry Tax | Karnataka Appellate Tribunal | 2001-02 to 2008-09 | 76.90 |

The aforesaid dues exclude property tax of ₹ 551.60 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.

- x. 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 and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- xi. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institutions, banks and debenture holders.
- xii. 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.
- xiii. 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 have, *prima facie*, not been used during the year for long-term investment.
- xiv. According to the information and explanations given to us, during the period covered by our audit report, the Company had issued 60 debentures of ₹ 100 Lakhs each and 400 debentures of ₹ 10 Lakhs each. The Company has created security in respect of the debentures issued.
- xv. 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
(Firm Registration No. 117366W)

Rajesh K Hiranandani
Partner
(Membership No. 36920)

MUMBAI, 28th May, 2013

BALANCE SHEET AS AT 31ST MARCH, 2013

| Particulars | Note No. | ₹ in Lakhs | As at 31st March, 2013 ₹ in Lakhs | As at 31st March, 2012 ₹ in Lakhs |
|--|----------|------------|--------------------------------------|--------------------------------------|
| I EQUITY AND LIABILITIES | | | | |
| 1 Shareholders' funds | | | | |
| a Share capital | 3 | 1,289.86 | | 1,289.86 |
| b Reserves and surplus | 4 | 15,459.31 | | 12,399.99 |
| | | | 16,749.17 | 13,689.85 |
| 2 Non-current liabilities | | | | |
| a Long-term borrowings | 5 | 10,776.63 | | 8,534.27 |
| b Other Long-term liabilities | 6 | 455.36 | | 3,760.24 |
| c Long-term provisions | 7 | 573.50 | | 517.12 |
| | | | 11,805.49 | 12,811.63 |
| 3 Current liabilities | | | | |
| a Short-term borrowings | 8 | 2,000.38 | | 3,760.38 |
| b Trade payables | 9 | 4,004.13 | | 3,368.71 |
| c Other current liabilities | 10 | 8,837.38 | | 3,880.34 |
| d Short-term provisions | 11 | 1,636.39 | | 1,334.93 |
| | | | 16,478.28 | 12,344.36 |
| TOTAL | | | 45,032.94 | 38,845.84 |
| II ASSETS | | | | |
| 1 Non-current assets | | | | |
| a Fixed assets | | | | |
| (i) Tangible assets | 12A | 11,269.14 | | 10,747.04 |
| (ii) Intangible assets | 12B | 339.24 | | 432.25 |
| (iii) Capital work-in-progress | | 98.73 | | 540.97 |
| (iv) Intangible assets under development | | 35.57 | | 33.16 |
| | | | 11,742.68 | 11,753.42 |
| b Non-current investments | 13 | 15,440.12 | | 14,639.84 |
| c Long-term loans and advances | 14 | 3,070.84 | | 2,882.07 |
| | | | 30,253.64 | 29,275.33 |
| 2 Current assets | | | | |
| a Current investments | 15 | 46.47 | | - |
| b Inventories | 16 | 3,392.88 | | 1,853.25 |
| c Trade receivables | 17 | 7,365.74 | | 3,808.28 |
| d Cash and cash equivalents | 18 | 1,194.86 | | 1,149.06 |
| e Short-term loans and advances | 19 | 2,496.40 | | 2,660.18 |
| f Other current assets | 20 | 282.95 | | 99.74 |
| | | | 14,779.30 | 9,570.51 |
| TOTAL | | | 45,032.94 | 38,845.84 |

See accompanying notes forming part of the financial statements 1 to 51

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, 28th May, 2013

AMIT MITTAL
Director (Finance)

A.T. SHAH
Company Secretary

D.B. ENGINEER
R.N. JHA
S.L. GOKLANEY
T.R. DOONGAJI
KAIWAN KALYANIWALLA
D. SIVANANDHAN
JIMMY J. PARAKH
JAI L. MAVANI
Mumbai, 28th May, 2013

Directors

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

| Particulars | Note No. | ₹ in Lakhs | Year ended | Year ended |
|---|----------------|------------|------------------|------------------|
| | | | 31st March, 2013 | 31st March, 2012 |
| | | | ₹ in Lakhs | ₹ in Lakhs |
| I Revenue from operations (gross) | 21 | 32,951.47 | | 29,891.10 |
| Less: Excise duty | | 1,917.61 | | 1,480.84 |
| Revenue from operations (net) | | | 31,033.86 | 28,410.26 |
| II Other income | 22 | | 1,092.59 | 284.17 |
| III Total revenue (I + II) | | | 32,126.45 | 28,694.43 |
| IV Expenses: | | | | |
| Cost of materials consumed | 23 | 8,146.08 | | 5,355.35 |
| Purchases of stock-in-trade (traded goods) | 42B | 1,500.36 | | 586.06 |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | 24 | (47.59) | | 149.50 |
| Employee benefits expense | 25 | 4,523.99 | | 4,049.79 |
| Finance costs | 26 | 1,529.81 | | 1,285.40 |
| Depreciation and amortisation expense | 27 | 1,317.54 | | 1,211.50 |
| Other expenses | 28 | 15,273.68 | | 15,737.10 |
| Total expenses | | | 32,243.87 | 28,374.70 |
| V Profit / (loss) before exceptional items and tax (III - IV) | | | (117.42) | 319.73 |
| VI Exceptional items | 29 | | 3,731.47 | 152.98 |
| VII Profit before tax (V + VI) | | | 3,614.05 | 472.71 |
| VIII Tax expense / (benefit): | | | | |
| (a) Current tax expense | | 545.00 | | - |
| (b) Excess provision for tax relating to prior years | | (65.72) | | - |
| | | | 479.28 | - |
| IX Profit for the year (VII - VIII) | | | 3,134.77 | 472.71 |
| X Earnings per equity share: | 36 | | | |
| Basic and diluted earnings per equity share (nominal value of share ₹ 10) | | | ₹ 24.30 | ₹ 3.66 |
| See accompanying notes forming part of the financial statements | 1 to 51 | | | |

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, 28th May, 2013

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D. SIVANANDHAN
JIMMY J. PARAKH
JAI L. MAVANI
Mumbai, 28th May, 2013

Directors

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2013

| | Note No. | Year ended 31st March, 2013 ₹ in Lakhs | Year ended 31st March, 2012 ₹ in Lakhs |
|--|-------------|---|---|
| Profit before tax | | 3,614.05 | 472.71 |
| Adjustments for - | | | |
| Depreciation and amortisation expense | | 1,317.54 | 1,211.50 |
| Net gain on sale of current investments | | (0.24) | - |
| Interest on long-term investments in a subsidiary company | | (6.08) | (0.93) |
| Interest on bank deposits | | (15.76) | (18.38) |
| Interest on inter-corporate deposits | | (186.29) | (57.83) |
| Finance costs | | 1,529.81 | 1,285.40 |
| Dividend from long-term investments | | (0.07) | (0.07) |
| Dividend from current investments in mutual funds | | (80.93) | - |
| Loss on sale / write off of fixed assets (net) | | 10.08 | 62.08 |
| Provision for doubtful trade receivables | | - | 94.75 |
| Provision for doubtful loans and advances | | - | 95.73 |
| Provision for estimated losses on onerous contracts | | 264.00 | - |
| Bad trade receivables / advances written off (net) | | 81.83 | 65.75 |
| Credit balances / excess provision written back | | (555.84) | (185.43) |
| Provision for doubtful trade receivable / loans and advances no longer required | | (44.08) | - |
| Net unrealised exchange (gain) / loss | | 31.71 | (20.54) |
| | | 2,345.68 | 2,532.03 |
| Exceptional items: | | | |
| - Prior period adjustment - written down value of fixed assets written-off in an earlier year, written back in previous year | | - | (46.11) |
| - Profit on sale of land | | (6,044.19) | (68.00) |
| - Write off of investments in a subsidiary company | | 69.72 | - |
| - Provision for diminution in the value of investments in a jointly controlled entity | | 2,230.00 | - |
| | | (3,744.47) | (114.11) |
| | | (1,398.79) | 2,417.92 |
| Operating profit before working capital changes | | 2,215.26 | 2,890.63 |
| Changes in working capital: | | | |
| Adjustments for (increase) / decrease in operating assets: | | | |
| Inventories | | (1,539.63) | 36.28 |
| Trade receivables | | (3,574.07) | (917.68) |
| Short-term loans and advances | | 230.17 | (552.54) |
| Long-term loans and advances | | (61.80) | (9.87) |
| Other current assets | | (67.90) | 242.42 |
| | | (5,013.23) | (1,201.39) |
| Adjustments for increase / (decrease) in operating liabilities: | | | |
| Trade payables | | 943.68 | 414.35 |
| Other current liabilities | | 3,160.73 | 69.59 |
| Other Long term liabilities | | (3,304.88) | (1,188.22) |
| Short-term provisions | | (110.65) | 148.17 |
| Long-term provisions | | 39.88 | 54.42 |
| | | 728.76 | (501.69) |
| | | (4,284.47) | (1,703.08) |
| Cash generated from / (used in) operations | | (2,069.21) | 1,187.55 |
| Income taxes paid (net of refunds) | | (465.33) | (351.42) |
| (a) Net cash flow (used in) / from operating activities | | (2,534.54) | 836.13 |

| | Note No. | Year ended 31st March, 2013 ₹ in Lakhs | Year ended 31st March, 2012 ₹ in Lakhs |
|--|-------------------------------|---|---|
| Cash flows from investing activities: | | | |
| Capital expenditure on fixed assets including capital advances | | (1,396.54) | (1,038.45) |
| Proceeds from sale of fixed assets | | 6,063.94 | 231.74 |
| Purchase / subscription of long-term investments | | | |
| - in subsidiaries | | (3,100.00) | (716.75) |
| - others | | - | (0.10) |
| Purchase of current investments | | (19,733.82) | - |
| Proceeds from sale of current investments | | 19,687.59 | - |
| Loans and advances given to related parties | | (1,150.00) | (1,747.93) |
| Loans and advances given to related parties realised | | 1,098.00 | 300.00 |
| Bank balances not considered as cash and cash equivalents - (placed) / matured | 18(b)(2) & (3) | (40.12) | 5.22 |
| Interest received | | 89.53 | 68.04 |
| Dividend received | | 81.00 | 0.07 |
| (b) Net cash flow from / (used in) investing activities | | 1,599.58 | (2,898.16) |
| Cash flows from financing activities: | | | |
| Proceeds from long-term borrowings | | 10,604.82 | 5,432.42 |
| Repayment of long-term borrowings | | (6,234.69) | (2,082.71) |
| Proceeds from short-term borrowings | | 17,158.09 | 5,124.49 |
| Repayment of short-term borrowings | | (18,941.27) | (5,422.77) |
| Net increase /(decrease) in cash credit and packing credit | | 26.34 | (107.37) |
| Finance costs | | (1,516.54) | (1,290.64) |
| Dividend paid on equity shares | | (128.99) | - |
| Tax on dividend | | (20.92) | - |
| (c) Net cash flow from / (used in) financing activities | | 946.84 | 1,653.42 |
| (d) Net increase / (decrease) in cash and cash equivalents (a + b + c) | | 11.88 | (408.61) |
| (e) Cash and cash equivalents as at the commencement of the year | | 1,056.00 | 1,464.61 |
| (f) Cash and cash equivalents as at the end of the year | 18(a) | 1,067.88 | 1,056.00 |

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, 28th May, 2013

AMIT MITTAL
Director (Finance)A.T. SHAH
Company SecretarySHAPOOR P. MISTRY
ASHOK BARATD.B. ENGINEER
R.N. JHA
S.L. GOKLANEY
T.R. DOONGAJI
KAIWAN KALYANIWALLA
D. SIVANANDHAN
JIMMY J. PARAKH
JAI L. MAVANI
Mumbai, 28th May, 2013

Chairman

Managing Director

Directors

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

1. Corporate Information

Forbes & Company Limited is one of the oldest companies of the world that is still in existence. 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 is 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 Indian GAAP 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. The Management believes that the estimates used in preparation of Financial Statements are prudent and reasonable. Future results could differ due to these estimates and differences between the actual results and estimates are recognised in the period in which the results are known / materialise.

(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 ₹ 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.

3. Capital work-in-progress

Projects under which tangible fixed assets are not yet ready for their use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

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 carried at cost, less provision for diminution other than temporary, in value, if any. Current investments are carried individually, at the lower of cost and fair value. Cost of investments includes acquisition charges such as brokerage, fees and duties.

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.

h) Inventories

Inventories are valued at the lower of the acquisition / production cost and net realisable value after providing for obsolescence and other losses, where considered necessary. 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 |
| vi) | Real estate development work-in-progress | Real estate development work-in-progress cost includes cost incurred, as applicable, up to the completion of the project |

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**

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

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.

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 up to 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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**l) 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.

m) 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.

n) Segment reporting

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive management in deciding how to allocate resources and in assessing performance.

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'.

o) 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.

p) Export incentives

Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

q) Operating cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of asset and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

| | Number of shares | As at 31st March, 2013 ₹ in Lakhs | Number of shares | As at 31st March, 2012 ₹ 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, 2013 | | As at 31st March, 2012 | |
|--------------------------------------|------------------------------|-----------|------------------------------|-----------|
| | 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 |

| | ₹ in Lakhs | As at 31st March, 2013 ₹ in Lakhs | As at 31st March, 2012 ₹ in Lakhs |
|--|------------|---|---|
| 4. Reserves and surplus | | | |
| (a) Export profit reserve: | | | |
| Balance as per last balance sheet | - | | 0.35 |
| Less: Transferred to general reserve | - | | 0.35 |
| | | - | - |
| (b) Debenture Redemption Reserve: | | | |
| Balance as per last balance sheet | - | | - |
| Add: Transferred from surplus in statement of profit and loss for the year | 2,500.00 | | - |
| | | 2,500.00 | - |
| (c) General reserve: | | | |
| Balance as per last balance sheet | 16,264.05 | | 16,413.61 |
| Add: Transferred from export profit reserve | - | | 0.35 |
| Less: Proposed Dividend ₹ 0.50 per share (Previous year: ₹ 1 per share) | 64.49 | | 128.99 |
| Less: Dividend distribution tax | 10.96 | | 20.92 |
| | | 16,188.60 | 16,264.05 |
| (d) Surplus / (deficit) in statement of profit and loss: | | | |
| Balance as per last balance sheet | (3,864.06) | | (4,336.77) |
| Add: Profit for the year | 3,134.77 | | 472.71 |
| Less: Transferred to debenture redemption reserve | 2,500.00 | | - |
| | | <u>(3,229.29)</u> | <u>(3,864.06)</u> |
| | | <u>15,459.31</u> | <u>12,399.99</u> |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

| Non - current portion | | Current maturities | |
|---|---|---|---|
| As at 31st March, 2013 ₹ in Lakhs | As at 31st March, 2012 ₹ in Lakhs | As at 31st March, 2013 ₹ in Lakhs | As at 31st March, 2012 ₹ in Lakhs |

5. Long-term borrowings

(a) Debentures - Secured

Redeemable Non-Convertible Debentures - Secured by mortgage of premises being the land and factory situated at Waluj, Aurangabad together with plant and machinery and other support facilities. (Refer Footnote)

10,000.00

-

-

-

(b) Term loans - Secured

From Banks:

(i) **New India Co-operative Bank Limited** - Secured by an exclusive first charge / hypothecation of the equipment, accessories and spares acquired

[Repayable in 1 (Previous year 5) quarterly instalments of ₹ 68 Lakhs each. Last instalment is due in June, 2013. Rate of interest 11.75% p.a. (Previous year: 11.75% p.a.)]

-

68.00

68.00

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

[The amount outstanding in previous year was repayable in 3 quarterly instalments of ₹ 125 Lakhs each. Last instalment was due in December, 2012. Rate of interest 11.75% p.a. as at 31st March, 2012]

-

-

-

375.00

(iii) **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.

[The amount outstanding in previous year was repayable in 3 quarterly instalments of ₹ 125 Lakhs each. Last instalment was due in December, 2012. Rate of interest 12.50% p.a. as at 31st March, 2012]

-

-

-

375.00

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

| | Non - current portion | | Current maturities | |
|---|---|---|---|---|
| | As at 31st March, 2013 ₹ in Lakhs | As at 31st March, 2012 ₹ in Lakhs | As at 31st March, 2013 ₹ in Lakhs | As at 31st March, 2012 ₹ in Lakhs |
| (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. | | | | |
| [The amount outstanding in previous year was repayable in 3 quarterly instalments of ₹ 37.5 Lakhs each. Last instalment was due in November, 2012. Rate of interest 12% p.a. as at 31st March, 2012] | - | - | - | 112.50 |
| (v) 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 | | | | |
| [Repayable in November, 2013; Rate of interest 10.20% p.a. as at year end (<i>Previous year: 10.75% p.a.</i>)] | - | 3,000.00 | 3,000.00 | - |
| (vi) Export Import Bank of India - PEFP Loan - Secured by an exclusive charge by way of hypothecation of the specific movable fixed assets of the Company. Modification of charge is in process. | | | | |
| [Repayable in 22 (<i>Previous year 25</i>) quarterly instalments of ₹ 17.30 Lakhs each. Last instalment is due in September, 2018. Rate of interest 12% p.a. as at year end (<i>Previous year: 12% p.a.</i>)] | 311.34 | 380.53 | 69.19 | 51.89 |
| (vii) Vijaya Bank - Secured by exclusive charge on 5 acres of land situated at Perungudi, Chennai | | | | |
| [The amount outstanding in previous year was repayable in January, 2015. Prepayment made in the current year] | - | 5,000.00 | - | - |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

| Non - current portion | | Current maturities | |
|---|---|---|---|
| As at 31st March, 2013 ₹ in Lakhs | As at 31st March, 2012 ₹ in Lakhs | As at 31st March, 2013 ₹ in Lakhs | As at 31st March, 2012 ₹ in Lakhs |
| From Others: | | | |
| (i) Tata Capital Financial Services Limited | | | |
| - Secured by first and exclusive charge by way of hypothecation on the assets acquired through facility. | | | |
| [Repayable in 46 monthly equivalent installments of ₹ 16.48 Lakhs each including interest commencing from November, 2012. Last instalment is due in August, 2016. Rate of interest 11.50% p.a.] | | | |
| 415.46 | - | 141.07 | - |
| 10,726.80 | 8,448.53 | 3,278.26 | 1,186.39 |
| (c) Finance lease obligations - Secured by Computer Hardware financed [see Note 35(a)] [Repayable in 16 quarterly equivalent installments. Last instalment is due in December, 2015. Rate of Interest in the range of 7.68% to 9.33 %] | | | |
| 49.83 | 85.74 | 37.31 | 62.28 |
| 10,776.63 | 8,534.27 | 3,315.57 | 1,248.67 |
| - | - | (3,315.57) | (1,248.67) |
| 10,776.63 | 8,534.27 | - | - |

Less: Amount disclosed under "Other current liabilities" (see Note 10)

Footnote:**Details of Redeemable Non-Convertible Debentures issued by the Company.**

| Sr. No. | Face Value per Debenture | Date of Allotment | As at 31.03.2013 | As at 31.03.2012 | Coupon | Terms of Repayment |
|---------|--------------------------|----------------------|------------------|------------------|----------------------|---|
| | | | ₹ in Lakhs | ₹ in Lakhs | | |
| 1 | 1,00,00,000 | 13th September, 2012 | 6,000.00 | - | 11% payable annually | Put / call option at the end of 36 months from the date of allotment. In case the put or call option is not exercised, then the debentures will be redeemed as: 30% at the end of 36 months i.e. on 13th September, 2015, 30% at the end of 48 months i.e. on 13th September, 2016 and 40% at the end of 60 months i.e. on 13th September, 2017 from the date of allotment. |
| 2 | 10,00,000 | 6th March, 2013 | 4,000.00 | - | 5% payable annually | Repayment on 27th April, 2016 alongwith redemption premium of ₹ 757 Lakhs. |
| | | | 10,000.00 | - | | |

| | As at 31st March, 2013 ₹ in Lakhs | As at 31st March, 2012 ₹ in Lakhs |
|--|---|---|
|--|---|---|

6. Other Long-term liabilities

| | | |
|--------------------------------|---------------|-----------------|
| (a) Income received in advance | 15.00 | 60.00 |
| (b) Security Deposits | 440.36 | 3,700.24 |
| | 455.36 | 3,760.24 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

| | As at 31st March, 2013 ₹ in Lakhs | As at 31st March, 2012 ₹ in Lakhs |
|---|---|---|
| 7. Long-term provisions | | |
| (a) Provision for employee benefits | | |
| (i) Compensated absences | 260.97 | 243.21 |
| (ii) Other post retirement benefits (see Note 32) | 296.04 | 273.91 |
| | 557.01 | 517.12 |
| (b) Provision for Premium payable on redemption of debentures (see Note 5) | 16.49 | - |
| | 573.50 | 517.12 |
| | As at 31st March, 2013 ₹ in Lakhs | As at 31st March, 2012 ₹ in Lakhs |
| 8. Short-term borrowings | | |
| (a) Secured borrowings from banks: | | |
| (i) Ratnakar Bank Limited - Secured by second pari passu charge with Yes Bank on 11 residential flats, part basement and garages in "Volkart House", Mumbai. | - | 1,500.00 |
| (ii) Repayable on demand - Cash credit and packing credit from consortium of banks against hypothecation of all stocks including raw materials, stock-in-process, finished goods, stores and trade receivables. | 79.91 | 57.68 |
| (iii) 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. | 1,920.47 | 596.89 |
| (iv) Buyers credit from Standard Chartered Bank Limited - Secured by hypothecation of all stocks including raw materials, stock-in-process, finished goods, stores and trade receivables. | - | 105.80 |
| | 2,000.38 | 2,260.38 |
| (b) Unsecured borrowings: | | |
| (i) From other than banks | | |
| Commercial papers [maximum amount outstanding during the year ₹ 8,000 Lakhs (<i>Previous year: ₹ 1,500 Lakhs</i>)] | - | 1,500.00 |
| | - | 1,500.00 |
| | 2,000.38 | 3,760.38 |
| | As at 31st March, 2013 ₹ in Lakhs | As at 31st March, 2012 ₹ in Lakhs |
| 9. Trade Payables | | |
| Trade Payables | | |
| (i) Micro and Small enterprises (see Note 40) | 180.77 | 159.65 |
| (ii) Others | 3,823.36 | 3,209.06 |
| | 4,004.13 | 3,368.71 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

| | As at 31st March, 2013 ₹ in Lakhs | As at 31st March, 2012 ₹ in Lakhs |
|--|---|---|
| 10. Other current liabilities | | |
| (a) Current maturities of long-term borrowings (secured) (see Note 5) | 3,278.26 | 1,186.39 |
| (b) Current maturities of finance lease obligations (secured) (see Note 5) | 37.31 | 62.28 |
| (c) Interest accrued but not due on borrowings | 39.79 | 46.72 |
| (d) Income received in advance (unearned revenue) | 55.55 | 46.50 |
| (e) Unpaid dividends * | 13.35 | 19.56 |
| (f) Unpaid matured deposits and interest accrued thereon * | 6.60 | 7.56 |
| (g) Other payables : | | |
| (i) Statutory remittances | 641.83 | 327.07 |
| (ii) Payables on purchase of fixed assets | 10.62 | 62.91 |
| (iii) Security deposits | 3,385.88 | 444.79 |
| (iv) Payables to Shipping Principals | 644.43 | 730.68 |
| (v) Customers' credit balances and advances for supplies and services to be rendered | 305.05 | 564.39 |
| (vi) Liability towards Employees and other contractual liabilities | 408.91 | 374.62 |
| (vii) Others | 9.80 | 6.87 |
| | 8,837.38 | 3,880.34 |

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

| | As at 31st March, 2013 ₹ in Lakhs | As at 31st March, 2012 ₹ in Lakhs |
|--|---|---|
| 11. Short-term provisions | | |
| (a) Provision for employee benefits | | |
| (i) Compensated absences | 67.10 | 46.91 |
| (ii) Gratuity (see Note 32) | 190.10 | 273.48 |
| (iii) Other post retirement benefits (see Note 32) | 93.35 | 93.31 |
| | 350.55 | 413.70 |
| (b) Others | | |
| (i) Tax provisions less payments including Fringe Benefit tax (other than deferred tax) [net of advance tax ₹ 4,775.62 Lakhs (<i>Previous year: ₹ 4,612.01 Lakhs</i>)] | 796.39 | 555.28 |
| (ii) Provisions for wealth tax less payments [net of advance tax ₹ 85.36 Lakhs (<i>Previous year: ₹ 66.33 Lakhs</i>)] | 30.00 | 96.04 |
| (iii) Provision for proposed dividend | 64.49 | 128.99 |
| (iv) Provision for tax on proposed dividend | 10.96 | 20.92 |
| (v) Provision for disputed statutory demands (see Note 41A) | 120.00 | 120.00 |
| (vi) Provision for estimated losses on onerous contracts (see Note 41B) | 264.00 | - |
| | 1,285.84 | 921.23 |
| | 1,636.39 | 1,334.93 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

12. Fixed assets

₹ in Lakhs

| Description of Assets | GROSS BLOCK (at cost) | | | | DEPRECIATION / AMORTISATION | | | | NET BLOCK | | | |
|---|------------------------|---------------------------|----------------------------|------------------------------------|-----------------------------|-----------------------|-----------------|------------------------------|------------------------------------|-----------------------|------------------------|------------------------|
| | As at 31st March, 2012 | Additions during the year | Deductions during the year | Other Adjustments [see Note 29(a)] | As at 31st March, 2013 | Upto 31st March, 2012 | For the year | On deduction during the year | Other Adjustments [see Note 29(a)] | Upto 31st March, 2013 | As at 31st March, 2013 | As at 31st March, 2012 |
| A. Tangible assets | | | | | | | | | | | | |
| 1 Land: | | | | | | | | | | | | |
| Freehold | 168.00 | 3.58 | - | - | 171.58 | - | - | - | - | - | 171.58 | 168.00 |
| Leasehold | 168.00 | - | - | - | 168.00 | - | - | - | - | - | 609.10 | 642.52 |
| | 861.52 | - | - | - | 861.52 | 219.00 | 33.42 | - | - | 252.42 | 609.10 | 642.52 |
| | 861.52 | - | - | - | 861.52 | 185.58 | 33.42 | - | - | 219.00 | 642.52 | 642.52 |
| Buildings [see footnote 1 and Note 35(b)] | 7,882.25 | 61.19 | 4.20 | - | 7,939.24 | 2,042.69 | 204.62 | 2.95 | - | 2,244.36 | 5,694.88 | 5,839.56 |
| | 7,882.25 | - | - | - | 7,882.25 | 1,834.16 | 208.53 | - | - | 2,042.69 | 5,839.56 | 5,839.56 |
| Plant and equipment (see footnote 2) | 9,106.50 | 1,618.38 | 0.03 | - | 10,724.85 | 5,960.14 | 764.56 | 0.05 | - | 6,724.65 | 4,000.20 | 3,146.36 |
| | 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 | 3,146.36 |
| Furniture and fixtures | 497.32 | 7.14 | 27.72 | - | 476.74 | 241.31 | 27.47 | 18.34 | - | 250.44 | 226.30 | 256.01 |
| | 560.07 | - | 90.11 | 27.36 | 497.32 | 260.38 | 28.70 | 68.86 | 21.09 | 241.31 | 256.01 | 256.01 |
| Vehicles | 177.33 | - | 60.56 | - | 116.77 | 175.42 | 1.91 | 60.56 | - | 116.77 | - | 1.91 |
| | 180.96 | - | 11.32 | 7.69 | 177.33 | 169.95 | 7.63 | 11.32 | 9.16 | 175.42 | 1.91 | 1.91 |
| Office equipment: | | | | | | | | | | | | |
| Owned | 1,194.17 | 15.86 | 117.82 | - | 1,092.21 | 638.97 | 74.21 | 104.06 | - | 609.12 | 483.09 | 555.20 |
| | 1,310.82 | 33.88 | 225.74 | 75.21 | 1,194.17 | 701.90 | 85.19 | 198.67 | 50.55 | 638.97 | 555.20 | 555.20 |
| Taken on finance lease [see Note 35(a)] | 212.78 | - | 0.47 | - | 212.31 | 75.30 | 53.09 | 0.07 | - | 128.32 | 83.99 | 137.48 |
| | 90.16 | 122.62 | - | - | 212.78 | 37.61 | 37.69 | - | - | 75.30 | 137.48 | 137.48 |
| Previous Year | 20,099.87 | 1,706.15 | 210.80 | - | 21,595.22 | 9,352.83 | 1,159.28 | 186.03 | - | 10,326.08 | 11,269.14 | 10,747.04 |
| | 19,120.43 | 398.07 | 393.84 | 975.21 | 20,099.87 | 7,688.18 | 1,075.82 | 340.27 | 929.10 | 9,352.83 | 10,747.04 | 10,747.04 |
| B. Intangible assets | | | | | | | | | | | | |
| Computer software | 816.35 | 65.25 | - | - | 881.60 | 384.10 | 158.26 | - | - | 542.36 | 339.24 | 432.25 |
| Previous Year | 963.14 | 81.13 | 227.92 | - | 816.35 | 455.13 | 135.68 | 206.71 | - | 384.10 | 432.25 | 432.25 |

Footnotes:

- 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*).
- Plant and equipment includes jointly owned assets ₹ 10.25 Lakhs (*Previous year: ₹ 10.25 Lakhs*).
- Figures in italics are in respect of previous year.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

| | ₹ in Lakhs | As at 31st March, 2013 ₹ in Lakhs | As at 31st March, 2012 ₹ in Lakhs |
|---|------------|---|---|
| 13. Non - current investments | | | |
| Long-term - unquoted (fully paid) [valued at cost unless otherwise stated] | | | |
| (a) Trade investments in a subsidiary company | | | |
| In equity shares | | | |
| 864,960 (<i>Previous year: 864,960</i>) 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 (<i>Previous year: 50,385</i>) equity shares of ₹ 100 each in Volkart Fleming Shipping and Services Limited | 6.82 | | 6.82 |
| 2. 38,64,131 (<i>Previous year: 38,64,131</i>) equity shares of ₹ 10 each in Forbes Campbell Finance Limited [At cost less amount written off ₹ 1,143.70 Lakhs (<i>Previous year ₹ 917.59 Lakhs</i>) and ₹ Nil (<i>Previous year ₹ 156.40 Lakhs</i>) provision for other than temporary diminution in value.] | 1,781.78 | | 1,851.50 |
| 3. 37,28,000 (<i>Previous year: 37,28,000</i>) equity shares of ₹ 10 each in Eureka Forbes Limited | 4,067.86 | | 4,067.86 |
| 4. 10,50,021 (<i>Previous year: 50,001</i>) equity shares of ₹ 10 each in Forbes Bumi Armada Offshore Limited | 105.00 | | 5.00 |
| | | 5,961.46 | 5,931.18 |
| In joint ventures | | | |
| 1. 4,00,00,000 (<i>Previous year: 4,00,00,000</i>) equity shares of ₹ 10 each in SCI Forbes Limited [At cost less provision for other than temporary diminution in value ₹ 2,230 Lakhs (<i>Previous year: ₹ Nil</i>)] | 1,770.00 | | 4,000.00 |
| 2. 2,500 (<i>Previous year: 2,500</i>) equity shares of USD 1 each in Edumetry Inc. USA [At cost less provision for other than temporary diminution in value ₹ 35.48 Lakhs (<i>Previous year: ₹ 35.48 Lakhs</i>)] | - | | - |
| | | 1,770.00 | 4,000.00 |
| In associates | | | |
| 1. 4,20,170 (<i>Previous year: 4,20,170</i>) 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 (<i>Previous year: ₹ 150.33 Lakhs</i>)] | - | | - |
| 2. 58,849 (<i>Previous year: 58,849</i>) equity shares of ₹ 10 each in Nuevo Consultancy Services Limited [At cost less provision for other than temporary diminution in value ₹ 5.88 Lakhs] | - | | - |
| | | - | - |
| In other entities | | | |
| 1. 5,500 (<i>Previous year: 5,500</i>) equity shares of ₹ 10 each in New India Co-operative Bank Limited | 0.55 | | 0.55 |
| 2. 10 (<i>Previous year: 10</i>) equity shares of ₹ 500 each in Tuticorin Chamber of Commerce | - | | - |
| 3. 1,000 (<i>Previous year: 1,000</i>) Equity Shares of ₹ 10 each in Simar Port Private Limited | 0.10 | | 0.10 |
| | | 0.65 | 0.65 |
| | | 7,732.11 | 9,931.83 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

| | ₹ in Lakhs | As at 31st March, 2013 ₹ in Lakhs | As at 31st March, 2012 ₹ in Lakhs |
|--|------------|---|---|
| 13. Non - current investments (contd...) | | | |
| In preference shares | | | |
| In a subsidiary company | | | |
| 20,00,000 (<i>Previous year: 20,00,000</i>) 8% Cumulative Optionally Convertible Preference Shares of ₹ 10 each in Forbes Technosys Limited | 200.00 | | 200.00 |
| 2,00,00,000 (<i>Previous year: Nil</i>) 8% Cumulative Compulsory Convertible, Optionally Redeemable Preference Shares of ₹ 10 each in Forbes Technosys Limited | 2,000.00 | | - |
| In a joint venture company | | | |
| 3,09,00,000 (<i>Previous year: 3,09,00,000</i>) Zero Percent Redeemable Preference Shares of ₹ 10 each in SCI Forbes Limited | 3,090.00 | | 3,090.00 |
| | | 5,290.00 | 3,290.00 |
| In debentures in a subsidiary company | | | |
| 1,14,67,500 (<i>Previous year: 1,14,67,500</i>) 0.1% Optionally Convertible Redeemable Debentures of ₹ 10 each in Forbes Campbell Finance Limited | 1,146.75 | | 1,146.75 |
| 1,00,00,000 (<i>Previous year: Nil</i>) 1% Compulsory Convertible, Optionally Redeemable Debentures of ₹ 10 each in Forbes Technosys Limited | 1,000.00 | | - |
| | | 2,146.75 | 1,146.75 |
| | | 15,440.12 | 14,639.84 |
| Footnote: | | | |
| Aggregate amount of unquoted investments | | 15,440.12 | 14,639.84 |
| Aggregate provision for other than temporary diminution in value of investments | | 2,421.70 | 348.09 |
| Aggregate amount of write-off of investments | | 1,143.70 | 917.59 |
| | | | |
| | | As at 31st March, 2013 | As at 31st March, 2012 |
| | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs |
| 14. Long-term loans and advances | | | |
| (unsecured, considered good unless otherwise stated) | | | |
| (a) Capital advances | | 54.38 | 98.98 |
| (b) Security deposits | | | |
| (i) Unsecured, considered good | 130.23 | | 122.81 |
| (ii) Doubtful | 8.50 | | 40.47 |
| | 138.73 | | 163.28 |
| Less: Provision for doubtful deposits | 8.50 | | 40.47 |
| | | 130.23 | 122.81 |
| (c) Loans and advances to related parties (see Notes 34 and 49) | | | |
| Doubtful | 5,184.38 | | 5,183.65 |
| Less: Provision for doubtful loans and advances | 5,184.38 | | 5,183.65 |
| | | - | - |
| (d) Loans and advances to employees | | 24.66 | 33.64 |
| (e) Prepaid expenses | | 24.13 | 20.20 |
| (f) Advance income tax including fringe benefit tax [net of provisions ₹ 3,117.21 lakhs (<i>Previous year: ₹ 3,587.90 lakhs</i>)] | | 2,744.57 | 2,517.43 |
| (g) Advance wealth tax [net of provisions ₹ Nil (<i>Previous year: ₹ 26.26 lakhs</i>)] | | - | 6.01 |
| (h) Balances with statutory / government authorities | | | |
| (i) Unsecured, considered good | 92.87 | | 83.00 |
| (ii) Doubtful | 46.69 | | 46.69 |
| | 139.56 | | 129.69 |
| Less: Provision for doubtful balances | 46.69 | | 46.69 |
| | | 92.87 | 83.00 |
| | | 3,070.84 | 2,882.07 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

| | As at 31st March, 2013 ₹ in Lakhs | As at 31st March, 2012 ₹ in Lakhs |
|---|---|---|
| 15. Current investments (in Mutual Funds) | | |
| [Unquoted, valued at cost, unless otherwise stated] | | |
| (a) 377.55 units (<i>Previous year Nil</i>) of ₹ 1000 each of AXIS Treasury Advantage Fund - Daily Dividend Reinvestment | 3.78 | - |
| (b) 2,06,134.70 units (<i>Previous year Nil</i>) of ₹ 10 each of Templeton India Ultra Short Bond Fund Super Institutional Plan - Daily Dividend Reinvestment | 20.65 | - |
| (c) 278.31 units (<i>Previous year Nil</i>) of ₹ 1000 each of Principal Debt Opportunities Fund Conservative Plan - Regular Plan Dividend Option - Daily Reinvestment | 2.79 | - |
| (d) 1,918.63 units (<i>Previous year Nil</i>) of ₹ 1000 each of Tata Floater Fund Plan A - Daily Dividend | 19.25 | - |
| | 46.47 | - |
| 16. Inventories (valued at lower of cost and net realizable value) | | |
| | As at 31st March, 2013 ₹ in Lakhs | As at 31st March, 2012 ₹ in Lakhs |
| (a) Raw materials and components | 1,889.93 | 403.97 |
| (b) Work-in-progress (see Note 44) | 428.38 | 495.77 |
| (c) Finished goods (see Note 43A) | 686.03 | 590.46 |
| (d) Stock-in-trade (in respect of goods acquired for trading) (see Note 43B) | 50.65 | 102.22 |
| (e) Stores, spares and loose tools | 266.91 | 260.83 |
| (f) Realty estate development work-in-progress | 70.98 | - |
| | 3,392.88 | 1,853.25 |
| 17. Trade receivables | As at 31st March, 2013 ₹ in Lakhs | As at 31st March, 2012 ₹ in Lakhs |
| (a) Trade receivables outstanding for a period exceeding six months from the date they are due for payment: | | |
| (i) Unsecured, considered good | 62.69 | 202.93 |
| (ii) Doubtful | 339.43 | 1,001.32 |
| | 402.12 | 1,204.25 |
| Less: Provision for doubtful trade receivables | 339.43 | 1,001.32 |
| | 62.69 | 202.93 |
| (b) Other trade receivables: | | |
| (i) Unsecured, considered good | 7,303.05 | 3,605.35 |
| (ii) Doubtful | 1.52 | 48.72 |
| | 7,304.57 | 3,654.07 |
| Less: Provision for doubtful trade receivables | 1.52 | 48.72 |
| | 7,303.05 | 3,605.35 |
| | 7,365.74 | 3,808.28 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

| | ₹ in Lakhs | As at 31st March, 2013 ₹ in Lakhs | As at 31st March, 2012 ₹ in Lakhs |
|---|------------|---|---|
| 18. Cash and cash equivalents | | | |
| (a) Balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements | | | |
| 1. Cash on hand | | 4.15 | 6.21 |
| 2. Cheques, drafts on hand | | 35.67 | 43.13 |
| 3. Balances with banks: | | | |
| (A) In current accounts | 418.91 | | 652.89 |
| (B) In EEFC Accounts | 4.15 | | 46.85 |
| (C) In deposit accounts (with original maturity upto 3 months) includes ₹ 5 Lakhs (<i>Previous year: ₹ 5 Lakhs</i>) under lien | 605.00 | | 306.92 |
| | | 1,028.06 | 1,006.66 |
| | | 1,067.88 | 1,056.00 |
| (b) Other bank balances | | | |
| 1. In Earmarked accounts: | | | |
| - Unpaid dividends | 13.35 | | 19.56 |
| - Interest accrued on unpaid matured deposits | 4.12 | | 4.12 |
| | 17.47 | | 23.68 |
| 2. In deposit accounts with original maturity of more than 3 months but less than 12 months, deposited with customs and port authorities. | 4.67 | | 4.50 |
| 3. Balances held as margin money with original maturity of more than 3 months but less than 12 months as guarantees issued in favour of government authorities in respect of license of goods under EPCG Scheme and in favour of customers. | 104.84 | | 64.88 |
| | | 126.98 | 93.06 |
| | | 1,194.86 | 1,149.06 |
| | | | |
| | | As at 31st March, 2013 ₹ in Lakhs | As at 31st March, 2012 ₹ in Lakhs |
| 19. Short-term loans and advances | | | |
| (unsecured, considered good unless otherwise stated) | | | |
| (a) Loans and advances to related parties (see Note 34) | | | |
| (i) Unsecured, considered good | 1,578.56 | | 1,559.83 |
| (ii) Doubtful | 1.11 | | 1.11 |
| | 1,579.67 | | 1,560.94 |
| Less: Provision for doubtful loans and advances | 1.11 | | 1.11 |
| | | 1,578.56 | 1,559.83 |
| (b) Security deposits | | 7.24 | 12.71 |
| (c) Loans and advances to employees | | | |
| (i) Unsecured, considered good | 21.51 | | 16.39 |
| (ii) Doubtful | 0.60 | | 0.20 |
| | 22.11 | | 16.59 |
| Less: Provision for doubtful loans and advances | 0.60 | | 0.20 |
| | | 21.51 | 16.39 |
| (d) Prepaid expenses | | 186.46 | 154.37 |
| (e) Balances with statutory / government authorities | | 356.50 | 103.47 |
| (f) Advances for supply of goods and services | | | |
| (i) Unsecured, considered good | 344.82 | | 811.29 |
| (ii) Doubtful | 15.47 | | 119.35 |
| | 360.29 | | 930.64 |
| Less: Provision for doubtful advances | 15.47 | | 119.35 |
| | | 344.82 | 811.29 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

| | ₹ in Lakhs | As at 31st March, 2013 ₹ in Lakhs | As at 31st March, 2012 ₹ in Lakhs |
|--|------------|---|---|
| 19. Short-term loans and advances (contd...) | | | |
| (g) Other Loans and advances | | | |
| (i) Unsecured, considered good | 1.31 | | 2.12 |
| (ii) Doubtful | 11.81 | | 11.81 |
| | 13.12 | | 13.93 |
| Less: Provision for doubtful loans and advances | 11.81 | | 11.81 |
| | | 1.31 | 2.12 |
| | | 2,496.40 | 2,660.18 |
| 20. Other current assets | | | |
| (unsecured, considered good unless otherwise stated) | | | |
| (a) Unbilled Revenue | | 88.49 | 41.18 |
| (b) Accruals: | | | |
| (i) Interest accrued on deposits with bank | 1.35 | | 1.14 |
| (ii) Interest accrued on investments | 1.13 | | 0.71 |
| (iii) Interest accrued on loans to related parties | 126.19 | | 8.23 |
| | | 128.67 | 10.08 |
| (c) Others: | | | |
| (i) Contractually reimbursable expenses | | | |
| (I) Unsecured, considered good | 3.66 | | 8.77 |
| (II) Doubtful | 43.09 | | 18.08 |
| | 46.75 | | 26.85 |
| Less: Provision for doubtful debts | 43.09 | | 18.08 |
| | | 3.66 | 8.77 |
| (ii) Export incentives receivable | | 39.73 | 29.16 |
| (iii) Fixed assets held for sale (freehold land) | | - | 3.96 |
| (iv) Other receivables | | 22.40 | 6.59 |
| | | 282.95 | 99.74 |
| 21. Revenue from operations | | | |
| (a) Sale of products (see Notes 43A and 43B) | | 20,489.96 | 16,880.15 |
| (b) Sale of services | | | |
| (i) Charter hire income (see Note 50) | - | | 549.28 |
| (ii) Ground rent from container freight stations maintained by the Company | 1,196.09 | | 1,360.78 |
| (iii) Multimodal transport operations and allied services | 9,894.66 | | 9,306.42 |
| (iv) Others | 167.38 | | 60.69 |
| | | 11,258.13 | 11,277.17 |
| (c) Other operating revenues: | | | |
| (i) Rent and amenity charges | 1,103.93 | | 1,657.53 |
| (ii) Export Incentives | 39.73 | | - |
| (iii) Others | 59.72 | | 76.25 |
| | | 1,203.38 | 1,733.78 |
| | | 32,951.47 | 29,891.10 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

| | ₹ in Lakhs | Year ended 31st March, 2013 ₹ in Lakhs | Year ended 31st March, 2012 ₹ in Lakhs |
|--|------------|--|--|
| 22. Other income | | | |
| (a) Interest income | | | |
| (i) on long-term investments in a subsidiary company | 6.08 | | 0.93 |
| (ii) on bank deposits | 15.76 | | 18.38 |
| (iii) on inter-corporate deposits | 186.29 | | 57.83 |
| (iv) on income-tax refund | 4.25 | | - |
| (v) from customers and others | 4.17 | | 5.19 |
| | | 216.55 | 82.33 |
| (b) Dividend income | | | |
| (i) from long-term investments | 0.07 | | 0.07 |
| (ii) from current investments | 80.93 | | - |
| | | 81.00 | 0.07 |
| (c) Net gain on sale of current investments | | 0.24 | - |
| (d) Net gain on foreign currency transaction and translation (other than considered as finance cost) | | 19.58 | - |
| (e) Other non-operating income | | | |
| (i) Credit balances / excess provisions written back | | 555.84 | 185.43 |
| (ii) Provision for doubtful trade receivable / loans and advances no longer required | | 44.08 | - |
| (iii) Miscellaneous income | | 175.30 | 16.34 |
| | | 1,092.59 | 284.17 |

| | ₹ in Lakhs | Year ended 31st March, 2013 ₹ in Lakhs | Year ended 31st March, 2012 ₹ in Lakhs |
|---|------------|--|--|
| 23. Cost of materials consumed (see Notes 42A and 48a) | | | |
| Opening stock of raw materials and components | 403.97 | | 297.83 |
| Add: Purchases | 9,632.04 | | 5,461.49 |
| | 10,036.01 | | 5,759.32 |
| Less: Closing stock of raw materials and components | 1,889.93 | | 403.97 |
| | | 8,146.08 | 5,355.35 |

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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

| | ₹ in Lakhs | Year ended 31st March, 2013 ₹ in Lakhs | Year ended 31st March, 2012 ₹ in Lakhs |
|--|------------|--|--|
| 24. Changes in inventories of finished goods, work-in-progress and stock-in-trade | | | |
| (a) Inventories at the end of the year: | | | |
| (i) Finished goods | 686.03 | | 590.46 |
| (ii) Work-in-progress | 428.38 | | 495.77 |
| (iii) Stock-in-trade | 50.65 | | 102.22 |
| (iv) Real estate development work-in-progress | 70.98 | | - |
| | | 1,236.04 | 1,188.45 |
| (b) Inventories at the beginning 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 |
| (iv) Real estate development work-in-progress | - | | - |
| | | 1,188.45 | 1,337.95 |
| Net (increase) / decrease | | (47.59) | 149.50 |

| | ₹ in Lakhs | Year ended 31st March, 2013 ₹ in Lakhs | Year ended 31st March, 2012 ₹ in Lakhs |
|--|------------|--|--|
| 25. Employee benefits expense | | | |
| (a) Salaries and wages | 3,846.97 | | 3,450.73 |
| (b) Contributions to provident and other funds | 403.86 | | 333.19 |
| (c) Staff welfare expenses | 273.16 | | 265.87 |
| | | 4,523.99 | 4,049.79 |

| | ₹ in Lakhs | Year ended 31st March, 2013 ₹ in Lakhs | Year ended 31st March, 2012 ₹ in Lakhs |
|---|------------|--|--|
| 26. Finance costs | | | |
| (a) Interest expense on: | | | |
| i) Borrowings | 1,268.33 | | 1,245.91 |
| ii) Trade Payables | 9.32 | | 8.25 |
| iii) Delayed payment of taxes | 3.50 | | 0.24 |
| | | 1,281.15 | 1,254.40 |
| (b) Other borrowing costs - loan processing charges and premium on forward contract | | 181.85 | 46.44 |
| (c) Net loss on foreign currency transactions and translation | | 66.81 | (15.44) |
| | | 1,529.81 | 1,285.40 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

| | Year ended 31st March, 2013 ₹ in Lakhs | Year ended 31st March, 2012 ₹ in Lakhs |
|--|--|--|
| 27. Depreciation and amortisation expense | | |
| (a) Depreciation on tangible assets (see Note 12A) | 1,159.28 | 1,075.82 |
| (b) Amortisation on intangible assets (see Note 12B) | 158.26 | 135.68 |
| | 1,317.54 | 1,211.50 |
| | Year ended 31st March, 2013 ₹ in Lakhs | Year ended 31st March, 2012 ₹ in Lakhs |
| 28. Other expenses | | |
| (a) Consumption of stores and spare parts [after transferring ₹ 167.70 Lakhs (Previous year: ₹ 228.75 Lakhs) to other accounts] (see Note 48b) | 571.22 | 506.52 |
| (b) (Decrease) / Increase of excise duty on inventory | (4.39) | 16.77 |
| (c) Processing charges | 1,197.24 | 1,188.44 |
| (d) Power and fuel | 619.74 | 637.78 |
| (e) Operating costs for shipping and logistics division | | |
| (i) Charter hire charges (see Note 50) | - | 1,062.61 |
| (ii) Equipment hire charges | 380.55 | 434.90 |
| (iii) Transportation, freight, handling and other charges | 7,037.37 | 6,304.46 |
| | 7,417.92 | 7,801.97 |
| (f) Rent | 272.10 | 251.39 |
| (g) Repairs to : | | |
| (i) Buildings | 221.32 | 116.97 |
| (ii) Machinery | 330.05 | 357.79 |
| (iii) Others | 316.47 | 408.92 |
| | 867.84 | 883.68 |
| (h) Insurance | 87.99 | 75.35 |
| (i) Rates and taxes (excluding taxes on income) | 90.24 | 315.31 |
| (j) Brokerage, commission, discount and other selling expenses | 1,033.21 | 1,022.99 |
| (k) Printing and Stationery | 100.34 | 94.63 |
| (l) Communication | 193.47 | 172.09 |
| (m) Legal and professional charges | 659.12 | 612.39 |
| (n) Travelling and conveyance | 318.71 | 311.94 |
| (o) Payments to auditors (net of service tax input credit, where applicable): | | |
| (a) To statutory auditors | | |
| (i) For audit | 34.00 | 34.00 |
| (ii) For taxation matters * | - | - |
| (iii) For company law matters | 0.35 | 0.35 |
| (iv) For other services * | 18.60 | 25.00 |
| (v) For reimbursement of expenses | 0.36 | 0.17 |
| | 53.31 | 59.52 |
| (b) To cost auditors for cost audit (includes ₹ 2.30 Lakhs in respect of previous year) | 5.60 | - |
| | 58.91 | 59.52 |

* Excludes fee for taxation matters of ₹ 16.45 Lakhs (Previous Year ₹ 10.83 Lakhs), and fees for other services ₹ 6.75 Lakhs (Previous year ₹ Nil) paid to a firm in which some of the partners of the audit firm are partners.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

| | ₹ in Lakhs | Year ended 31st March, 2013 ₹ in Lakhs | Year ended 31st March, 2012 ₹ in Lakhs |
|---|------------|--|--|
| 28. Other expenses (contd...) | | | |
| (p) Loss on sale / write off of fixed assets (net) | | 10.08 | 62.08 |
| (q) Bad trade receivables / advances written off | 856.55 | | 106.50 |
| Less: Provision held | 774.72 | | 40.75 |
| | | 81.83 | 65.75 |
| (r) Provision for doubtful trade receivables | | - | 94.75 |
| (s) Provision for doubtful loans and advances | | - | 95.73 |
| (t) Provision for estimated losses on onerous contracts | | 264.00 | - |
| (u) Outsourced contract expenses | | 94.68 | - |
| (v) Real estate development expenses - Consultancy and others | | 70.98 | - |
| (w) Net loss on foreign currency transaction and translation (other than considered as finance cost) | | - | 16.43 |
| (x) Miscellaneous expenses | | 1,268.45 | 1,451.59 |
| | | 15,273.68 | 15,737.10 |
| | | | |
| | ₹ in Lakhs | Year ended 31st March, 2013 ₹ in Lakhs | Year ended 31st March, 2012 ₹ in Lakhs |
| 29. Exceptional items - Income / (expense) | | | |
| (a) Prior period adjustment - written down value of fixed assets written-off in an earlier year, written back (see Note 12) | | - | 46.11 |
| (b) Profit on sale of land | | 6,044.19 | 68.00 |
| (c) Income on settlement of disputed matters | | - | 113.93 |
| (d) Termination benefits and one time settlement with employees | | (13.00) | (75.06) |
| (e) Write off of investments in a subsidiary company | (226.11) | | - |
| Less: Provision held | 156.39 | | - |
| | | (69.72) | - |
| (f) Provision for diminution in the value of investments in a jointly controlled entity | | (2,230.00) | - |
| | | 3,731.47 | 152.98 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

| | As at 31st March, 2013 ₹ in Lakhs | As at 31st March, 2012 ₹ in Lakhs |
|--|---|---|
| 30. Contingent liabilities: | | |
| (a) Claims against the Company not acknowledged as debts | | |
| 1) Taxes in dispute:- | | |
| (i) Excise demand | 4,723.51 | 4,730.86 |
| (ii) Sales tax | 790.54 | 770.32 |
| (iii) Income-tax | 1,352.05 | 1,505.36 |
| (iv) Service-tax | 254.21 | 17.91 |
| (v) Entry-tax | 76.90 | - |
| (vi) Customs duty | 17.10 | 17.10 |
| (vii) Wealth tax | 36.12 | 36.12 |
| (viii) Property tax | 551.60 | 1,075.85 |
| 2) Labour matters in dispute | 16.50 | 10.00 |
| 3) Claim of Madhya Gujarat Vij Co. Ltd. for alleged diversion of fraction of the power consumed and contested by the Company in the Court | 188.29 | 188.29 |
| 4) Customer claims | 2,387.23 | 2,077.56 |
| 5) Supplier claims | 15.00 | 15.00 |
| 6) Other legal matters | 6.20 | 6.20 |
| (b) 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 | 6,620.00 | 4,857.50 |
| (ii) Guarantee on behalf of a subsidiary company | 3,533.37 | 2,325.49 |
| (iii) Corporate Guarantee on behalf of a subsidiary company | 3,420.00 | 3,410.00 |
| (iv) Guarantees issued by bank | 743.38 | 317.83 |
| (c) Other money for which the Company is contingently liable | | |
| Bills discounted | - | 80.01 |

31. Capital and other commitments

- (a) Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 424.45 Lakhs; (*Previous year: ₹ 468.71 Lakhs*) [against which advance paid aggregating ₹ 54.38 Lakhs; (*Previous year: ₹ 103.35 Lakhs*)]
- (b) For commitments relating to lease arrangements, see Note 35(a) and for derivative contracts, see Note 39(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, to pay dues if the Borrower does 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.

32. Employee benefits obligations

Defined-contribution plans:

The Company has recognised the following amounts in the statement of profit and loss in note 25(b), “Contribution to provident and other funds”:

| Particulars | Year ended 31st March, 2013 ₹ in Lakhs | Year ended 31st March, 2012 ₹ in Lakhs |
|---------------------|--|--|
| Provident fund | 151.58 | 148.38 |
| Superannuation fund | 103.24 | 99.94 |
| Total contribution | 254.82 | 248.32 |

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 a shortfall of ₹ 10.77 Lakhs (*Previous year ₹ Nil*) as at 31st March, 2013 and same is recognised to the statement of profit and loss based on the actuarial valuation.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

32. Employee benefit obligations (contd.)

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

| | 31st March, 2013 | 31st March, 2012 |
|--|------------------|------------------|
| Remaining terms of maturity (in years) | 14 | 17 |
| Expected guarantee interest rate | 8.25% | 8.25% |
| Discount rate for the remaining term to maturity of interest portfolio | 8.15% | 8.15% |

Details of defined benefit plans are as follows:

(₹ in Lakhs)

| | 31st March, 2013 | | 31st March, 2012 | |
|------------------------------------|------------------|---|------------------|---|
| | Funded | Non funded | Funded | Non funded |
| | Gratuity | Others (Post Retirement medical and non compete fees) | Gratuity | Others (Post Retirement medical and non compete fees) |
| Present value of commitments | 968.85 | 389.39 | 875.16 | 367.22 |
| Fair value of plan assets | 778.75 | - | 601.68 | - |
| Net liability in the balance sheet | 190.10 | 389.39 | 273.48 | 367.22 |

| Defined benefit commitments: | | | | |
|---|---------------|---------------|----------|---------|
| Opening balance as at 1st April | 875.16 | 367.22 | 892.81 | 344.74 |
| Interest expenses | 76.31 | 32.13 | 71.45 | 28.44 |
| Current service cost | 46.66 | 4.64 | 45.27 | 3.44 |
| Paid benefits | (106.11) | (56.66) | (151.57) | (55.03) |
| Actuarial (gain) / loss | 76.83 | 42.06 | 17.20 | 45.63 |
| Closing balance as at 31st March | 968.85 | 389.39 | 875.16 | 367.22 |

| Plan assets | | | | |
|---|---------------|---|----------|---|
| Opening balance as at 1st April | 601.68 | - | 596.49 | - |
| Expected return on scheme assets | 60.57 | - | 50.61 | - |
| Contributions by the Company | 216.48 | - | 99.11 | - |
| Paid funds | (106.11) | - | (151.57) | - |
| Actuarial gain / (loss) | 6.13 | - | 7.04 | - |
| Closing balance as at 31st March | 778.75 | - | 601.68 | - |

| Return on plan assets | | | | |
|--------------------------------|--------------|---|-------|---|
| Expected return on plan assets | 60.57 | - | 50.61 | - |
| Actuarial gain / (loss) | 6.13 | - | 7.04 | - |
| Actual return on plan assets | 66.70 | - | 57.65 | - |

| Expenses on defined benefit plan: | | | | |
|--|---------------|--------------|---------|-------|
| Current service costs | 46.66 | 4.64 | 45.27 | 3.44 |
| Interest expense | 76.31 | 32.13 | 71.45 | 28.44 |
| Expected return on investment | (60.57) | - | (50.61) | - |
| Net actuarial (gain) / loss | 70.70 | 42.06 | 10.16 | 45.63 |
| Expenses charged to the statement of profit and loss | 133.10 | 78.83 | 76.27 | 77.51 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

32. Employee benefit obligations (contd.)

(₹ in Lakhs)

| Investment details | 31st March, 2013 | 31st March, 2012 |
|---------------------------|------------------|------------------|
| Funds managed by Insurer | 86% | 84% |
| Private sector unit bonds | 11% | 12% |
| Special deposit schemes | 3% | 4% |
| | 100% | 100% |

The actuarial calculations used to estimate defined benefit commitments for gratuity 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, 2013 | 31st March, 2012 |
|----------------------------------|---|------------------|
| Rate for discounting liabilities | 8.25% | 8.75% |
| Expected salary increase rate | 6.00% | 6.00% |
| Expected return on scheme assets | 8.00% | 8.00% |
| Mortality rates | Indian Assured Lives Mortality (2006-08) Ultimate | 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, 2013 | 31st March, 2012 |
|----------------------------------|------------------|------------------|
| Rate for discounting liabilities | 8.25% | 8.25% |

Experience adjustment:

Gratuity

| | 2012-13 | 2011-12 | 2010-11 | 2009-10 | 2008-09 |
|---|---------------|---------|---------|---------|---------|
| Defined benefit obligation | 968.85 | 875.16 | 892.81 | 952.66 | 971.78 |
| Plan asset | 778.75 | 601.68 | 596.49 | 571.71 | 600.16 |
| Deficit in plan asset | 190.10 | 273.48 | 296.32 | 380.95 | 371.62 |
| Experience adjustment on plan assets gain / (loss) | 6.13 | 7.04 | 20.95 | 59.77 | (6.26) |
| Experience adjustment on plan liabilities loss / (gain) | 76.83 | 70.98 | 143.02 | 0.29 | (3.82) |

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 2013-14 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 ₹ 2.21 Lakhs (*Previous year: ₹ 3.21 Lakhs*) is recognised to the statement of profit and loss based on actuarial valuation.

The Company has charged amounts aggregating ₹ 76.62 Lakhs; (*Previous year: ₹ 74.30 Lakhs*) to the statement of profit and loss based on actuarial valuation [Present value of future obligation as at 31st March, 2013 ₹ 359.84 Lakhs; (*Previous year: ₹ 338.86 Lakhs*)] and paid ₹ 55.64 Lakhs (*Previous year: ₹ 51.34 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, 2013

33. Segment reporting

The Company has identified business segments as its primary segment and geographical segment as its secondary segment. Business segments are primarily “Engineering”, “Shipping and logistics services” and “Real estate” segment. 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:

(₹ in Lakhs)

| Particulars | Engineering | | Shipping and logistics services | | Real estate | | Total | |
|---|------------------|------------------|---------------------------------|------------------|-------------------|-------------------|------------------|------------------|
| | 31st March, 2013 | 31st March, 2012 | 31st March, 2013 | 31st March, 2012 | 31st March, 2013 | 31st March, 2012 | 31st March, 2013 | 31st March, 2012 |
| External segment revenue | 18,839.18 | 15,536.25 | 11,090.56 | 11,219.47 | 1,104.12 | 1,654.54 | 31,033.86 | 28,410.26 |
| Add: Inter segment revenue | - | - | - | - | - | - | - | - |
| Revenue from operations | 18,839.18 | 15,536.25 | 11,090.56 | 11,219.47 | 1,104.12 | 1,654.54 | 31,033.86 | 28,410.26 |
| Segment Results - Profit / (Loss) (including exceptional items related to segments) | 1,278.20 | 2,335.41 | 517.38 | (130.06) | 6,827.07 | 1,206.68 | 8,622.65 | 3,412.03 |
| Add: Unallocated income | | | | | | | 525.48 | 91.18 |
| Less: Unallocated expenses | | | | | | | (1,704.55) | (1,687.04) |
| Less: Exceptional items other than related to segments (net) | | | | | | | (2,299.72) | (58.06) |
| Profit before tax and finance costs | | | | | | | 5,143.86 | 1,758.11 |
| Less: Finance costs | | | | | | | 1,529.81 | 1,285.40 |
| Profit before tax | | | | | | | 3,614.05 | 472.71 |
| Provision for taxation: | | | | | | | | |
| Current tax expense | | | | | | | 545.00 | - |
| Excess provision for tax relating to prior years | | | | | | | (65.72) | - |
| Profit after tax | | | | | | | 3,134.77 | 472.71 |
| Capital employed | | | | | | | | |
| Segment assets | 14,097.71 | 9,833.40 | 6,149.94 | 5,448.28 | 2,964.35 | 2,913.51 | 23,212.00 | 18,195.19 |
| Unallocated corporate assets | | | | | | | 21,820.94 | 20,650.65 |
| Total assets | | | | | | | 45,032.94 | 38,845.84 |
| Segment liabilities | 4,013.83 | 3,059.28 | 2,500.28 | 2,463.65 | 4,180.51 | 4,508.97 | 10,694.62 | 10,031.90 |
| Unallocated corporate liabilities | | | | | | | 1,496.58 | 1,580.76 |
| Total liabilities | | | | | | | 12,191.20 | 11,612.66 |
| Capital employed | 10,083.88 | 6,774.12 | 3,649.66 | 2,984.63 | (1,216.16) | (1,595.46) | 32,841.74 | 27,233.18 |
| Cost incurred to acquire segment assets including adjustments on account of capital work-in-progress | 565.71 | 788.75 | 728.89 | 27.38 | 3.88 | 3.85 | 1,298.48 | 819.98 |
| Unallocated cost incurred to acquire assets including adjustments on account of capital work-in-progress | | | | | | | 33.08 | 183.21 |
| Total capital expenditure | | | | | | | 1,331.56 | 1,003.19 |
| Segment depreciation / amortisation | 828.07 | 700.88 | 335.50 | 282.25 | 83.32 | 85.54 | 1,246.89 | 1,068.67 |
| Unallocated corporate depreciation / amortisation | | | | | | | 70.65 | 142.83 |
| Total depreciation / amortisation | | | | | | | 1,317.54 | 1,211.50 |
| Non-cash segment expenses other than depreciation | 264.00 | 7.69 | 62.89 | 234.70 | 2.14 | - | 329.03 | 242.39 |
| Unallocated non-cash expenses other than depreciation | | | | | | | 2,316.52 | 13.84 |
| Total non-cash expenses other than depreciation | | | | | | | 2,645.55 | 256.23 |

(b) Information about geographical business segment for the year

| | Within india | | Outside india | | Unallocated | | Total | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | 31st March, 2013 | 31st March, 2012 | 31st March, 2013 | 31st March, 2012 | 31st March, 2013 | 31st March, 2012 | 31st March, 2013 | 31st March, 2012 |
| Revenue | 29,178.11 | 26,311.38 | 1,855.75 | 2,098.88 | - | - | 31,033.86 | 28,410.26 |
| Assets | 22,881.54 | 17,620.79 | 330.46 | 574.40 | 21,820.94 | 20,650.65 | 45,032.94 | 38,845.84 |
| Cost incurred to acquire segment assets including adjustments on account of capital work-in-progress | 1,298.47 | 819.98 | - | - | 33.08 | 183.21 | 1,331.56 | 1,003.19 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

34. Related party disclosures

(A) Holding Company

Shapoorji Pallonji & Company Limited

(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 Euro Forbes Mauritius Limited
 - g E4 Development & Coaching Limited
 - h EFL Mauritius Limited
 - i Forbes Aquamall Limited (w.e.f. 9th August, 2011 amalgamated with Aquamall Water Solutions Limited)
 - j Forbes Lux FZCO (w.e.f. 26th June, 2011 subsidiary of Euro Forbes Limited)
 - k Forbes Facility Services Pvt. Limited
 - l Forbes Enviro Solutions Limited
 - m Radiant Energy Systems Pvt. Ltd.
 - n Waterwings Equipments Pvt. Ltd.
- 2 Forbes Campbell Finance Limited and its subsidiaries
 - a Forbes Bumi Armada Limited
 - b Forbes Campbell Services Limited
 - c Forbes Edumetry Limited
 - d Forbes Technosys Limited
- 3 Forbes Bumi Armada Offshore Limited
- 4 Forbes Container Lines Pte. Limited and its subsidiary, namely Forbesline Shipping Services LLC
- 5 Volkart Fleming Shipping and Services Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**(C) Fellow Subsidiaries (where there are transactions):**

- 1 Afcons Infrastructure Limited
- 2 Forvol International Services Limited
- 3 Gokak Textiles Limited
- 4 Neuvo Consultancy Services Limited (w.e.f. 29th April, 2011)
- 5 Shapoorji Pallonji Investment Advisors Pvt. Limited
- 6 Shapoorji Pallonji Energy (Gujarat) Pvt. Limited
- 7 SP Fabricators Pvt. Limited

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

- 1 Euro P2P Direct (Thailand) Co. Limited (Associate of Eureka Forbes Limited)
- 2 Forbes Lux Group AG, BAAR (Associate of Eureka Forbes Limited)
- 3 Lux International AG (Associates of Eureka Forbes Limited)
- 4 The Svadeshi Mills Company Limited
- 5 Coromondal Garments Limited (Subsidiary of The Svadeshi Mills Company Limited)
- 6 Nuevo Consultancy Services 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 Forbes Aquatech Limited (Joint venture of Eureka Forbes Limited)
- 3 Forbes Concept Hospitality Services Pvt. Limited (Joint venture of Eureka Forbes Limited)
- 4 Forbes G4S Solutions Pvt. Ltd (Joint venture of Eureka Forbes Limited)
- 5 Infinite Water Solutions Pvt. Limited (Joint venture of Eureka Forbes Limited)
- 6 Nypro Forbes Moulds Limited (w.e.f. 1st April, 2011 amalgamated with Nypro Forbes Products Limited) [Joint venture of Forbes Campbell Finance Limited]
- 7 Nypro Forbes Products Limited (Joint venture of Forbes Campbell Finance Limited)
- 8 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, 2013

34. Related party disclosures (contd.)

₹ In Lakhs

(b) Details of related party transactions during the year ended 31st March, 2013 and balances outstanding as at 31st March, 2013:

| | | 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 | - | 0.76 | - | - | - | - | 0.76 |
| | | - | 0.18 | - | - | - | - | 0.18 |
| 2 | Charter Hire Charges | - | - | - | - | - | - | - |
| | | - | - | - | - | 1,062.61 | - | 1,062.61 |
| 3 | Investments | - | 3,100.00 | - | - | - | - | 3,100.00 |
| | | - | 716.75 | - | - | - | - | 716.75 |
| | Sales | | | | | | | |
| 4 | Goods and Materials | - | 0.62 | - | - | - | - | 0.62 |
| | | - | 5.30 | - | - | - | - | 5.30 |
| 5 | Services Rendered | 2.07 | 112.52 | 14.10 | - | - | - | 128.68 |
| | | 51.38 | 93.94 | 1.86 | - | 4.57 | - | 151.75 |
| | Expenses | | | | | | | |
| 6 | Rent | - | 8.40 | - | - | - | - | 8.40 |
| | | - | 7.70 | - | - | - | - | 7.70 |
| 7 | Travelling and conveyance expenses | - | 1.41 | 104.11 | - | - | - | 105.52 |
| | | - | - | 120.27 | - | - | - | 120.27 |
| 8 | Legal and professional charges | - | 81.00 | - | - | - | - | 81.00 |
| | | - | 81.00 | - | - | - | - | 81.00 |
| 9 | Transportation, freight, handling and other charges | - | 48.82 | 3.64 | - | - | - | 52.46 |
| | | - | 49.11 | - | - | - | - | 49.11 |
| 10 | Recovery of Expenses | - | 0.03 | - | - | - | - | 0.03 |
| | | - | 0.70 | - | - | 0.09 | - | 0.79 |
| 11 | Diminution in Value of Investments | - | - | - | - | 2,230.00 | - | 2,230.00 |
| | | - | - | - | - | - | - | - |
| 12 | Interest Paid | 8.78 | - | - | - | - | - | 8.78 |
| | | 44.63 | 1.07 | - | - | - | - | 45.70 |
| 13 | Write offs of Investments (net of provision) | - | 69.72 | - | - | - | - | 69.72 |
| | | - | - | - | - | - | - | - |
| 14 | Provision for doubtful loans and advances | - | - | - | - | 0.73 | - | 0.73 |
| | | - | 0.33 | - | 14.33 | 0.28 | - | 14.94 |
| 15 | Bad trade receivables / advances written off | - | - | - | - | - | - | - |
| | | - | - | - | - | 0.19 | - | 0.19 |
| 16 | Remuneration | - | - | - | - | - | 118.85 | 118.85 |
| | | - | - | - | - | - | 110.68 | 110.68 |
| 17 | Miscellaneous expenses | - | 49.01 | - | - | - | - | 49.01 |
| | | 1.37 | 42.40 | - | - | - | - | 43.77 |
| 18 | Dividend payment | 92.95 | 1.66 | - | - | - | - | 94.62 |
| | | - | - | - | - | - | - | - |
| | Income | | | | | | | |
| 19 | Rent and Other Service Charges | 111.26 | 146.63 | 50.95 | - | - | - | 308.84 |
| | | 813.44 | 27.97 | 44.71 | - | 0.31 | - | 886.43 |
| 20 | Interest Received | - | 52.91 | - | - | 139.45 | - | 192.36 |
| | | - | 26.23 | - | - | 32.53 | - | 58.76 |
| | Other Receipts | | | | | | | |
| 21 | Other Reimbursements | - | 48.43 | 6.12 | - | 21.53 | - | 76.07 |
| | | 0.40 | 153.01 | - | - | 205.83 | - | 359.24 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

34. Related party disclosures (contd.)

₹ In Lakhs

(b) Details of related party transactions during the year ended 31st March, 2013 and balances outstanding as at 31st March, 2013:

| | 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 | - | 1,050.00 | - | - | 100.73 | - | 1,150.73 |
| | | - | 733.33 | - | 14.33 | 1,000.28 | - | 1,747.94 |
| 23 | Inter-corporate deposits taken | 2,500.00 | - | - | - | - | - | 2,500.00 |
| | | 1,000.00 | 15.00 | - | - | - | - | 1,015.00 |
| 24 | Repayment of Deposits Taken | 2,500.00 | - | - | - | - | - | 2,500.00 |
| | | 1,000.00 | 28.50 | - | - | - | - | 1,028.50 |
| 25 | Repayment of Deposits Given | - | 1,098.00 | - | - | - | - | 1,098.00 |
| | | - | 300.00 | - | - | - | - | 300.00 |
| Guarantees | | | | | | | | |
| 26 | Given on behalf of Shipping Principals (Renewed) | - | 4,480.00 | - | - | - | - | 4,480.00 |
| | | - | 2,277.50 | - | - | - | - | 2,277.50 |
| 27 | Given on behalf of a Subsidiary | - | 1,094.27 | - | - | - | - | 1,094.27 |
| | | - | 2,325.49 | - | - | - | - | 2,325.49 |
| 28 | Given on behalf of the Company by Holding Company | - | - | - | - | - | - | - |
| | | 2,598.31 | - | - | - | - | - | 2,598.31 |
| Outstandings | | | | | | | | |
| 29 | Trade Payables | - | 414.75 | 5.48 | - | - | - | 420.22 |
| | | - | 588.56 | 1.36 | - | - | - | 589.92 |
| 30 | Interest accrued | - | 1.82 | - | - | 125.50 | - | 127.32 |
| | | - | 8.94 | - | - | - | - | 8.94 |
| 31 | Trade Receivables | 3.26 | 10.57 | 6.06 | 20.15 | - | - | 40.05 |
| | | 14.08 | 0.66 | 1.43 | 20.15 | 1.02 | - | 37.34 |
| 32 | Long Term Loans and Advances | - | 356.33 | - | 4,756.77 | 71.27 | - | 5,184.38 |
| | | - | 356.33 | - | 4,756.77 | 70.55 | - | 5,183.65 |
| 33 | Short Term Loans and Advances | - | 68.28 | 25.28 | 1.11 | - | - | 94.67 |
| | | - | 60.01 | 18.82 | 1.11 | 47.99 | - | 127.93 |
| 34 | Provision for Doubtful Loans and Advances | - | 356.33 | - | 4,757.88 | 71.27 | - | 5,185.49 |
| | | - | 356.33 | - | 4,757.88 | 70.55 | - | 5,184.76 |
| 35 | Provision for Doubtful Trade Receivables | 2.11 | - | - | 20.15 | - | - | 22.27 |
| | | 10.65 | - | - | 20.15 | 0.92 | - | 31.72 |
| 36 | Deposits Receivable | - | 5.00 | - | - | - | - | 5.00 |
| | | - | - | - | - | - | - | - |
| 37 | Inter-corporate deposits receivable | - | 385.00 | - | - | 1,100.00 | - | 1,485.00 |
| | | - | 433.00 | - | - | 1,000.00 | - | 1,433.00 |
| 38 | Guarantees Given | - | 6,953.37 | - | - | - | - | 6,953.37 |
| | | - | 4,602.99 | - | - | - | - | 4,602.99 |
| 39 | Guarantees Taken | 2,725.25 | - | - | - | - | - | 2,725.25 |
| | | 2,598.31 | - | - | - | - | - | 2,598.31 |

Footnote:

Figures in italics are in respect of the previous year.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

34. Related party disclosures (contd.)

(c) The above Transactions includes:

| | | A | B | B | B | B | B | B |
|------------------------------|---|--|--------------------------|--|---------------------------------------|--|-----------------------------|---|
| | | Shapoorji Pallonji & Company Limited | Eureka Forbes Ltd. | Aquamall Water Solutions Ltd. | Forbes Campbell Finance Ltd. | Forbes Campbell Services Ltd. | Forbes Technosys Ltd. | Forbes Bumi Armada Offshore Ltd |
| Nature of Transaction | | | | | | | | |
| Purchases | | | | | | | | |
| 1 | Goods and Materials | - | 0.32 | - | - | - | 0.44 | - |
| | | - | - | - | - | - | 0.18 | - |
| 2 | Charter Hire Charges | - | - | - | - | - | - | - |
| 3 | Investments | - | - | - | - | - | - | - |
| | | - | - | - | 716.75 | - | 3,000.00 | - |
| Sales | | | | | | | | |
| 4 | Goods and Materials | - | - | - | - | - | 0.62 | - |
| | | - | - | - | - | - | 5.30 | - |
| 5 | Services Rendered | - | - | 13.00 | - | - | - | - |
| | | 51.38 | - | - | - | - | - | - |
| Expenses | | | | | | | | |
| 6 | Rent | - | - | - | 3.60 | - | - | - |
| | | - | - | - | - | - | - | - |
| 7 | Travelling and conveyance expenses | - | - | - | - | - | - | - |
| | | - | - | - | - | - | - | - |
| 8 | Legal and professional charges | - | - | - | - | - | - | - |
| | | - | - | - | - | - | - | - |
| 9 | Transportation, freight, handling and other charges | - | - | - | - | - | - | - |
| | | - | - | - | - | - | - | - |
| 10 | Recovery of Expenses | - | 0.03 | - | - | - | - | - |
| | | - | - | - | - | 0.70 | - | - |
| 11 | Diminution in Value of Investments | - | - | - | - | - | - | - |
| | | - | - | - | - | - | - | - |
| 12 | Interest Paid | 8.78 | - | - | - | - | - | - |
| | | 44.63 | - | - | - | - | - | - |
| 13 | Write offs of Investments (net of provision) | - | - | - | 69.72 | - | - | - |
| | | - | - | - | - | - | - | - |
| 14 | Provision for doubtful loans and advances | - | - | - | - | - | - | - |
| | | - | - | - | - | - | - | - |
| 15 | Bad trade receivables / advances written off | - | - | - | - | - | - | - |
| | | - | - | - | - | - | - | - |
| 16 | Remuneration | - | - | - | - | - | - | - |
| | | - | - | - | - | - | - | - |
| 17 | Miscellaneous expenses | - | - | - | - | 49.01 | - | - |
| | | - | - | - | - | 41.67 | - | - |
| 18 | Dividend payment | 92.95 | - | - | - | - | - | - |
| | | - | - | - | - | - | - | - |
| Income | | | | | | | | |
| 19 | Rent and Other Service Charges | 111.26 | - | - | - | - | 144.13 | - |
| | | 813.44 | - | - | - | - | - | - |
| 20 | Interest Received | - | - | - | - | - | 29.19 | - |
| | | - | - | - | - | - | 16.15 | - |
| Other Receipts | | | | | | | | |
| 21 | Other Reimbursements | - | - | - | - | - | 34.55 | 11.80 |
| | | - | - | - | - | - | - | 123.29 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

₹ In Lakhs

| B | B | C | C | C | D | D | E | E | E | F |
|---|---|--|---------------------------|--------------------------------|---|-----------------------------------|-----------------|-------------------------------------|--------------------|--|
| Forbes Container Lines Pte. Ltd. | Volkart Fleming Shipping & Services Ltd. | Forvol International Services Ltd. | Gokak Textiles Ltd. | SP Fabricators Pvt. Ltd. | The Svadeshi Mills Company Ltd. | Coromondal Garments Limited | Edumetry Inc | Nypro Forbes Products Ltd. | SCI Forbes Ltd. | Managing Director, Mr. Ashok Barat. |
| - | - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | 1,062.61 | - |
| - | - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - | - |
| 96.20 | - | - | - | - | - | - | - | - | - | - |
| 93.94 | - | - | - | - | - | - | - | - | - | - |
| - | 4.80 | - | - | - | - | - | - | - | - | - |
| - | 7.70 | - | - | - | - | - | - | - | - | - |
| - | - | 104.11 | - | - | - | - | - | - | - | - |
| - | - | 120.27 | - | - | - | - | - | - | - | - |
| - | 81.00 | - | - | - | - | - | - | - | - | - |
| - | 81.00 | - | - | - | - | - | - | - | - | - |
| 48.64 | - | - | - | - | - | - | - | - | - | - |
| 49.11 | - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | 0.09 | - | - |
| - | - | - | - | - | - | - | - | - | 2,230.00 | - |
| - | - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - | - |
| - | 22.31 | - | - | - | - | - | - | 139.45 | - | - |
| - | 8.92 | - | - | - | - | - | - | 32.53 | - | - |
| - | - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | 21.53 | - | - |
| - | - | - | - | - | - | - | - | 47.89 | 157.93 | - |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

34. Related party disclosures (contd.)

(c) The above Transactions includes:

| | A | B | B | B | B | B | B |
|--|--------------------------------------|--------------------|-------------------------------|------------------------------|-------------------------------|-----------------------|---------------------------------|
| | Shapoorji Pallonji & Company Limited | Eureka Forbes Ltd. | Aquamall Water Solutions Ltd. | Forbes Campbell Finance Ltd. | Forbes Campbell Services Ltd. | Forbes Technosys Ltd. | Forbes Bumi Armada Offshore Ltd |
| Finance | | | | | | | |
| 22 Inter-corporate deposits given | - | - | - | - | - | 1,050.00 | - |
| | - | - | - | - | - | <i>530.00</i> | - |
| 23 Inter-corporate deposits taken | 2,500.00 | - | - | - | - | - | - |
| | <i>1,000.00</i> | - | - | - | - | - | - |
| 24 Repayment of Deposits Taken | 2,500.00 | - | - | - | - | - | - |
| | <i>1,000.00</i> | - | - | - | - | - | - |
| 25 Repayment of Deposits Given | - | - | - | - | - | 1,080.00 | - |
| | - | - | - | - | - | <i>300.00</i> | - |
| Guarantees | | | | | | | |
| 26 Given on behalf of Shipping Principals (Renewed) | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - |
| 27 Given on behalf of a Subsidiary | - | - | - | - | - | - | 1,094.27 |
| | - | - | - | - | - | - | <i>2,325.49</i> |
| 28 Given on behalf of the Company by Holding Company | - | - | - | - | - | - | - |
| | <i>2,598.31</i> | - | - | - | - | - | - |
| Outstandings | | | | | | | |
| 29 Trade Payables | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - |
| 30 Interest accrued | - | - | - | <i>0.91</i> | - | - | - |
| | - | - | - | - | - | - | - |
| 31 Trade Receivables | - | - | - | - | - | 6.87 | - |
| | <i>14.08</i> | - | - | - | - | - | - |
| 32 Long Term Loans and Advances | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - |
| 33 Short Term Loans and Advances | - | - | - | - | - | 25.41 | 42.87 |
| | - | - | - | - | - | <i>21.95</i> | <i>30.71</i> |
| 34 Provision for Doubtful Loans and Advances | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - |
| 35 Provision for Doubtful Trade Receivables | - | - | - | - | - | - | - |
| | <i>10.65</i> | - | - | - | - | - | - |
| 36 Deposits Receivable | - | - | - | 5.00 | - | - | - |
| | - | - | - | - | - | - | - |
| 37 Inter-corporate deposits receivable | - | - | - | - | - | 200.00 | - |
| | - | - | - | - | - | <i>230.00</i> | - |
| 38 Guarantees Given | - | - | - | - | - | 3,420.00 | 3,533.37 |
| | - | - | - | - | - | - | <i>2,325.49</i> |
| 39 Guarantees Taken | 2,725.25 | - | - | - | - | - | - |
| | <i>2,598.31</i> | - | - | - | - | - | - |

Footnote:

Figures in italics are in respect of the previous year.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

₹ In Lakhs

| B | B | C | C | C | D | D | E | E | E | F |
|---|---|--|---------------------------|--------------------------------|---|-----------------------------------|-----------------|-------------------------------------|--------------------|--|
| Forbes Container Lines Pte. Ltd. | Volkart Fleming Shipping & Services Ltd. | Forvol International Services Ltd. | Gokak Textiles Ltd. | SP Fabricators Pvt. Ltd. | The Svadeshi Mills Company Ltd. | Coromondal Garments Limited | Edumetry Inc | Nypro Forbes Products Ltd. | SCI Forbes Ltd. | Managing Director, Mr. Ashok Barat. |
| - | - | - | - | - | - | - | - | - | - | - |
| - | 200.00 | - | - | - | - | - | - | 1,000.00 | - | - |
| - | - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - | - |
| 4,480.00 | - | - | - | - | - | - | - | - | - | - |
| 2,277.50 | - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - | - |
| 407.68 | - | - | - | - | - | - | - | - | - | - |
| 583.65 | - | - | - | - | - | - | - | 125.50 | - | - |
| - | 8.03 | - | - | - | - | - | - | - | - | - |
| - | - | - | - | 4.45 | 20.15 | - | - | - | - | - |
| - | - | - | - | - | 20.15 | - | - | - | - | - |
| - | - | - | - | - | 4,391.78 | - | - | - | - | - |
| - | - | - | - | - | 4,391.78 | - | - | - | - | - |
| - | - | - | 22.71 | - | - | - | - | - | - | - |
| - | - | - | 18.82 | - | - | - | - | 47.54 | - | - |
| - | - | - | - | - | 4,391.78 | - | - | - | - | - |
| - | - | - | - | - | 4,391.78 | - | - | - | - | - |
| - | - | - | - | - | 20.15 | - | - | - | - | - |
| - | - | - | - | - | 20.15 | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - | - |
| - | 185.00 | - | - | - | - | - | - | 1,100.00 | - | - |
| - | 200.00 | - | - | - | - | - | - | 1,000.00 | - | - |
| - | - | - | - | - | - | - | - | - | - | - |
| 2,277.50 | - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - | - |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

35. Leases

(a) Finance lease: Company as lessee

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

- (i) The gross carrying amount and the accumulated depreciation at the balance sheet date are ₹ 212.31 Lakhs; (*Previous year: ₹ 212.78 Lakhs*) and ₹ 128.32 Lakhs; (*Previous year: ₹ 75.30 Lakhs*) respectively.
- (ii) Depreciation recognised in the statement of profit and loss is ₹ 53.09 Lakhs; (*Previous year: ₹ 37.69 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, 2013 | | As at 31st March, 2012 | |
|---|------------------------|--------------|------------------------|---------------|
| | MLP | PV of MLP | MLP | PV of MLP |
| Not later than one year | 41.87 | 37.31 | 74.18 | 62.28 |
| Later than one year but not later than five years | 53.74 | 49.83 | 95.61 | 85.74 |
| Later than five years | - | - | - | - |
| TOTAL | 95.61 | 87.14 | 169.79 | 148.02 |
| Less: Amounts representing finance charges | (8.47) | - | (21.77) | - |
| Present value of minimum lease payments | 87.14 | 87.14 | 148.02 | 148.02 |

(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, wherever applicable) | |
|--------------------------------|--|---|
| | As at 31st March, 2013 ₹ In Lakhs | As at 31st March, 2012 ₹ In Lakhs |
| Gross carrying amount | 1,087.34 | 1,476.82 |
| Less: Accumulated depreciation | 417.35 | 451.74 |
| Net carrying amount | 669.99 | 1,025.08 |
| Depreciation for the year | 33.80 | 42.66 |

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

| Period | As at 31st March, 2013 ₹ In Lakhs | As at 31st March, 2012 ₹ In Lakhs |
|---|---|---|
| Not later than one year | 398.00 | 354.00 |
| Later than one year but not later than five years | 392.67 | 746.67 |
| Later than five years | - | - |
| TOTAL | 790.67 | 1,100.67 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

36. Earnings per share

Earnings per share is computed as under:

| Sr. No. | Particulars | Remarks | For the year ended 31st March, 2013 | For the year ended 31st March, 2012 |
|---------|--|---------|--|--|
| 1. | Profit after tax (₹ In Lakhs) | A | 3,134.77 | 472.71 |
| 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 | 24.30 | 3.66 |

37. Deferred tax

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

| Nature of Timing Difference | (Liabilities) / Assets As at 31st March, 2012 | (Charge) / credit for the year | (Liabilities) / Assets As at 31st March, 2013 |
|---|--|--------------------------------------|--|
| | ₹ in Lakhs (A) | ₹ in Lakhs (B) | ₹ in Lakhs (C) = (A) + (B) |
| Related to fixed assets | (1,174.59) | 28.68 | (1,145.91) |
| Voluntary retirement scheme | 82.39 | (24.55) | 57.84 |
| Provision for doubtful debts and advances | 366.98 | (225.81) | 141.17 |
| Provisions and liabilities to be allowed on payment basis | 288.71 | (8.33) | 280.38 |
| Unabsorbed depreciation | 436.51 | 230.01 | 666.52 |
| | - | - | - |

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.

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, 2013 | | | | For the year ended 31st March, 2013 | |
|--------------------|--------------------------|------------------------------|------------------------|-------------|------------------------|-------------------------------|-------------------------------------|-------------|
| | | | Assets | Liabilities | Contingent liabilities | Capital and other commitments | Income | Expenditure |
| | | | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs |
| Edumetry Inc. | United States of America | 50 | 6.37 | 345.67 | - | - | 7.49 | 0.97 |
| | | 50 | 6.65 | 336.54 | - | - | 0.07 | 1.86 |
| SCI Forbes Limited | India | 25 | 10,179.29 | 5,319.29 | - | - | 1,333.62 | 3,113.11 |
| | | 25 | 12,263.57 | 5,621.33 | - | - | 1,584.73 | 2,336.26 |

Figures in italics relate to the previous year.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

39. 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, 2013

| Currency | Buy / Sell | Cross Currency | As at 31st March, 2013 | | As at 31st March, 2012 | |
|-----------|------------|-------------------|---------------------------|-------------|---------------------------|-------------|
| | | | ₹ in Lakhs | FC in Lakhs | ₹ in Lakhs | FC in Lakhs |
| US Dollar | Buy | ₹ | 849.44 | US\$ 15.58 | 254.40 | US\$ 4.83 |

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, 2013 | | As at 31st March, 2012 | |
|-------------------------------------|---------------------------|-------------|---------------------------|-------------|
| | ₹ in Lakhs | FC in Lakhs | ₹ in Lakhs | FC in Lakhs |
| a) Trade receivables | 221.99 | US\$ 4.07 | 96.74 | US\$ 1.86 |
| | 84.35 | GBP 1.02 | 74.11 | GBP 0.89 |
| | 6.04 | EUR 0.09 | - | - |
| b) Trade payables | 432.69 | US\$ 7.94 | 404.94 | US\$ 7.79 |
| | 10.87 | EUR 0.16 | 9.12 | EUR 0.13 |
| | - | - | 2.75 | CHF 0.05 |
| | - | - | 1.44 | SGD 0.03 |
| c) <u>Short-term Borrowings</u> | | | | |
| Buyers Credit | 1,078.30 | US\$ 19.78 | 347.97 | US\$ 6.77 |
| Buyers Credit | - | - | 100.33 | EUR 1.45 |
| Packing Credit | - | - | 57.68 | US\$ 1.11 |
| <u>Interest Payable</u> | | | | |
| Buyers Credit | 0.11 | US\$ 0.00 | 4.45 | US\$ 0.09 |
| d) Advances given | | | | |
| (i) for import of goods | 8.04 | US\$ 0.15 | 401.63 | US\$ 7.73 |
| | 1.23 | EUR 0.02 | 1.91 | EUR 0.03 |
| (ii) for capital goods | 8.80 | US\$ 0.16 | - | - |
| | - | - | 40.48 | AUD 0.75 |
| | - | - | 10.81 | EUR 0.16 |
| e) Advances received from customers | 48.99 | US\$ 0.90 | 11.65 | US\$ 0.22 |
| f) Balance with bank | 4.15 | US\$ 0.08 | 46.84 | US\$ 0.90 |

Footnote:

| | |
|-------|----------------------|
| FC | Foreign Currency |
| US \$ | United States Dollar |
| GBP | Great British Pound |
| CHF | Swiss Franc |
| EUR | Euro |
| AUD | Australian Dollar |
| SGD | Singapore Dollar |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**40. 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, | 31st March, |
|--|-------------|-------------|
| | 2013 | 2012 |
| | ₹ in Lakhs | ₹ in Lakhs |
| a) Principal amount remaining unpaid to any supplier as at the end of the accounting year | 163.20 | 151.40 |
| b) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year | 2.42 | 1.77 |
| 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 | 9.32 | 7.42 |
| e) The amount of interest accrued and remaining unpaid at the end of the accounting year | 17.57 | 8.25 |
| 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 | 8.25 | 0.83 |

41A. Details of provisions for disputed statutory demands

The Company has made provision for disputed statutory liabilities based on the basis of its assessment of the amount it estimates to incur to meet such obligations, details of which are given below:

| Particulars | 31st March, | 31st March, |
|---|---------------|---------------|
| | 2013 | 2012 |
| | ₹ in Lakhs | ₹ in Lakhs |
| Balance as at the beginning of the year | 120.00 | - |
| Add: Provisions made during the year | - | 120.00 |
| Less: Utilisation / Reversal | - | - |
| | <u>120.00</u> | <u>120.00</u> |

41B. Details of provisions for onerous contracts

The Company has made provision for obligations relating to onerous contracts on the basis of its assessment of the amount it estimates to incur to meet such obligations, details of which are given below:

| Particulars | 31st March, | 31st March, |
|---|---------------|-------------|
| | 2013 | 2012 |
| | ₹ in Lakhs | ₹ in Lakhs |
| Balance as at the beginning of the year | - | - |
| Add: Provisions made during the year | 264.00 | - |
| Less: Utilisation / Reversal | - | - |
| | <u>264.00</u> | <u>-</u> |

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

| Particulars | Year ended | Year ended |
|--------------------------------------|------------------|------------------|
| | 31st March, 2013 | 31st March, 2012 |
| | ₹ in Lakhs | ₹ in Lakhs |
| Steel bars | 993.53 | 1,073.73 |
| Wire rods | 820.01 | 884.11 |
| Carbide blanks | 1,130.26 | 1,199.24 |
| HSS blanks | 337.01 | 836.00 |
| Various components for Steam Turbine | 4,686.04 | 1,290.83 |
| Others | 179.23 | 71.44 |
| TOTAL | <u>8,146.08</u> | <u>5,355.35</u> |

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

| | | |
|--------------------------------|-----------------|---------------|
| Cutting tools | - | 4.14 |
| Steam turbine | 772.72 | - |
| Components and accessories | 203.20 | 223.44 |
| Automated impact markers | 488.12 | 328.59 |
| Other traded tools instruments | 36.32 | 29.89 |
| TOTAL | <u>1,500.36</u> | <u>586.06</u> |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

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

| <i>(₹ in Lakhs)</i> | | | |
|--|---|---|--|
| Product | Opening stock 31st March, 2012 | Closing stock 31st March, 2013 | Sales 31st March, 2013 |
| A. Manufactured goods | | | |
| 1. Threading tools | 295.10 <i>(327.27)</i> | 269.05 <i>(295.10)</i> | 7,262.39 <i>(8,105.03)</i> |
| 2. Carbide tools | 157.88 <i>(159.55)</i> | 117.94 <i>(157.88)</i> | 2,991.20 <i>(2,984.44)</i> |
| 3. Spring washers | 79.76 <i>(95.76)</i> | 50.80 <i>(79.76)</i> | 1,770.51 <i>(1,844.44)</i> |
| 4. Steam turbine | - | - | 5,921.01 <i>(2,295.81)</i> |
| 5. Printing and embossing machines: | | | |
| a) Conventional marking system | 9.69 <i>(1.99)</i> | 1.50 <i>(9.69)</i> | 39.40 <i>(58.28)</i> |
| b) Automated marking system | - | 72.55 | 68.93 |
| 6. Precision interchangeable steel types sets along with rotary wheels, holding devices and fixtures for composite metal indentation | 48.03 <i>(66.89)</i> | 46.32 <i>(48.03)</i> | 635.26 <i>(651.90)</i> |
| 7. Cutting tools | - | 35.80 | 79.65 <i>(7.01)</i> |
| 8. High Tensil Fastners | - | 5.55 | 1.86 |
| 9. Components and accessories | - | 86.52 | 137.55 |
| | 590.46 <i>(651.46)</i> | 686.03 <i>(590.46)</i> | 18,907.76 <i>(15,946.91)</i> |
| B. Traded goods | | | |
| 1. Cutting tools | 0.07 <i>(0.53)</i> | 0.10 <i>(0.07)</i> | 11.09 <i>(14.89)</i> |
| 2. Steam turbine | - | - | 762.53 |
| 3. Components and accessories | 35.67 <i>(36.66)</i> | 3.57 <i>(35.67)</i> | 273.65 <i>(298.89)</i> |
| 4. Automated impact markers | 63.84 <i>(94.50)</i> | 39.42 <i>(63.84)</i> | 494.29 <i>(573.32)</i> |
| 5. Other traded tools instruments | 2.64 <i>(25.97)</i> | 7.56 <i>(2.64)</i> | 40.64 <i>(46.14)</i> |
| | 102.22 <i>(157.66)</i> | 50.65 <i>(102.22)</i> | 1,582.20 <i>(933.24)</i> |
| TOTAL (A + B) | 692.68 <i>(809.12)</i> | 736.68 <i>(692.68)</i> | 20,489.96 <i>(16,880.15)</i> |

Footnote:

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

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

(₹ in Lakhs)

| Product | Opening stock 1st April, 2012 | Closing stock 31st March, 2013 |
|--|----------------------------------|-----------------------------------|
| 1. Threading Tools | 315.12 <i>(313.04)</i> | 273.88 <i>(315.12)</i> |
| 2. Carbide Tools | 102.96 <i>(91.06)</i> | 81.56 <i>(102.96)</i> |
| 3. Spring Washer | 46.83 <i>(40.33)</i> | 53.09 <i>(46.83)</i> |
| 4. Precision interchangeable steel types sets alongwith rotary wheels, holding devices and fixtures for composite metal indentation. | 30.86 <i>(84.40)</i> | 19.85 <i>(30.86)</i> |
| TOTAL | 495.77 <i>(528.83)</i> | 428.38 <i>(495.77)</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, 2013 | For the year ended 31st March, 2012 |
|------------------------------|---|---|
| | ₹ in Lakhs | ₹ in Lakhs |
| (a) Raw materials | 826.25 | <i>1,506.64</i> |
| (b) Components | 3,485.69 | <i>533.87</i> |
| (c) Stores, spares and tools | 128.19 | <i>131.79</i> |
| (d) Capital goods | 946.04 | <i>298.66</i> |
| (e) Purchases for resale | 571.23 | <i>395.64</i> |
| | 5,957.40 | <i>2,866.60</i> |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

46. Expenditure in foreign currencies:

| | For the year ended 31st March, 2013 | <i>For the year ended 31st March, 2012</i> |
|-----------------------------------|--|--|
| | ₹ in Lakhs | <i>₹ in Lakhs</i> |
| (a) Charter hire charges | - | 1,061.75 |
| (b) Commission to overseas agents | 29.42 | 29.45 |
| (c) Foreign travel | 25.36 | 42.60 |
| (d) Royalty | 19.42 | 37.28 |
| (e) Others | 309.55 | 164.19 |
| | 383.75 | 1,335.27 |

47. Earnings in foreign exchange:

| | For the year ended 31st March, 2013 | <i>For the year ended 31st March, 2012</i> |
|--|--|--|
| | ₹ in Lakhs | <i>₹ in Lakhs</i> |
| (a) Export of goods calculated on F.O.B. basis | 1,804.57 | 1,481.83 |
| (b) Charter hire income | - | 549.28 |
| (c) Commission and other services | 22.87 | 46.49 |
| (d) Freight and insurance recoveries | 28.31 | 21.28 |
| | 1,855.75 | 2,098.88 |

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

| | For the year ended 31st March, 2013 | | <i>For the year ended 31st March, 2012</i> | |
|--|--|-----------------------------|--|-----------------------------|
| | % to Total Consumption | Value ₹ in Lakhs | <i>% to Total Consumption</i> | <i>Value ₹ in Lakhs</i> |
| (a) Raw materials and components | | | | |
| Direct Imports at landed cost | 56 | 4,524.44 | 45 | 2,402.30 |
| Indigenous - Including value of imported items locally purchased | 44 | 3,621.64 | 55 | 2,953.05 |
| TOTAL | 100 | 8,146.08 | <i>100</i> | <i>5,355.35</i> |
| (b) Stores, spares and tools | | | | |
| Direct Imports at landed cost | 17 | 125.76 | 18 | 135.99 |
| Indigenous - Including value of imported items locally purchased | 83 | 613.16 | 82 | 599.28 |
| TOTAL | 100 | 738.92 | <i>100</i> | <i>735.27</i> |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

49. Loans and advances to related parties includes interest free loans, relating to which full provision exists in books of accounts, aggregating ₹ 4,756.77 Lakhs (Secured ₹ 4,716.78 Lakhs) as at 31st March, 2013 [*Previous year: ₹ 4,756.77 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.
50. 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 Lakhs during previous year ended 31st March, 2012. 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.
51. Previous year figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

| | | |
|---------------------------|-------------------------------|--------------------------|
| | SHAPOOR P. MISTRY | <i>Chairman</i> |
| | ASHOK BARAT | <i>Managing Director</i> |
| AMIT MITTAL | D.B. ENGINEER | } <i>Directors</i> |
| <i>Director (Finance)</i> | R.N. JHA | |
| | S.L. GOKLANEY | |
| | T.R. DOONGAJI | |
| | KAIWAN KALYANIWALLA | |
| | D. SIVANANDHAN | |
| A.T. SHAH | JIMMY J. PARAKH | |
| <i>Company Secretary</i> | JAI L. MAVANI | |
| | <i>Mumbai, 28th May, 2013</i> | |

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 Limited Dubai | Euro Forbes Financial Services Limited | EFL Marutius Limited | Euro Forbes Marutius Limited |
|---|---|---|--|-----------------------------|---|------------------------------------|--|----------------------------|---------------------------------------|
| 1. Financial Year of the Subsidiary Company | 31st March, 2013 | 31st March, 2013 | 31st March, 2013 | 31st March, 2013 | 31st March, 2013 | 31st March, 2013 | 31st March, 2013 | 31st March, 2013 | 31st March, 2013 |
| 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 | ★ 8850,001 | ★ 1 |
| | Shares of | Shares of | Shares of | Shares of | Shares of | Shares of | Shares of | Shares 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 |
| 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, 2013 is as follows: | | | | | | | | | |
| For the year | ₹ in lakhs | - | - | - | 3,492.79 | - | - | - | - |
| For the previous years | ₹ in lakhs | - | - | - | 13,295.84 | - | - | - | - |
| 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, 2013 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.

▲ 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

■ Held by Forbes Container Lines PTE Limited a Subsidiary of the Company.

RELATING TO SUBSIDIARY COMPANIES

(₹ In Lakhs)

| Forbes Bumi Armada Limited | 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 | Forbesline Shipping Services LLC | Forbes Technosys Limited | Forbes Campbell Finance Limited | Radiant Energy Systems Private Limited | Volkart Fleming Shipping & Services Limited | Waterwings Equipments Private Limited |
|----------------------------|-------------------------------------|-------------------------------------|--------------------------------------|----------------------------------|-------------------------|---------------------------------|-----------------------------|----------------------------------|--------------------------|---------------------------------|--|---|---------------------------------------|
| 31st March, 2013 | 31st March, 2013 | 31st March, 2013 | 31st March, 2013 | 31st March, 2013 | 31st March, 2013 | 31st March, 2013 | 31st March, 2013 | 31st March, 2013 | 31st March, 2013 | 31st March, 2013 | 31st March, 2013 | 31st March, 2013 | 31st March, 2013 |
| | 1050,021 | 8,64,960 | | | | | | | | 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% | |
| ♦ 55,00,000 | 21,00,000 | 8,64,960 | ★ 10,00,000 | ★ 50,000 | ♦ 2880,000 | ★ 50,000 | ▲ 12 | ■ 300 | ♦ 118,97,200 | 38,64,131 | ★ 7,250 | 50,385 | ★ 50,000 |
| Shares of ₹ 10 each | 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 AED 10,000 each | Shares of ₹ 10 each | Shares of ₹ 10 each | Shares of ₹ 100 each | Shares of ₹ 100 each | Shares of ₹ 10 each |
| - | (145.21) | (152.18) | - | - | - | - | - | - | - | (489.31) | - | (33.82) | - |
| - | (55.89) | (494.83) | - | - | - | - | - | - | - | (2,184.09) | - | 837.64 | - |
| - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| - | - | 146.54 | - | - | - | - | - | - | - | 52.48 | - | 737.49 | - |

SHAPOOR P. MISTRY
ASHOK BARAT

*Chairman
Managing Director*

AMIT MITTAL
Director (Finance)

D.B. ENGINEER
R.N. JHA
S.L. GOKLANEY
T.R. DOONGAJI
KAIWAN KALYANIWALLA
D. SIVANANDHAN
JIMMY J. PARAKH
JAI L. MAVANI
Mumbai, 28th May, 2013

Directors

A.T. SHAH
Company Secretary

Additional information on the Subsidiary Companies

| | Aquadiagnostic 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 Mauritius 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 US \$ | Rate | ₹ In Lakhs | in US \$ | Rate | ₹ In Lakhs | |
| | AVG | | AVG | AVG | AVG | 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 | + | (186.15) | 19,296.84 | 16,147.48 | + | (88.90) | +(2.72) | 13.36 | +(36.31) | 3.75 | 226.22 | 847.91 | +(0.21) | 69.66 | +(14.56) | +(1.40) | +(6.05) | 53.39 | +(323.02) | |
| (c) Total Assets ▲ | 96.98 | 25,094.10 | 77,368.11 | 59.28 | 2.34 | 43.81 | 102.69 | 96.61 | 69.66 | 6,729.83 | 0.02 | 69.66 | 1.51 | 4.58 | 31.03 | 54.69 | 1,696.89 | | | |
| (d) Total Liabilities | 275.13 | 5,397.24 | 60,847.82 | 48.18 | 0.06 | 43.81 | 2.73 | 4.36 | 69.66 | 303.54 | 0.23 | 69.66 | 16.07 | 0.98 | 36.26 | 54.69 | 1,983.09 | | | |
| (e) Details of Investment | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Long Term | - | 85.95 | 425.57 | - | - | - | - | 96.24 | 69.66 | 6,704.36 | - | - | - | - | - | - | - | - | - | - |
| Current | - | - | 5,024.00 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Subsidiary | - | 8.00 | 6,345.34 | - | - | - | - | - | - | - | - | - | - | - | - | - | 27.08 | 54.69 | 1,481.15 | |
| Sub Total | - | 93.95 | 11,794.91 | - | - | - | - | 96.24 | - | 6,704.36 | - | - | - | - | - | - | 27.08 | - | 1,481.15 | |
| (f) Turnover | 54.83 | 46,180.50 | 128,640.98 | 84.33 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (g) Profit before Taxation | (28.55) | 5,139.64 | 4,529.73 | 10.91 | (0.24) | 43.83 | (10.41) | 2.24 | 69.98 | 156.64 | (0.07) | 69.98 | (4.68) | (0.28) | (3.51) | 53.77 | (188.63) | | | |
| (h) Provision for Taxation | - | 1,030.00 | 1,036.94 | 0.51 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Income Tax | - | 1,030.00 | 1,093.03 | 0.50 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Deferred Tax | - | - | (56.09) | 0.01 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Fringe Benefit Tax | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (I) Profit After Taxation | (28.55) | 4,109.64 | 3,492.79 | 10.40 | (0.24) | 43.83 | (10.41) | 2.24 | 69.98 | 156.64 | (0.07) | 69.98 | (4.68) | (0.28) | (3.51) | 53.77 | (188.63) | | | |
| (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 | Forbesline Shipping Services LLC | Forbes Technosys Limited | Forbes Campbell Finance Limited | Radiant Energy Systems Pvt. Limited | Volkart Fleming Shipping & Services Limited | Waterwings equipments Pvt. Limited | | | | | | |
|----------------------------|-------------------------------------|-------------------------------|----------------------------------|-------------------------|---------------------------------|--|-----------------|----------------------------------|--------------------------|---------------------------------|-------------------------------------|---|------------------------------------|----------------|--------------|-----------------|---------------|----------------|---------------|
| in S \$ | | | Rate ₹ In Lakhs | | | in S \$ | | | Rate ₹ In Lakhs | | | In Rs. | | | | | | | |
| AVG | | | AVG | | | AVG | | | AVG | | | AVG | | | | | | | |
| 550.00 | 210.00 | 29.84 | 43.81 | 1,307.23 | 5.00 | 288.00 | 5.00 | 100.00 | 3.27 | 54.29 | 177.29 | 2.05 | 14.79 | 30.26 | 4,389.72 | 386.41 | 7.25 | 50.39 | 5.00 |
| + 53.83 | ★ (402.20) | +(19.47) | 43.81 | +(853.09) | 1.18 | +(661.48) | +(1.75) | +(66.32) | ★(19.53) | 54.62 | ★(1,066.59) | +(1.41) | 14.82 | ★(20.89) | +(2,043.20) | 405.51 | 107.04 | 328.40 | 103.49 |
| 618.42 | 2,364.25 | 24.51 | 43.81 | 1,073.96 | 8.58 | 66.86 | 3.71 | 2,235.89 | 304.17 | 54.69 | 16,634.96 | 0.64 | 14.79 | 9.40 | 9,052.88 | 1,964.71 | 570.63 | 676.93 | 696.22 |
| 14.59 | 2,556.45 | 14.15 | 43.81 | 619.85 | 2.40 | 440.33 | 0.46 | 2,202.21 | 320.43 | 54.69 | 17,524.26 | | | | 6,706.36 | 1,172.78 | 456.34 | 298.14 | 587.72 |
| - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| - | 21.91 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 270.42 | - | 3.91 | - |
| 75.00 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 0.87 | - | - |
| - | - | 0.69 | 43.81 | 30.28 | - | - | - | - | - | - | - | - | - | - | - | 1,463.77 | - | - | - |
| 75.00 | 21.91 | 0.69 | - | 30.28 | - | - | - | - | - | - | - | - | - | - | - | 1,734.19 | 0.87 | 3.91 | - |
| - | 1,976.21 | 181.43 | 43.90 | 7,965.20 | 49.01 | - | - | 5,726.85 | 57.00 | 54.43 | 3,102.75 | | | | 16,684.44 | 1.66 | 991.49 | 138.68 | 1,723.72 |
| 31.04 | (290.42) | (3.47) | 43.84 | (152.18) | 0.42 | (14.40) | (0.33) | 132.33 | (4.25) | 53.54 | (227.70) | (1.41) | 14.82 | (20.89) | 26.45 | (489.31) | 116.59 | (29.92) | 103.65 |
| 9.59 | - | - | - | - | 0.22 | - | - | 8.91 | - | - | - | - | - | - | - | - | 37.66 | 3.90 | 33.05 |
| 9.65 | - | - | - | - | 0.22 | - | - | - | - | - | - | - | - | - | - | - | 38.00 | 4.00 | 33.42 |
| (0.06) | - | - | - | - | - | - | - | 8.91 | - | - | - | - | - | - | - | - | (0.34) | (0.10) | (0.37) |
| - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 21.45 | (290.42) | (3.47) | 43.84 | (152.18) | 0.20 | (14.40) | (0.33) | 123.42 | (4.25) | 53.54 | (227.70) | (1.41) | 14.82 | (20.89) | 26.45 | (489.31) | 78.93 | (33.82) | 70.61 |
| - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |

SHAPOOR P. MISTRY
ASHOK BARAT

Chairman
Managing Director

AMIT MITTAL
Director (Finance)

D.B. ENGINEER
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T.R. DOONGAJI
KAIWAN KALYANIWALLA
D. SIVANANDHAN
JIMMY J. PARAKH
JAI L. MAVANI
Mumbai, 28th May, 2013

Directors

A.T. SHAH
Company Secretary

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, 2013 | Maximum amount outstanding during the year | No. of shares of the Company held by the loanees as at 31st March, 2013 |
|---------|--|--------------------------------|--|---|
| (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 | ▲ 71.27 | 71.27 | - |

Note: The above excludes loans to employees.

(ii) Previous 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.

SHAPOOR P. MISTRY
ASHOK BARAT

Chairman
Managing Director

AMIT MITTAL
Director (Finance)

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

Directors

A.T. SHAH
Company Secretary

Mumbai, 28th May, 2013

**CONSOLIDATED FINANCIAL STATEMENTS
FORMING PART OF ANNUAL REPORT OF
FORBES & COMPANY LIMITED FOR THE
YEAR ENDED 31ST MARCH, 2013**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FORBES & COMPANY LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **FORBES & COMPANY LIMITED** ("the Company"), its subsidiaries and jointly controlled entities (the Company, its subsidiaries and jointly controlled entities constitute "the Group"), which comprise the Consolidated Balance Sheet as at 31st March, 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

- (a) In respect of one subsidiary group, namely, Eureka Forbes Limited Group, where the consolidated financial statements have been audited by other auditors, the auditors have qualified their report stating that:
- a subsidiary, namely, Forbes Facility Services Private Ltd.(FFSPL), has given an unsecured loan to a joint venture company, namely, Forbes Concept Hospitality Services Private Ltd. (FCHSPL) of ₹ 40.39 Lakhs (as at 31st March 2012 ₹ 40.39 Lakhs) [amount outside the group]. Based on the financial statements of FCHSPL, the losses have exceeded the net worth and it has ceased the business operations. No provision has been made by FFSPL for loans granted. Based on the facts, the auditors of subsidiary are unable to comment on the recoverability of this loan [See Note 49 to the consolidated financial statements].
 - in case of a subsidiary, namely, Forbes Facility Services Private Ltd., (FFSSPL), trade receivables include ₹ 104.00 Lakhs (as at 31st March 2012 ₹ 78.91 lakhs) outstanding for more than 365 days which are doubtful of recovery. No provision for the doubtful trade receivables has been made by the company. The auditors of subsidiary are unable to comment on the realisable value of the trade receivables [See Note 50 to the consolidated financial statements].
 - 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 by ₹ 67.22 Lakhs (as at 31st March 2012 ₹ 69.85 Lakhs) [Share of the Group], 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 non-current asset amounts (₹ 13.64 Lakhs as considered in the consolidated financial statement) and classification of liabilities [See Note 2B(x) to the consolidated financial statements].
- (b) 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 financial statements of the company have been prepared on Going Concern basis, on which aspect they are unable to express any opinion. Consequently, adjustments may be required to the recorded non-current asset amounts (₹ 65.90 Lakhs as considered in the consolidated financial statement) and classification of liabilities [See Note 2B(viii) to the consolidated financial statements].
- (c) 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 [See Note 2B(xi) to the consolidated financial statements].

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in 'Basis for Qualified Opinion', and based on the consideration of the reports of the other auditors on the financial statements / consolidated financial statements / financial information of the subsidiaries, jointly controlled entities and associates referred to below in the Other Matter paragraph,

the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2013;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Emphasis of Matter

- (a) In respect of one subsidiary group, namely, Eureka Forbes Limited Group, where the consolidated financial statements have been audited by other auditors, the auditors have drawn emphasis of matter in their report stating that an overseas subsidiary, namely, Forbes Lux FZCO, which has long overdue balances of ₹ 13,811.94 Lakhs (as at March 2012: ₹ 12,517.35 Lakhs) carried under the head non-current assets (trade receivables), against which a provision of ₹ 576.60 Lakhs (as at March 2012: ₹ 246.64 Lakhs) has been made in the accounts which in the opinion of partners is considered adequate. As at 31st December, 2012, Forbes Lux FZCO had the accumulated losses of ₹ 948.20 Lakhs (as at 31st December, 2011: ₹ 719.52 Lakhs) which exceeds the share capital. Further, the liability owned by the company to a banker of ₹ 12,031.58 Lakhs (as at 31st December, 2011: ₹ 11,942.90 Lakhs) is due for full repayment in June, 2014 and the funds tied up under trade receivables (non-current) of ₹ 13,235.34 Lakhs (as at 31st December, 2011 ₹ 12,270.71 Lakhs) are expected to be realised post June, 2014. [See Note 46 to the consolidated financial statements].
- (b) Auditors of Nuevo Consultancy Services 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.
- (c) In respect of a joint venture entity, namely, SCI Forbes Limited, the auditors have drawn attention to:
 - (i) Note 51 to the consolidated financial statements regarding the severe shortage of funds being experienced by the joint venture entity and the notices of defaults and the Notice of Acceleration of loan dated 3rd May, 2013 received from the lenders wherein they have demanded immediate payment under clause 10.3.1 of the loan agreement of the total amount of ₹ 20,954.08 Lakhs being the aggregate amount of outstanding loan towards unpaid principal, interest and swap liabilities. The auditors have also drawn attention to the notice of termination of the Shareholders Agreement by a JV partner to the other JV partner and the Company.
 - (ii) Note 44 to the consolidated financial statements regarding the impairment loss on vessels amounting to ₹ 1,146.31 Lakhs recognized during the year.
- (d) In respect of a joint venture entity, namely, Nypro Forbes Products Limited, we draw attention to Note 2B(x) to the consolidated financial statements, wherein it is stated that the joint venture entity will be complying with the necessary requirements of the Reserve Bank of India with respect to the outstanding loan amounting to ₹ 177.31 Lakhs obtained from its foreign group companies.

Our opinion is not qualified in respect of this matter.

Other Matter

- (a) We did not audit the financial statements / consolidated financial statements / financial information of 22 subsidiaries (listed in Note 2B(viii) to the consolidated financial statements) and 8 jointly controlled entities (listed in Note 2B(x) to the consolidated financial statements), whose financial statements / consolidated financial statements / financial information reflect total assets of ₹ 122,769.34 Lakhs as at 31st March, 2013, total revenues of ₹ 152,172.75 Lakhs and net cash inflows amounting to ₹ 2,604.64 Lakhs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of ₹ 162.14 Lakhs for the year ended 31st March, 2013, as considered in the consolidated financial statements, in respect of 5 associates (listed in Note 2B(xi) to the consolidated financial statements), whose financial statements / financial information have not been audited by us. These financial statements / consolidated financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities and associates, is based solely on the reports of the other auditors.
- (b) The consolidated financial statements include the unaudited financial statements/financial information of a jointly controlled entity, Infinite Water Solutions Pvt. Ltd. [See Note 2B(xii) to the consolidated financial statements] and of a subsidiary, Forbesline Shipping Services, LLC [See Note 2B(xii) to the consolidated financial statements] whose financial statements/financial information reflect total assets of ₹ 714.20 Lakhs as at 31st March, 2013, total revenue of ₹ 1,368.55 Lakhs and net cash inflows amounting to ₹ 62.20 Lakhs for the year ended on that date, as considered in the consolidated financial statements. Our opinion, in so far as it relates to the amounts and disclosures included in respect of the aforesaid subsidiary is based solely on such unaudited financial statements/financial information.

Our opinion is not qualified in respect of this matter.

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

Rajesh K Hiranandani
Partner
(Membership No.36920)

MUMBAI, 28th May, 2013

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2013

| Particulars | Note No. | ₹ in Lakhs | As at | As at |
|---|-----------|------------|--------------------|--------------------|
| | | | 31st March, 2013 | 31st March, 2012 |
| | | | ₹ in Lakhs | ₹ in Lakhs |
| I EQUITY AND LIABILITIES | | | | |
| 1 Shareholders' funds | | | | |
| (a) Share capital | 3 | 1,273.22 | | 1,273.22 |
| (b) Reserves and surplus | 4 | 40,969.23 | | 33,018.62 |
| | | | 42,242.45 | 34,291.84 |
| 2 Preference shares issued by subsidiary companies outside the Group | 43 | | 1,928.28 | 1,873.74 |
| 3 Minority interest | | | 177.93 | 210.05 |
| 4 Non-current liabilities | | | | |
| (a) Long-term borrowings | 5 | 23,141.37 | | 26,617.89 |
| (b) Deferred tax liabilities (net) | 39 | 0.12 | | 35.64 |
| (c) Other long-term liabilities | 6 | 14,034.07 | | 11,873.33 |
| (d) Long-term provisions | 7 | 916.80 | | 861.33 |
| | | | 38,092.36 | 39,388.19 |
| 5 Current liabilities | | | | |
| (a) Short-term borrowings | 8 | 7,596.21 | | 10,432.52 |
| (b) Trade payables | 9 | 30,223.18 | | 20,962.21 |
| (c) Other current liabilities | 10 | 39,015.52 | | 23,136.43 |
| (d) Short-term provisions | 11 | 3,643.68 | | 3,254.34 |
| | | | 80,478.59 | 57,785.50 |
| TOTAL | | | 1,62,919.61 | 1,33,549.32 |
| II ASSETS | | | | |
| 1 Non-current assets | | | | |
| (a) Fixed assets | | | | |
| (i) Tangible assets | 12A | 34,051.52 | | 35,903.52 |
| (ii) Intangible assets | 12B | 1,363.94 | | 897.54 |
| (iii) Capital work-in-progress | | 214.09 | | 707.75 |
| (iv) Intangible assets under development | | 1,135.40 | | 232.21 |
| | | 36,764.95 | | 37,741.02 |
| (b) Goodwill on consolidation | | 1,333.64 | | 1,511.68 |
| (c) Non-current investments | 13 | 6,759.84 | | 6,529.23 |
| (d) Deferred tax assets (net) | 39 | 460.60 | | 412.62 |
| (e) Long-term loans and advances | 14 | 11,086.13 | | 12,288.98 |
| (f) Other non-current assets | 15 | 14,066.66 | | 13,119.70 |
| | | | 70,471.82 | 71,603.24 |
| 2 Current assets | | | | |
| (a) Current investments | 16 | 5,146.34 | | 356.26 |
| (b) Inventories | 17 | 31,346.53 | | 21,104.61 |
| (c) Trade receivables | 18 | 35,726.40 | | 24,432.98 |
| (d) Cash and cash equivalents | 19 | 14,166.86 | | 11,066.44 |
| (e) Short-term loans and advances | 20 | 5,682.39 | | 4,814.44 |
| (f) Other current assets | 21 | 379.27 | | 171.35 |
| | | | 92,447.79 | 61,946.08 |
| TOTAL | | | 1,62,919.61 | 1,33,549.32 |

See accompanying notes forming part of the consolidated financial statements 1 to 52

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

RAJESH K. HIRANANDANI
Partner
Mumbai, 28th May, 2013

AMIT MITTAL
Director (Finance)

A.T. SHAH
Company Secretary

SHAPOOR P. MISTRY
ASHOK BARAT

Chairman
Managing Director

D.B. ENGINEER
R.N. JHA
S.L. GOKLANEY
T.R. DOONGAJI
KAIWAN KALYANIWALLA
D. SIVANANDHAN
JIMMY J. PARAKH
JAI L. MAVANI
Mumbai, 28th May, 2013

Directors

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

| Particulars | Note No. | ₹ in Lakhs | Year ended | Year ended |
|---|-----------|----------------|--------------------|------------------|
| | | | 31st March, 2013 | 31st March, 2012 |
| | | | ₹ in Lakhs | ₹ in Lakhs |
| I Revenue from operations (gross) | 22 | 2,02,601.72 | | 1,78,809.25 |
| Less: Excise duty | | 2,672.11 | | 1,856.02 |
| Revenue from operations (net) | | | 1,99,929.61 | 1,76,953.23 |
| II Other income | 23 | | 3,162.48 | 2,951.90 |
| III Total revenue (I + II) | | | 2,03,092.09 | 1,79,905.13 |
| IV Expenses: | | | | |
| Cost of materials consumed | 24 | 52,325.56 | | 45,765.19 |
| Purchases of stock-in-trade (traded goods) | | 40,065.25 | | 25,356.15 |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | 25 | (9,160.87) | | (995.56) |
| Employee benefits expense | 26 | 30,565.66 | | 27,638.14 |
| Finance costs | 27 | 3,186.98 | | 4,159.40 |
| Depreciation and amortisation expense | 28 | 4,466.18 | | 4,441.52 |
| Other expenses | 29 | 76,589.54 | | 67,686.15 |
| Total expenses | | | 1,98,038.30 | 1,74,050.99 |
| V Profit before exceptional items and tax (III - IV) | | | 5,053.79 | 5,854.14 |
| VI Exceptional items | 30 | | 5,814.64 | 990.52 |
| VII Profit before tax (V + VI) | | | 10,868.43 | 6,844.66 |
| VIII Tax expense / (benefit): | | | | |
| (a) Current tax expense | | 2,783.13 | | 2,019.78 |
| (b) Less: MAT credit entitlement | | (19.54) | | (5.79) |
| (c) Excess provision for current tax relating to prior years | | (66.38) | | (6.83) |
| (d) Net current tax expense | | 2,697.21 | | 2,007.16 |
| (e) Deferred tax | | (83.50) | | (25.71) |
| | | | 2,613.71 | 1,981.45 |
| IX Profit after tax, before share of profit of associates and minority interest (VII - VIII) | | | 8,254.72 | 4,863.21 |
| X Share in profit of associates | | | 162.14 | 284.15 |
| XI Net minority interest in losses of subsidiaries | | | 138.21 | 103.64 |
| XII Profit for the year | | | 8,555.07 | 5,251.00 |
| XIII Earning per equity share: | 38 | | | |
| Basic and diluted earnings per equity share (nominal value of share ₹ 10) | | | ₹ 67.19 | ₹ 41.24 |
| See accompanying notes forming part of the consolidated financial statements | | 1 to 52 | | |

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

RAJESH K. HIRANANDANI
Partner
Mumbai, 28th May, 2013

AMIT MITTAL
Director (Finance)

A.T. SHAH
Company Secretary

SHAPOOR P. MISTRY
ASHOK BARAT

Chairman
Managing Director

D.B. ENGINEER
R.N. JHA
S.L. GOKLANEY
T.R. DOONGAJI
KAIWAN KALYANIWALLA
D. SIVANANDHAN
JIMMY J. PARAKH
JAI L. MAVANI
Mumbai, 28th May, 2013

Directors

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2013

| | Note No. | Year ended 31st March, 2013 (₹ in Lakhs) | Year ended 31st March, 2012 (₹ in Lakhs) |
|--|-------------|---|---|
| Profit before tax | | 10,868.43 | 6,844.66 |
| Adjustments for - | | | |
| Depreciation and amortisation expense | | 4,466.18 | 4,441.52 |
| Provision for impairment on fixed assets (Ships) (See Note 44) | | 1,146.31 | - |
| Provision for estimated losses on onerous contracts | | 264.00 | - |
| Net gain on sale of investments | | (114.89) | (24.29) |
| Interest on bank deposits | | (517.18) | (253.84) |
| Interest on inter-corporate deposits | | (83.82) | (41.15) |
| Finance costs | | 3,186.98 | 4,159.40 |
| Dividend income | | (82.15) | (0.35) |
| Profit on sale of fixed assets (net) | | (67.28) | (542.86) |
| Provision for doubtful trade receivables / loans and advances | | 287.48 | 335.90 |
| Bad trade receivables / advances written off | | 593.77 | 328.58 |
| Credit balances / excess provision written back | | (818.72) | (327.59) |
| Provision for diminution in the value of investments | | 1.04 | 4.72 |
| Unrealised exchange (gain) / loss [net] {including translation adjustment on reserves of foreign subsidiaries / joint ventures} | | (120.58) | (1,171.44) |
| <u>Exceptional items</u> | | | |
| - Prior period adjustments | | | |
| • written down value of fixed assets written-off in an earlier year, written back in previous year | | - | (46.11) |
| • Provision for doubtful loans and advances made in standalone financial statements relating to loans given to subsidiary company, not eliminated in earlier years, for which effect has been given in the previous year | | - | (38.26) |
| - Gain on cessation of joint venture interest in a jointly controlled entity | | - | (657.90) |
| - Profit on sale of fixed assets (land and building) | | (6,044.19) | (68.00) |
| - Impairment of goodwill on consolidation | | 178.04 | - |
| - Change in the method of accounting for depreciation | | 38.08 | - |
| - Settlement with erstwhile joint venture partner | | - | (148.79) |
| | | 2,313.07 | 5,949.54 |
| Operating profit before working capital changes | | 13,181.50 | 12,794.20 |
| Changes in working capital: | | | |
| Adjustments for (increase) / decrease in operating assets: | | | |
| Inventories | | (10,241.92) | (1,811.84) |
| Trade receivables | | (12,107.52) | (4,345.09) |
| Short-term loans and advances | | (757.61) | 8,783.09 |
| Long-term loans and advances | | 1,321.85 | (7,478.81) |
| Other current assets | | (93.12) | 269.76 |
| Other non current Assets | | (964.63) | (4,494.30) |
| | | (22,842.95) | (9,077.19) |
| Adjustments for increase / (decrease) in operating liabilities: | | | |
| Trade payables | | 9,713.10 | 2,232.98 |
| Other current liabilities | | 10,100.50 | (7,724.13) |
| Other Long term liabilities | | 2,160.74 | 9,583.25 |
| Short-term provisions | | 113.54 | 627.60 |
| Long-term provisions | | 38.98 | (444.81) |
| | | 22,126.86 | 4,274.89 |
| | | (716.09) | (4,802.30) |
| Cash generated from operations | | 12,465.41 | 7,991.90 |
| Income taxes paid (net of refunds) | | (2,953.71) | (2,454.25) |

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2013

| | Note No. | Year ended 31st March, 2013 (₹ in Lakhs) | Year ended 31st March, 2012 (₹ in Lakhs) |
|---|-----------------------|---|---|
| (a) Net cash flow from operating activities | | 9,511.70 | 5,537.65 |
| Cash flows from investing activities: | | | |
| Capital expenditure on fixed assets including capital advances | | (5,099.26) | (3,165.55) |
| Proceeds from sale of fixed assets | | 6,302.46 | 965.09 |
| Purchase of long-term investments | | (21.91) | (0.10) |
| Purchase of current investments | | (30,833.81) | (6,945.00) |
| Proceeds from sale of current Investments | | 26,157.59 | 6,624.29 |
| Capital subsidy received | | - | 30.00 |
| Purchase of interest in subsidiary | | - | (1,511.90) |
| Inter-corporate deposits placed with related parties (net) | | (50.00) | - |
| Bank balances not considered as cash and cash equivalents matured | 15(b) & 19(b) (2)&(3) | 192.12 | 3,119.72 |
| Bank balances not considered as cash and cash equivalents placed | 15(b) & 19(b) | (5,778.07) | (142.66) |
| Settlement with erstwhile joint venture partner | | - | 148.79 |
| Interest received | | 481.34 | 289.25 |
| Dividend received | | 82.15 | 0.35 |
| (b) Net cash flow used in investing activities | | (8,567.39) | (587.72) |
| Cash flows from financing activities: | | | |
| Proceeds from long-term borrowings | | 10,694.27 | 17,852.84 |
| Proceeds from short-term borrowings | | 17,512.25 | 7,380.71 |
| Repayment of long-term borrowings | | (8,201.14) | (7,237.85) |
| Repayment of short-term borrowings | | (20,786.92) | (13,834.36) |
| Net (decrease) / increase in cash credit | | 440.73 | (3,227.07) |
| Finance costs | | (2,807.16) | (3,224.56) |
| Proceeds from minority shareholders on issue of shares by subsidiary | | 99.98 | 206.78 |
| Equity dividend paid including taxes (including taxes on intragroup dividends) | | (370.99) | (166.85) |
| (c) Net cash flow (used in) / from financing activities | | (3,418.98) | (2,250.36) |
| (d) Net increase / (decrease) in cash and cash equivalents (a + b + c) | | (2,474.67) | 2,699.57 |
| (e) Cash and cash equivalents as at the commencement of the year | | 10,474.07 | 7,680.21 |
| (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 | | (0.05) | 84.99 |
| (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) | 19(a) | 7,999.35 | 10,474.07 |

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, 28th May, 2013

AMIT MITTAL
Director (Finance)

A.T. SHAH
Company Secretary

SHAPOOR P. MISTRY
ASHOK BARAT

D.B. ENGINEER
R.N. JHA
S.L. GOKLANEY
T.R. DOONGAJI
KAIWAN KALYANIWALLA
D. SIVANANDHAN
JIMMY J. PARAKH
JAI L. MAVANI
Mumbai, 28th May, 2013

Chairman
Managing Director

Directors

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

1. CORPORATE INFORMATION

Forbes & Company Limited is one of the oldest companies of the world that is still in existence. 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 and preparation of consolidated financial statements

The consolidated financial statements of the Company and its subsidiaries and jointly controlled entities (together the 'Group') have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) and the applicable Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended). The consolidated financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the previous year .

(ii) Use of estimates

The preparation of the consolidated financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

B. PRINCIPLES OF CONSOLIDATION

(i) The Consolidated Financial Statements relate to Forbes and 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 of 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 2013, other than that Euro Forbes Ltd., Forbesline Shipping Services LLC, and Forbes Lux FZCO whose reporting dates are 31st December, 2012.

(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:

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, 2013

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, 2013 | For the year ended 31st March, 2012 |
| 1 | Eureka Forbes Limited and its subsidiaries: | | India | 100.00 | 100.00 |
| | (a) Aquamall Water Solutions Limited and its subsidiary: | | India | 100.00 | 100.00 |
| | - Aquadiagnostics Water Research & Technology Center Limited | | India | 100.00 | 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 | 100.00 |
| | (g) Radiant Energy Systems Private Limited | | India | 100.00 | 100.00 |
| | (h) EFL Mauritius Limited and its subsidiary: | | Mauritius | 100.00 | 100.00 |
| | - EuroForbes Mauritius Limited | 2 & 3 | Mauritius | 100.00 | 100.00 |
| | (i) Euro Forbes Financial services Limited (w.e.f. 02nd April, 2011) | | India | 100.00 | 100.00 |
| | (j) Euro Forbes Limited (w.e.f. 10th June, 2011) and its subsidiary: | | Dubai | 100.00 | 100.00 |
| | - ForbesLuxFZCO(w.e.f.26th June,2011) | | Dubai | 75.00 | 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 Campbell Services Limited | | India | 98.00 | 98.00 |
| | (d) 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 and its subsidiary: | 5 | Singapore | 100.00 | 100.00 |
| | - Forbesline Shipping Services LLC (w.e.f. 10th January 2013) [Refer Note 2B(xii)] | 6 | Dubai | 49.00 | - |
| 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.
- The financial statements of Euro Forbes Mauritius Limited are prepared on a going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future. The Financial statements reflect a net loss of ₹ 4.68 Lakhs (*Previous year: ₹ 9.35 Lakhs*) and the total liabilities exceeded its total assets by ₹ 14.56 Lakhs (*as at March 2012: ₹ 9.83 Lakhs*), and the validity of the assumption depends on the continued financial support of the shareholders of the subsidiary. The Management of the subsidiary are of the opinion that this support will be forthcoming over the next 12 months.
- During an earlier 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 earlier year, net debit of ₹ 3.35 Lakhs is shown as a prior period adjustments in previous year under Note 30(a)(iii).
- Forbes Edumetry Limited, a subsidiary, 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.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

- 5 Forbes Container Line Pte. Limited, a subsidiary, incurred a net loss of SGD 347,114 equivalent to ₹ 152.18 Lakhs (*Previous year net loss of SGD 669,800, equivalent to ₹ 258.46 Lakhs*) during the financial year ended 31st March 2013. As at that date, the company is in a net shareholder's deficit position of SGD 1,082,253, equivalent to ₹ 474.16 Lakhs (*Previous Year: net asset position of SGD 713,351, equivalent to ₹ 294.18 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 as the holding Company has undertaken to provide continuing financial support to the company to enable it to meet its obligations as and when they fall due.
- 6 During the year, Forbesline Shipping Services LLC, Dubai, has been considered as a subsidiary by virtue of its ability to appoint majority of directors on the Board of the subsidiary.

(ix) Foreign Subsidiaries

The consolidated financial statements includes seven subsidiaries (*previous year: six 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 equity, the difference is assigned to Goodwill. If the acquisition cost falls below the share in the acquired joint ventures equity, 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, 2013 | For the year ended 31st March, 2012 |
| 1 | Forbes Aquatech Limited | 1 | India | 50.00 | 50.00 |
| 2 | Forbes Concept Hospitality Services Private Limited | 1 & 4 | India | 50.00 | 50.00 |
| 3 | Infinite Water Solutions Private Limited (Refer Note 2B (xii)) | 1 & 6 | India | 50.00 | 50.00 |
| 4 | Forbes G4S Solutions Private Limited | 1 | India | 50.00 | 50.00 |
| 5 | Aquagnis Technologies Private Limited (w.e.f. 1st November, 2012) | 1 | India | 50.00 | - |
| 6 | Nypro Forbes Products Limited (Nypro Forbes Moulds Limited amalgamated with Nypro Forbes Products Limited w.e.f. 1st April, 2011) | 2 & 5 | India | 50.00 | 50.00 |
| 7 | Edumetry Inc. | | USA | 50.00 | 50.00 |
| 8 | SCI Forbes Limited | | India | 25.00 | 25.00 |
| 9 | Nuevo Consultancy Services Limited | 3 | India | - | 49.00 |

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, 2013 are prepared on a net realisable value basis. The company has become an associate w.e.f 29th April 2011.
- The business operations of the Company have been discontinued w.e.f. 1st April, 2011 and the losses as at 31st March, 2013 have exceeded the net worth by ₹ 67.22 Lakhs (*as at 31st March 2012 ₹ 69.85 Lakhs*). However, the financial statements of the company for the year ended have been prepared on a going concern basis.
- The joint venture entity, has obtained loans from its foreign group companies in the earlier years having outstanding of ₹ 177.31 Lakhs as at March 31, 2013. The Company will be complying with the necessary requirements of the Reserve Bank of India in this respect.
- During an earlier year, the Group consolidated Infinite Water Solutions Private Limited, on the basis of unaudited financial statement, which in previous year was 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 under Note 30(a)(iii)

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

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 :

| | 2012-2013 ₹ in lakhs | 2011-12 ₹ in lakhs |
|---|-------------------------|-----------------------|
| I ASSETS | | |
| A Non-current assets | | |
| a Fixed assets | | |
| (i) Tangible assets | 11,304.03 | 13,403.61 |
| (ii) Intangible assets | 6.92 | 6.11 |
| b Deferred tax assets (net) | 0.29 | 0.29 |
| c Long-term loans and advances | 205.03 | 125.69 |
| d Other non-current assets | 643.91 | 677.19 |
| | <u>12,160.18</u> | <u>14,212.89</u> |
| B Current assets | | |
| a Inventories | 678.86 | 630.49 |
| b Trade receivables | 451.31 | 839.05 |
| c Cash and bank balances | 148.96 | 593.69 |
| d Short-term loans and advances | 300.66 | 385.83 |
| e Other current assets | 40.81 | 54.31 |
| | <u>1,620.60</u> | <u>2,503.37</u> |
| II LIABILITIES | | |
| A Non-current liabilities | | |
| a Long-term borrowings | 333.16 | 5,898.99 |
| b Deferred tax liabilities (net) | 0.00 | 35.47 |
| c Other long term liabilities | 178.82 | 0.75 |
| d Long-term provisions | 18.86 | 24.38 |
| | <u>530.84</u> | <u>5,959.59</u> |
| B Current liabilities | | |
| a Short-term borrowings | 585.35 | 442.23 |
| b Trade payables | 1,143.96 | 1,083.87 |
| c Other current liabilities | 5,800.26 | 864.99 |
| d Short-term provisions | 9.43 | 83.16 |
| | <u>7,539.00</u> | <u>2,474.25</u> |
| III REVENUE | | |
| a Revenue from operations (net) | 3,600.11 | 3,487.13 |
| b Other income | 108.50 | 186.00 |
| | <u>3,708.61</u> | <u>3,673.14</u> |
| IV EXPENSES | | |
| a Cost of materials consumed | 3,942.51 | 3,728.62 |
| b Purchases of stock-in-trade | 125.11 | 41.14 |
| c Changes in inventories of finished goods, work-in-progress and stock-in-trade | 19.92 | 24.81 |
| d Employee benefits expense | 1,080.20 | 877.71 |
| e Finance costs | 498.84 | 1,165.40 |
| f Depreciation and amortisation expense | 966.49 | 951.81 |
| g Other expenses | 2,625.95 | 1,158.30 |
| | <u>9,259.02</u> | <u>7,947.79</u> |
| h Exceptional Items | 0.43 | (808.51) |
| i Tax expense / (credit): | | |
| (i) Current tax expense for current year | 25.33 | 41.79 |
| (ii) Less: MAT credit entitlement | (2.11) | (5.79) |
| (iii) (Excess) / short provision for current tax relating to prior years | (14.11) | (1.78) |
| (iv) Net current tax expense | 9.11 | 34.22 |
| (v) Deferred Tax | (35.47) | 8.04 |
| | <u>(26.36)</u> | <u>42.26</u> |

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

| Name of the Joint Venture Company | 2012-13 | | 2011-12 | |
|---|------------------------|-------------------------------|------------------------|------------------------------|
| | Contingent Liabilities | Capital and other Commitments | Contingent Liabilities | Capital and other Commitment |
| | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs |
| Forbes Aquatech Ltd. | 77.84 | - | 101.77 | - |
| Nypro Forbes Products Limited (Nypro Forbes Moulds Limited amalgamated with Nypro Forbes Products Limited w.e.f. 1st April, 2011) | 57.15 | - | 59.88 | - |
| SCI Forbes Limited | 5.86 | - | - | - |

(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, 2013 |
| | | For the year ended 31st March, 2012 |
| The Svadeshi Mills Company Limited | 1 | 23.00 |
| Euro P2P Direct (Thailand) Co. Limited | 2 | 49.00 |
| Forbes Lux Group AG, BAAR | 2 | 25.00 |
| Lux International AG | 3 | 25.00 |
| Nuevo Consultancy Services Limited (w.e.f. 29th April, 2011) | 4 | 49.00 |

Footnotes :-

- 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.
- The entity is an associate of Eureka Forbes Limited.
- The entity is an associate of EFL Mauritius Limited (wholly owned subsidiary of Eureka Forbes 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, 2013 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, 2013

The details of investment in associates are as under: -

(₹ In Lakhs)

| 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> | <i>58,849</i> | |
| Cost of investments in equity | 177.75 | 26.67 | 92.98 | 6,149.86 | 5.88 | 6,453.14 |
| | <i>177.75</i> | <i>26.67</i> | <i>92.98</i> | <i>6,103.28</i> | <i>5.88</i> | <i>6,406.56</i> |
| Post acquisition share in profits / (Losses) / provision for diminution in value of investments | (177.75) | (26.67) | (92.98) | 554.49 | (5.88) | 251.21 |
| | <i>(177.75)</i> | <i>(26.67)</i> | <i>(92.98)</i> | <i>392.36</i> | <i>(5.88)</i> | <i>89.08</i> |
| Carrying cost of equity | - | - | - | 6,704.35 | - | 6,704.35 |
| | <i>-</i> | <i>-</i> | <i>-</i> | <i>6,495.64</i> | <i>-</i> | <i>6,495.64</i> |

Footnote:

Figures in italics are in respect of the previous year

- (xii) The consolidated financial statements include the unaudited financial statements/ financial information of a subsidiary, Forbesline Shipping Services LLC and a jointly controlled entity, Infinite Water Solutions Pvt. Ltd. whose financial statements/ financial information reflect total asset of ₹ 714.20 lakhs as at 31st March, 2013, total revenue of ₹ 1,368.55 lakhs and net cashflows amounting to ₹ 62.20 lakhs for the year ended on that date, as considered in the consolidated financial statements.

C. FIXED ASSETS AND DEPRICIATION/ AMORTISATION

Tangible Fixed assets

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.

Capital work-in-progress

Projects under which tangible fixed assets are not yet ready for their use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

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.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

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 : (29.25 % of Total Depreciation, Previous Year 27.28%)

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:

- (i) Depreciation has been provided on written down value method and at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956 by Eureka Forbes Limited and all its subsidiaries and jointly controlled entities (other than electrical fittings) and Volkart Flemming Shipping & Services Limited (37.97% of total depreciation, Previous Year 42.16%)

During the year, Volkart Fleming Shipping & Services Limited has changed its method of depreciation on fixed assets from 'Written Down Value' method to 'Straight Line' method.

- (ii) 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 computer, data processing equipments and vehicles), Forbes Campbell Finance Limited, Nypro Forbes Products Limited (other than plant and machinery), Forbes Bumi Armada Offshore Limited, Forbes Edumetry Limited, SCI Forbes Limited (ships), Volkart Fleming Shipping and Services Limited and Forbes Bumi Armada Limited. (19.14% of total depreciation, Previous Year 23.54%)
- (iii) 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 (computer, data processing equipments and vehicles), SCI Forbes Limited (other than ship), Edumetry Inc. and Nypro Forbes Products Limited on plant and machinery. (6.54% of total depreciation, Previous Year 0.77%)
- (iv) Leasehold improvement is amortised on straight line basis over the period of the lease (Nil, Previous Year 0.10%)
- (v) 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 (7.10% of total depreciation, Previous Year 6.15%)

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. Cost of investments includes acquisition charges such as brokerage, fees and duties.

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.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

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.

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 :- (10.82% of Total Inventory, Previous Year 8.78%).

Inventories are valued at the lower of the acquisition / production cost and the corresponding net realisable value after providing for obsolescence and other losses, where considered necessary. 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. |
| 6 | Real Estate Development work-in-progress | Real Estate Development work-in-progress cost includes cost incurred, as applicable, upto the completion of the project. |

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 (3.67% of total inventory, Previous year 3.80%) Inventories of Eureka Forbes Limited [its subsidiaries and jointly controlled entities (except subsidiary and jointly controlled entities mentioned below)] are valued at lower of cost or net realisable value. Cost is determined using first-in-first-out method. (64.76% of total Inventory, Previous Year 52.81%). Provision is made for obsolete / slow moving inventories.

Inventories of Aquamall Water Solutions Limited, Forbes Aquatech Limited, Infinite Water Solutions Limited and Nypro Forbes Products Limited (Nypro Fobes Products Limited amalgamated with Nypro Forbes Moulds Limited w.e.f. 1st April, 2011) are valued at lower of cost or net realisable value. Cost is determined using Weighted Average Method. (20.74% of total Inventory, Previous Year 34.61%).

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.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

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 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 the 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. 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.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the entity will pay normal income tax. Accordingly,

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

MAT is recognized as an asset in the Consolidated Balance Sheet when it is probable that future economic benefit associated with it will flow to the entity.

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.

M. 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.

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.

N. SEGMENT REPORTING:

The Group identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive management in deciding how to allocate resources and in assessing performance. 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'.

O. 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.

P. 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.

Q. PRODUCT WARRANTY EXPENSES:

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

R. EXPORT INCENTIVES :

Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

S. OPERATING CYCLE :

Based on the nature of products/ activities of the Group and the normal time between acquisition of assets and irrealisation in cash or cash equivalents, the Group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

| | Number of Shares | As at 31st March, 2013 ₹ in Lakhs | Number of Shares | As at 31st March, 2012 ₹ 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, 2013 | | As at 31st March, 2012 | |
|--------------------------------------|------------------------------|-----------|------------------------------|-----------|
| | 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 |

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

| | As at 31st March, 2013 ₹ in Lakhs | As at 31st March, 2012 ₹ in Lakhs |
|--|---|---|
| 4. Reserves and Surplus | | |
| (a) Capital Reserve (including government grants): | | |
| Balance as per last balance sheet | 188.25 | 158.25 |
| Add: Government grants received during the year (see Note 45) | - | 30.00 |
| | 188.25 | 188.25 |
| (b) Securities Premium: | | |
| Balance as per last balance sheet | 161.76 | 161.76 |
| (c) Export Profit Reserve: | | |
| Balance as per last balance sheet | - | 0.35 |
| Less: Transferred to general reserve | - | 0.35 |
| (d) Tonnage Tax Reserve: | | |
| Balance as per last balance sheet | 112.88 | 112.88 |
| (e) Debenture Redemption Reserve: | | |
| Balance as per last balance sheet | - | - |
| Add: Transferred from surplus in consolidated statement of profit and loss | 2,500.00 | - |
| | 2,500.00 | - |
| (f) General reserve: | | |
| Balance as per last balance sheet | 41,049.17 | 38,256.55 |
| Add : Transferred from Export Profit Reserve | - | 0.35 |
| Add: Transferred from consolidated statement of profit and loss | 797.00 | 2,940.51 |
| Less: Proposed dividend | 63.66 | 127.32 |
| Less: Dividend distribution tax | 10.96 | 20.92 |
| | 41,771.55 | 41,049.17 |
| (g) Foreign Currency Translation Reserve: | | |
| Balance as per last balance sheet | 466.35 | 448.48 |
| Add: Effect of foreign exchange rate variations during the year | (139.80) | 17.87 |
| | 326.55 | 466.35 |
| (h) Reserve on consolidation: | | |
| Balance as per last balance sheet | 1,253.76 | 1,253.76 |
| (i) Surplus / (deficit) in statement of profit and loss: | | |
| Balance as per last balance sheet | (10,213.55) | (12,177.61) |
| Add: Profit for the year | 8,555.07 | 5,251.00 |
| | (1,658.48) | (6,926.61) |
| Less: Dividend on preference shares issued by subsidiary companies outside the group (including tax thereon) | 167.29 | 158.49 |
| Less: Tax on Intra group dividends | 222.75 | 187.94 |
| Less: Transferred to: | | |
| (i) Debenture redemption reserve | 2,500.00 | - |
| (ii) General Reserve | 797.00 | 2,940.51 |
| | (5,345.52) | (10,213.55) |
| | 40,969.23 | 33,018.62 |

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

| | Non - current portion | | Current maturities | |
|---|---|---|---|---|
| | As at 31st March, 2013 ₹ in Lakhs | As at 31st March, 2012 ₹ in Lakhs | As at 31st March, 2013 ₹ in Lakhs | As at 31st March, 2012 ₹ in Lakhs |
| 5. Long-term borrowings | | | | |
| (a) Redeemable Non-convertible Debentures - Secured | 10,000.00 | - | - | - |
| (b) Term loans - Secured | | | | |
| From Banks | | | | |
| (i) Federal Bank Limited | - | 3,000.00 | 3,000.00 | 487.50 |
| (ii) HSBC Bank | - | 196.69 | 98.23 | 161.67 |
| (iii) Development Credit Bank | - | 241.73 | - | 146.60 |
| (iv) New India Co- operative Bank Limited | - | 68.00 | 68.00 | 272.00 |
| (v) Export Import Bank of India | 311.34 | 380.53 | 69.19 | 51.89 |
| (vi) Bank of India | - | - | - | 375.00 |
| (vii) State Bank of India | - | - | - | 13.35 |
| (viii) Vijaya Bank | - | 5,000.00 | - | - |
| (ix) Consortium of NATIXIS Bank and HSBC Bank [See Note 51] | - | 4,994.51 | 5,238.52 | 564.51 |
| (x) Axis Bank | 12,031.58 | 11,942.90 | - | 707.14 |
| (xi) Bank of America | - | - | 58.87 | - |
| From Others: | | | | |
| Tata Capital Financial Services Ltd. | 415.46 | - | 141.07 | - |
| | 22,758.38 | 25,824.36 | 8,673.88 | 2,779.66 |
| (c) Finance lease obligation - Secured [see Note 37(a)] | 49.83 | 85.74 | 37.31 | 62.28 |
| (d) Deferred payment liabilities | | | | |
| (i) Secured | 94.49 | 482.89 | 217.82 | - |
| (ii) Unsecured | - | - | 20.73 | - |
| (e) Loans and advances from joint venturers and minority shareholders (Unsecured) | 238.67 | 224.90 | - | - |
| | 23,141.37 | 26,617.89 | 8,949.74 | 2,841.94 |
| Less: Amount disclosed under "Other current liabilities" (see Note 10) | - | - | (8,949.74) | (2,841.94) |
| | 23,141.37 | 26,617.89 | - | - |
| | | | As at 31st March, 2013 ₹ in Lakhs | As at 31st March, 2012 ₹ in Lakhs |
| 6. Other Long - term liabilities | | | | |
| (a) Trade payables | | | 4,176.31 | - |
| (b) Others: | | | | |
| (i) Income received in advance (Unearned income) | | | 6,293.30 | 5,486.29 |
| (ii) Trade / Security deposits | | | 3,564.46 | 6,387.04 |
| | | | 14,034.07 | 11,873.33 |

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

| | As at 31st March, 2013 ₹ in Lakhs | As at 31st March, 2012 ₹ in Lakhs |
|--|---|---|
| 7. Long-term provisions | | |
| (a) Provision for employee benefits | | |
| (i) Compensated absences | 494.78 | 501.39 |
| (ii) Gratuity (see Note 34) | 109.49 | 86.04 |
| (iii) Other post retirement benefits (see Note 34) | 296.04 | 273.90 |
| | 900.31 | 861.33 |
| (b) Provision for Premium payable on redemption of debentures | 16.49 | - |
| | 916.80 | 861.33 |
| | | |
| | As at 31st March, 2013 ₹ in Lakhs | As at 31st March, 2012 ₹ in Lakhs |
| 8. Short-term borrowings | | |
| (a) Secured borrowings from banks: | | |
| (i) Buyers credit | 1,920.47 | 776.80 |
| (ii) Cash credit and packing credit (repayable on demand) | 4,615.87 | 6,080.72 |
| (iii) Working capital rupee term loan | 317.06 | - |
| (iv) Short term loan | 167.81 | 1,500.00 |
| | 7,021.21 | 8,357.52 |
| (b) Unsecured borrowings (From other than banks): | | |
| (i) Loans from related parties - Repayable on demand | 75.00 | 75.00 |
| (ii) Commercial papers [maximum amount outstanding during the year ₹ 8,000 Lakhs (Previous year: ₹ 1,500 Lakhs)] | - | 1,500.00 |
| (iii) Others | 500.00 | 500.00 |
| | 575.00 | 2,075.00 |
| | 7,596.21 | 10,432.52 |
| | | |
| | As at 31st March, 2013 ₹ in Lakhs | As at 31st March, 2012 ₹ in Lakhs |
| 9. Trade Payables | | |
| (a) Micro and Small enterprises | 1,893.90 | 1,741.99 |
| (b) Others | 28,329.28 | 19,220.22 |
| | 30,223.18 | 20,962.21 |

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

| | As at 31st March, 2013 ₹ in Lakhs | As at 31st March, 2012 ₹ in Lakhs |
|---|---|---|
| 10. Other current liabilities | | |
| (a) Current maturities of long-term debt and deferred payment liabilities [see Note 5 and 51] | 8,912.42 | 2,779.66 |
| (b) Current maturities of finance lease obligation (secured) (see Note 5) | 37.31 | 62.28 |
| (c) Interest accrued but not due on borrowings | 48.09 | 64.90 |
| (d) Interest accrued and due on borrowings | 0.57 | 0.40 |
| (e) Income received in advance (unearned revenue) | 17,079.40 | 11,701.75 |
| (f) Unclaimed dividends * | 13.35 | 19.56 |
| (g) Unclaimed matured deposits and interest accrued thereon * | 6.60 | 7.56 |
| (h) Other payables: | | |
| (i) Statutory remittances | 3,139.81 | 2,526.21 |
| (ii) Payables on purchase of fixed assets | 16.54 | 62.91 |
| (iii) Trade / Security deposits | 4,625.68 | 2,113.28 |
| (iv) Payables to Shipping Principals | 236.75 | 148.48 |
| (v) Customers' credit balances and advances for supplies and services to be rendered | 1,181.75 | 1,259.60 |
| (vi) Liability towards Employees and other contractual liabilities | 2,401.63 | 1,505.79 |
| (vii) Others | 1,315.61 | 884.05 |
| | 39,015.52 | 23,136.43 |

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

| | ₹ in Lakhs | As at 31st March, 2013 ₹ in Lakhs | As at 31st March, 2012 ₹ in Lakhs |
|---|------------|---|---|
| 11. Short - term provisions | | | |
| (a) Provision for employee benefits | | | |
| (i) Compensated absences | 166.75 | | 140.90 |
| (ii) Gratuity (see Note 34) | 343.70 | | 325.97 |
| (iii) Other post retirement benefits (see Note 34) | 93.36 | | 93.32 |
| | | 603.81 | 560.19 |
| (b) Others | | | |
| (i) Tax provisions less payments including Fringe Benefit tax (other than deferred tax) | 929.25 | | 992.59 |
| (ii) Provision for wealth tax less payments | 30.00 | | 96.03 |
| (iii) Provision for dividend on cumulative preference shares issued by subsidiary companies outside the group | 431.51 | | 268.52 |
| (iv) Provision for tax on dividend on cumulative preference shares issued by subsidiary companies outside the group and Intra group dividends | 33.86 | | 28.99 |
| (v) Provision for Warranty (see Note 33) | 771.61 | | 654.76 |
| (vi) Provision for proposed dividend | 63.66 | | 127.32 |
| (vii) Provision for tax on proposed dividend | 10.96 | | 20.92 |
| (viii) Provision for disputed statutory demands (see Note 33) | 505.02 | | 505.02 |
| (ix) Provision for estimated losses on onerous contracts (see Note 33) | 264.00 | | - |
| | | 3,039.87 | 2,694.15 |
| | | 3,643.68 | 3,254.34 |

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

| Description of Assets | | GROSS BLOCK (at cost) | | | | DEPRECIATION / AMORTISATION | | | | Impairment | | NET BLOCK | | |
|---|---|------------------------|-------------------------------------|---------------------------|----------------------------|-----------------------------|------------------------|-------------------------------------|---------------|------------------------------|-------------------|-----------------------|------------------------|------------------------|
| | | As at 31st March, 2012 | Opening Adjustments during the year | Additions during the year | Deductions during the year | Other Adjustments | As at 31st March, 2012 | Opening Adjustments during the year | For the year | On deduction during the year | Other Adjustments | Upto 31st March, 2013 | As at 31st March, 2012 | As at 31st March, 2013 |
| 12. Fixed assets | | ₹ in Lakhs | | | | | | | | | | | | |
| A. Tangible assets | | | | | | | | | | | | | | |
| 1 | Land: | | | | | | | | | | | | | |
| | Freehold | 563.62 | - | 3.58 | - | - | - | - | - | - | - | - | - | 567.20 |
| | Leasehold | 913.24 | - | - | - | - | - | 33.75 | - | - | 256.92 | - | - | 656.32 |
| 2 | Buildings [see Footnote 1 and Note 37(b)] | 17,306.06 | - | 111.11 | 4.20 | 17,412.97 | - | 633.31 | 2.95 | - | 5,211.91 | - | - | 12,201.06 |
| 3 | Plant and equipment: | | | | | | | | | | | | | |
| | Owned (see Footnote 2) | 16,909.16 | 2.22 | 2,166.40 | 43.03 | 19,034.75 | - | 1,552.70 | 31.60 | - | 11,406.32 | - | - | 7,628.43 |
| | Given on operating lease [see Note 37(c)] | 352.35 | - | 28.48 | 3.87 | 376.96 | - | 57.21 | 1.65 | - | 200.99 | - | - | 175.97 |
| 4 | Furniture and fixtures | 1,361.32 | 0.49 | 104.07 | 37.04 | 1,428.84 | - | 94.54 | 23.51 | - | 932.55 | - | - | 496.29 |
| 5 | Vehicles | 3,911.35 | - | 763.81 | 411.37 | 4,263.79 | - | 564.79 | 270.27 | - | 2,173.90 | - | - | 2,089.89 |
| 6 | Office equipment | | | | | | | | | | | | | |
| | Owned | 4,563.30 | 3.96 | 313.57 | 179.56 | 4,501.27 | - | 380.47 | 162.45 | - | 3,619.76 | - | - | 881.51 |
| | Taken on finance lease [see Note 37(a)] | 212.78 | - | - | 0.46 | 212.32 | - | 53.09 | 0.07 | - | 128.32 | - | - | 84.00 |
| 7 | Shipping Vessels | 12,441.32 | - | - | - | 12,441.32 | - | 638.64 | - | - | 2,024.16 | 1,146.31 | - | 9,270.85 |
| | Previous Year | 58,334.50 | 6.67 | 3,491.02 | 679.53 | 61,152.66 | 7.85 | 4,008.50 | 492.50 | - | 25,954.83 | 1,146.31 | - | 34,051.52 |
| | | 56,268.92 | (101.27) | 2,342.30 | 1,150.66 | 58,334.50 | (119.14) | 3,984.06 | 817.62 | 929.10 | 22,430.98 | - | - | 35,903.52 |
| B. Intangible assets | | | | | | | | | | | | | | |
| 1 | Intellectual Property / Distribution Rights | 449.88 | - | - | - | 449.88 | - | - | - | - | 322.52 | 127.36 | 127.36 | - |
| 2 | Computer software | 1,954.37 | 1.91 | 128.07 | 0.25 | 2,084.10 | - | 346.88 | 0.25 | - | 1,478.31 | - | - | 605.79 |
| 3 | Brand Patent and License Fees | 2,425.22 | - | 834.09 | - | 3,259.31 | - | 148.88 | - | - | 2,501.16 | - | - | 758.15 |
| | Previous Year | 4,829.47 | 1.91 | 962.16 | 0.25 | 5,793.29 | 1.91 | 495.76 | 0.25 | - | 4,301.99 | 127.36 | 127.36 | 1,363.94 |
| | | 4,627.07 | 3.97 | 426.35 | 227.92 | 4,829.47 | 3.97 | 457.46 | 206.71 | - | 3,804.57 | 127.36 | 127.36 | 897.54 |
| 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). | | | | | | | | | | | | | | |

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

| | ₹ in Lakhs | As at 31st March, 2013 ₹ in Lakhs | As at 31st March, 2012 ₹ 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) | 6,453.14 | | 6,406.56 |
| Add: Adjustment for post acquisition share of profit (net) of Associates (Equity Method) | 251.21 | | 89.08 |
| Net Carrying Value | | 6,704.35 | 6,495.64 |
| (b) Investments in other entities (at cost) | | | |
| (i) Quoted Equity Shares | | 29.02 | 29.02 |
| (ii) Unquoted | | | |
| - Equity Shares | 0.68 | | 0.68 |
| - Debentures | 3.89 | | 3.89 |
| | | 4.57 | 4.57 |
| (c) Other Investments (at cost) | | 21.90 | - |
| Property -Land | | | |
| | | 6,759.84 | 6,529.23 |
| Footnotes: | | | |
| 1. Aggregate amount of unquoted investments | | 6,730.82 | 6,500.21 |
| 2. Aggregate amount of quoted investments | | 29.02 | 29.02 |
| 3. Market value of quoted Investments | | 13.38 | 18.39 |
| 14. Long-term loans and advances | | | |
| (unsecured, considered good unless otherwise stated) | | | |
| (a) Capital advances | | 208.37 | 227.71 |
| (b) Security deposits | | | |
| (i) Unsecured, considered good | 1,653.55 | | 1,606.04 |
| (ii) Doubtful | 8.50 | | 40.47 |
| | 1,662.05 | | 1,646.51 |
| Less: Provision for doubtful deposits | 8.50 | | 40.47 |
| | | 1,653.55 | 1,606.04 |
| (c) Loans and advances to related parties (see Note 36) | | | |
| (i) Unsecured, considered good | 49.53 | | 9.41 |
| (ii) Doubtful | 4,792.40 | | 4,792.04 |
| | 4,841.93 | | 4,801.45 |
| Less: Provision for doubtful loans and advances | 4,792.40 | | 4,792.04 |
| | | 49.53 | 9.41 |
| (d) Loans and advances to employees | | 163.69 | 223.50 |
| (e) Prepaid expenses | | 185.71 | 141.16 |
| (f) Advance income tax including fringe benefit tax (net of provisions) | | 5,652.66 | 5,479.04 |
| (g) MAT credit | | 25.33 | 5.79 |
| (h) Advance wealth tax (net of provisions) | | - | 6.01 |
| (i) Balance with statutory/government authorities | | | |
| (i) Unsecured, considered good | 3,071.87 | | 3,793.20 |
| (ii) Doubtful | 46.69 | | 46.69 |
| | 3,118.57 | | 3,839.89 |
| Less: Provision for doubtful balances | 46.69 | | 46.69 |
| | | 3,071.87 | 3,793.20 |
| (j) Others | | 75.42 | 797.13 |
| | | 11,086.13 | 12,288.99 |

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

| | As at 31st March, 2013 ₹ in Lakhs | As at 31st March, 2012 ₹ 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 | 8,946.81 | 8,368.46 |
| (ii) Doubtful | 468.54 | 145.89 |
| | <u>9,415.35</u> | <u>8,514.35</u> |
| Less: Provision for doubtful trade receivables | 468.54 | 145.89 |
| | 8,946.81 | 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) | 526.75 | 506.05 |
| (c) Unamortised expense (ancillary cost of arranging borrowings) | 303.68 | 342.94 |
| (d) Advance to dealers | 4,288.53 | 3,902.25 |
| (e) Interest accrued on borrowings | 0.89 | - |
| | <u>14,066.66</u> | <u>13,119.70</u> |

Footnote:

Includes ₹ 337.09 Lakhs held under lien as debt service reserve with Natixis Bank (*Previous Year ₹ 328.93 Lakhs held under lien as debt service reserve with Natixis bank and cash collateral with State Bank of India, Paris*).

| | As at 31st March, 2013 ₹ in Lakhs | As at 31st March, 2012 ₹ in Lakhs |
|--|---|---|
| 16. Current Investments | | |
| a) Quoted Equity Shares: | | |
| Investments in Equity Instruments [Net of diminution in the value of investments [₹ 6.08 Lakhs (<i>Previous year ₹ 5.14 Lakh</i>)] | 9.35 | 10.29 |
| b) Mutual Funds (Unquoted) | | |
| [Net of diminution in the value of investments ₹ 0.13 Lakh (<i>Previous year ₹ 0.02 Lakh</i>)] | 5,136.99 | 345.97 |
| | <u>5,146.34</u> | <u>356.26</u> |

Footnotes:

| | | |
|--|----------|--------|
| 1) Aggregate value of unquoted investments | 5,136.99 | 345.97 |
| 2) Aggregate amount of quoted investments | 9.35 | 10.29 |
| 3) Aggregate market value of quoted investments | 9.35 | 10.29 |
| 4) Aggregate provision for diminution (write down) in the value of current investments | 6.21 | 5.16 |

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

| | ₹ in Lakhs | As at 31st March, 2013 ₹ in Lakhs | As at 31st March, 2012 ₹ in Lakhs |
|---|------------|---|---|
| 17. Inventories (valued at lower of cost and net realizable value) | | | |
| (a) Raw materials and components | 7,388.21 | | 6,387.62 |
| Goods in transit | 885.33 | | 810.39 |
| | | 8,273.54 | 7,198.01 |
| (b) Work-in-progress | | 583.30 | 666.02 |
| (c) Finished goods | | 1,611.67 | 1,422.94 |
| (d) Stock-in-trade (in respect of goods acquired for trading) | 19,919.90 | | 11,220.49 |
| Goods in Transit | 597.16 | | 312.69 |
| | | 20,517.06 | 11,533.18 |
| (e) Stores,spares and loose tools | | 289.98 | 284.26 |
| (f) Real Estate Development work-in-progress | | 70.98 | - |
| | | 31,346.53 | 21,104.61 |
| | | As at 31st March, 2013 ₹ in Lakhs | As at 31st March, 2012 ₹ 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 | 6,259.20 | | 4,569.11 |
| (ii) Doubtful | 409.55 | | 1,179.45 |
| | 6,668.75 | | 5,748.56 |
| Less: Provision for doubtful trade receivables | 409.55 | | 1,179.45 |
| | | 6,259.20 | 4,569.11 |
| (b) Other trade receivables: | | | |
| (i) Unsecured, considered good | 29,467.20 | | 19,863.87 |
| (ii) Doubtful | 10.82 | | 48.72 |
| | 29,478.02 | | 19,912.59 |
| Less: Provision for doubtful trade receivables | 10.82 | | 48.72 |
| | | 29,467.20 | 19,863.87 |
| | | 35,726.40 | 24,432.98 |

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

| | As at 31st March, 2013 | As at 31st March, 2012 |
|--|---------------------------|---------------------------|
| | ₹ in Lakhs | ₹ in Lakhs |
| 19. Cash and cash equivalents | | |
| (a) Balances that meet the definition of Cash and Cash Equivalents as per AS 3 Cash Flow Statement | | |
| 1. Cash on hand | 273.29 | 247.33 |
| 2. Cheques, drafts on hand | 880.72 | 932.55 |
| 3. Balances with banks: | | |
| (A) In current accounts | 6,236.19 | 6,451.50 |
| (B) In EEFC Accounts | 4.15 | 46.85 |
| (C) In deposit accounts (with original maturity upto 3 months) includes ₹ 5 Lakhs (<i>Previous year: ₹ 5 Lakhs</i>) under lien | 605.00 | 2,795.84 |
| | 6,845.34 | 9,294.19 |
| | 7,999.35 | 10,474.07 |
| (b) Other bank balances | | |
| 1. In Earmarked Accounts: | | |
| - Unclaimed dividends | 25.85 | 19.56 |
| - Interest accrued on unclaimed matured deposits | 4.12 | 4.12 |
| | 29.97 | 23.68 |
| 2. (A) In deposit accounts with original maturity of more than 3 months but less than 12 months (See footnote) | 5,698.47 | 308.55 |
| (B) Balances held as margin money with original maturity of more than 3 months but less than 12 months | 198.92 | 169.31 |
| | 5,897.39 | 477.86 |
| 3. (A) In deposit accounts with original maturity of more than 12 months | 207.56 | 17.25 |
| (B) Balances held as margin money with original maturity of more than 12 months | 32.59 | 73.58 |
| | 240.15 | 90.83 |
| | 6,167.51 | 592.37 |
| | 14,166.86 | 11,066.44 |

Footnote:

Bank deposit with original maturity of more than three months but less than twelve months, includes Retention deposit with Natixis bank, which is under lien and is to be utilised only for repayment of loan instalment. However, since March 2013, the Group has not been able to deposit the required sum in the retention account.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

| | As at 31st March, 2013 ₹ in Lakhs | As at 31st March, 2012 ₹ in Lakhs |
|--|---|---|
| 20. Short-term loans and advances | | |
| (unsecured, considered good unless otherwise stated) | | |
| (a) Loans and advances to related parties (see Note 36) | | |
| (i) Unsecured, considered good | 595.91 | 590.78 |
| (ii) Doubtful | 1.11 | 1.11 |
| | <u>597.02</u> | <u>591.89</u> |
| Less: Provision for doubtful loans and advances | 1.11 | 1.11 |
| | 595.91 | 590.78 |
| (b) Security deposits | | 418.88 |
| (c) Loans and advances to employees | | |
| (i) Unsecured, considered good | 221.39 | 150.75 |
| (ii) Doubtful | 0.60 | 0.20 |
| | <u>221.99</u> | <u>150.95</u> |
| Less: Provision for doubtful loans and advances | 0.60 | 0.20 |
| | 221.39 | 150.75 |
| (d) Prepaid expenses | | 681.26 |
| (e) Balances with statutory / government authorities | | 284.58 |
| (f) Advances for supply of goods and services | | |
| (i) Unsecured, considered good | 2,707.16 | 2,602.41 |
| (ii) Doubtful | 15.47 | 119.35 |
| | <u>2,722.63</u> | <u>2,721.76</u> |
| Less: Provision for doubtful advances | 15.47 | 119.35 |
| | 2,707.16 | 2,602.41 |
| (g) Other Loans and Advances | | |
| (i) Unsecured, considered good | 178.31 | 85.78 |
| (ii) Doubtful | 11.81 | 11.81 |
| | <u>190.12</u> | <u>97.59</u> |
| Less: Provision for doubtful loans and advances | 11.81 | 11.81 |
| | 178.31 | 85.78 |
| | 5,682.39 | 4,814.44 |
| 21. Other current assets | | |
| (unsecured, considered good unless otherwise stated) | | |
| (a) Unbilled revenue | | 41.18 |
| (b) Accruals: | | |
| (i) Interest accrued on deposits with bank | | 98.65 |
| (ii) Interest accrued on loans to related parties | | 62.74 |
| (c) Others: | | |
| (i) Contractually reimbursable expenses | | |
| (I) Unsecured, considered good | 3.66 | 8.77 |
| (II) Doubtful | 43.09 | 18.08 |
| | <u>46.75</u> | <u>26.85</u> |
| Less: Provision for doubtful debts | 43.09 | 18.08 |
| | 3.66 | 8.77 |
| (ii) Export Incentives | | 29.16 |
| (iii) Fixed assets held for sale (freehold land) | | 3.96 |
| (d) Unamortised expense (ancillary cost of arranging borrowings) | | 39.05 |
| (e) Other receivables | | 6.60 |
| | <u>46.94</u> | <u>6.60</u> |
| | 379.27 | 171.35 |

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

| | Year ended 31st March, 2013 ₹ in Lakhs | Year ended 31st March, 2012 ₹ in Lakhs |
|--|--|--|
| 22. Revenue from operations | | |
| (a) Sale of products | 1,46,773.00 | 1,24,520.83 |
| (b) Sale of services | | |
| (i) Charter hire income | 1,280.38 | 1,632.84 |
| (ii) Ground rent from container freight stations maintained by the Company | 1,196.09 | 1,360.78 |
| (iii) Multimodal transport operations and allied services | 17,703.98 | 15,517.39 |
| (iv) Maintenance services | 23,646.72 | 23,549.20 |
| (v) Cleaning services | 6,525.60 | 8,264.58 |
| (vi) Transaction charges | 203.97 | 156.23 |
| (vii) Commission on mobile recharge | 88.62 | 71.60 |
| (viii) Mobilisation Services | 1,976.21 | - |
| (ix) Processing Charges | 137.88 | - |
| (x) Others | 798.22 | 939.38 |
| | 53,557.67 | 51,492.00 |
| (c) Other operating revenues: | | |
| (i) Rent and amenity charges on leased properties | 1,098.93 | 1,701.48 |
| (ii) Rental income from leased data processing equipment [see Note 37(c)] | 135.98 | 104.15 |
| (iii) Interest on Instalments and other penal charges recovered | 697.50 | 703.37 |
| (iv) Export Incentives | 39.73 | - |
| (v) Others | 298.91 | 287.42 |
| | 2,271.05 | 2,796.42 |
| | 2,02,601.72 | 1,78,809.25 |
| | Year ended 31st March, 2013 ₹ in Lakhs | Year ended 31st March, 2012 ₹ in Lakhs |
| 23. Other income | | |
| (a) Interest income | | |
| (i) on bank deposits | 517.18 | 253.84 |
| (ii) on inter corporate deposits | 83.82 | 41.15 |
| (iii) from customers and others | 4.17 | 5.66 |
| (iv) Others | | |
| - Income tax refund | 6.51 | 0.35 |
| - on loan to employees and others | 28.76 | 0.28 |
| | 640.44 | 301.28 |
| (b) Dividend income: | | |
| (i) from long term investments | 0.07 | 0.07 |
| (ii) from current investments | 82.08 | 0.28 |
| | 82.15 | 0.35 |
| (c) Net gain on sale of investments | | |
| (i) Current | 114.89 | - |
| (ii) Long-term | - | 24.29 |
| | 114.89 | 24.29 |

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

| | ₹ in Lakhs | Year ended 31st March, 2013 ₹ in Lakhs | Year ended 31st March, 2012 ₹ in Lakhs |
|---|------------|--|--|
| (d) Net gain on foreign currency transactions and translation (other than considered as finance costs) | | 238.01 | 904.86 |
| (e) Other non-operating income | | | |
| (i) Profit on sale of fixed assets | 82.55 | | 606.96 |
| (ii) Credit balances / excess provision written back | 818.72 | | 327.59 |
| (iii) Rent income | 567.67 | | 609.48 |
| (iv) Miscellaneous income | 618.05 | | 177.09 |
| | | 2,086.99 | 1,721.12 |
| | | 3,162.48 | 2,951.90 |
| | | | |
| | ₹ in Lakhs | Year ended 31st March, 2013 ₹ in Lakhs | Year ended 31st March, 2012 ₹ in Lakhs |
| 24. Cost of materials consumed | | | |
| Opening stock of raw materials and components | | 7,198.01 | 6,299.60 |
| Add: Purchases | | 53,401.09 | 46,663.60 |
| | | 60,599.10 | 52,963.20 |
| Less: Closing stock of raw materials and components | | 8,273.54 | 7,198.01 |
| | | 52,325.56 | 45,765.19 |
| 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. | | | |
| | | | |
| | ₹ in Lakhs | Year ended 31st March, 2013 ₹ in Lakhs | Year ended 31st March, 2012 ₹ in Lakhs |
| 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 | 1,611.67 | | 1,422.94 |
| (ii) Work-in-progress | 583.30 | | 666.02 |
| (iii) Stock-in-trade | 20,517.06 | | 11,533.18 |
| (iv) Real estate development work in progress | 70.98 | | - |
| | | 22,783.01 | 13,622.14 |
| (b) Inventories at the beginning of the year: | | | |
| (i) Finished goods | 1,422.94 | | 1,306.67 |
| (ii) Work-in-progress | 666.02 | | 621.60 |
| (iii) Stock-in-trade | 11,533.18 | | 10,698.31 |
| | | 13,622.14 | 12,626.58 |
| Net Increase | | (9,160.87) | (995.56) |
| | | | |
| | ₹ in Lakhs | Year ended 31st March, 2013 ₹ in Lakhs | Year ended 31st March, 2012 ₹ in Lakhs |
| 26. Employee benefits expense | | | |
| (a) Salaries and wages | | 27,665.45 | 24,995.45 |
| (b) Contribution to provident and other funds | | 1,899.05 | 1,628.71 |
| (c) Staff welfare expense | | 1,001.16 | 1,013.98 |
| | | 30,565.66 | 27,638.14 |

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

| | Year ended 31st March, 2013 | <i>Year ended 31st March, 2012</i> |
|--|--|--|
| ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs |
| 27. Finance costs | | |
| (a) Interest expense on Borrowings | | |
| (i) Borrowings | 2,318.64 | 2,770.27 |
| (ii) Trade payables | 9.32 | 8.25 |
| (iii) Delayed payment of taxes | 3.50 | 0.25 |
| | 2,331.46 | 2,778.77 |
| (b) Other borrowing costs | 514.81 | 509.88 |
| (c) Net loss on foreign currency transactions and translation | 340.71 | 870.75 |
| | 3,186.98 | 4,159.40 |
| 28. Depreciation and amortisation expense | | |
| (a) Depreciation of tangible assets [(see Note 12A) and 30(g)] | 3,970.42 | 3,984.06 |
| (b) Amortization of intangible assets (see Note 12B) | 495.76 | 457.46 |
| | 4,466.18 | 4,441.52 |
| 29. Other expenses | | |
| (a) Consumption of stores and spare parts | 1,099.06 | 1,148.62 |
| (b) (Decrease) / Increase on excise duty on inventory | (4.39) | 16.77 |
| (c) Processing charges | 1,197.24 | 1,218.28 |
| (d) Power and fuel | 1,322.42 | 1,282.96 |
| (e) Operating costs for shipping and logistics division | | |
| (i) Charter hire charges | - | 796.96 |
| (ii) Equipment hire charges | 380.55 | 434.90 |
| (iii) Transportation, freight, handling and other charges | 14,413.46 | 12,314.25 |
| (iv) Vessel operating expenses | 40.91 | 22.59 |
| | 14,834.92 | 13,568.70 |
| (f) Rent | 1,786.30 | 1,806.74 |
| (g) Repairs to | | |
| (i) Buildings | 255.87 | 174.78 |
| (ii) Machinery | 598.29 | 465.46 |
| (iii) Others | 991.19 | 839.55 |
| | 1,845.35 | 1,479.79 |
| (h) Insurance | 558.45 | 470.69 |
| (i) Crew and other related expenses | 69.10 | 58.18 |
| (j) Rates and taxes (excluding taxes on income) | 1,107.73 | 1,285.40 |
| (k) Brokerage, commission, discount and other selling expenses | 6,693.45 | 5,756.30 |

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

| | ₹ in Lakhs | Year ended 31st March, 2013 ₹ in Lakhs | Year ended 31st March, 2012 ₹ in Lakhs |
|---|------------|--|--|
| (l) Printing and Stationery | | 559.86 | 549.10 |
| (m) Communication | | 1,314.56 | 1,263.31 |
| (n) Advertisement | | 5,035.79 | 4,271.15 |
| (o) Legal and professional charges [including commission to other than wholetime directors of subsidiary companies ₹ 172.87 Lakhs (<i>Previous Year ₹ 135.00 Lakhs</i>)] | | 2,154.20 | 2,000.04 |
| (p) Travelling and conveyance | | 2,654.01 | 2,863.16 |
| (q) Payments to the auditor (net of service tax input credit, where applicable): | | | |
| (i) As auditors - statutory audit | 88.35 | | 87.96 |
| (ii) For taxation matters * | 7.41 | | 4.38 |
| (iii) For company law matters | 0.35 | | 0.35 |
| (iv) For other services * | 29.84 | | 26.43 |
| (v) For reimbursement of expenses | 2.58 | | 2.33 |
| | | 128.53 | 121.45 |
| * Excludes fee for taxation matters of ₹ 16.45 Lakhs (<i>Previous Year ₹ 10.83 Lakhs</i>), and fees for other services ₹ 6.75 Lakhs (<i>Previous year ₹ Nil</i>) paid to a firm in which some of the partners of the audit firm are partners. | | | |
| (r) Bad trade receivables / advances written off | 1,368.49 | | 395.79 |
| Less: Provision held | 774.72 | | 67.21 |
| | | 593.77 | 328.58 |
| (s) Service Charges | | 14,514.37 | 13,587.50 |
| (t) Managed Assets Service Provider's (MASP) charges | | 386.69 | 301.45 |
| (u) Freight and forwarding charges | | 3,273.39 | 2,998.36 |
| (v) Royalty expenses | | 38.87 | 36.44 |
| (w) Outsourced Contract expenses | | 94.68 | - |
| (x) Real estate development charges | | 70.98 | - |
| (y) Vehicle expenses and maintenance | | 2,186.04 | 2,394.37 |
| (z) Information technology expenses | | 2,315.87 | 1,724.60 |
| (aa) Conference expenses | | 1,003.78 | 853.86 |
| (ab) Loss on sale / write off of fixed assets | | 15.27 | 64.10 |
| (ac) Net loss on foreign currency transactions and translation (other than considered as finance cost) | | 3.37 | 20.25 |
| (ad) Mobilisation expenses | | 1,902.60 | - |
| (ae) Provision for doubtful trade receivables / loans and advances | | 287.48 | 335.90 |
| (af) Provision for diminution in the value of investments | | 1.04 | 4.72 |
| (ag) Provision for estimated losses on onerous contracts | | 264.00 | - |
| (ah) Provision for impairment on fixed assets (Ships) (see Note 44) | | 1,146.31 | - |
| (ai) Miscellaneous expenses | | 6,134.45 | 5,875.38 |
| | | 76,589.54 | 67,686.15 |

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

| | Year ended 31st March, 2013 | Year ended 31st March, 2012 |
|---|--------------------------------|--------------------------------|
| | ₹ in Lakhs | ₹ in Lakhs |
| 30. Exceptional items - Income / (expense) | | |
| (a) Prior period adjustments : | | |
| (i) Written down value of fixed assets written-off in an earlier year, written back in previous year (see Note 12) | - | 46.11 |
| (ii) Provision for doubtful loans and advances made in standalone financial statements relating to loans given to subsidiary company, not eliminated in earlier years, for which effect has been given in the previous year | - | 38.26 |
| (iii) Effect of difference between audited and unaudited statement of profit and loss of a jointly controlled entity for the previous year [see Note 2B(x)(6)] | (0.43) | (4.07) |
| (iv) Effect of expenses and income of subsidiary not consolidated last year [see Note 2B (viii)(1h)] | - | (3.35) |
| | (0.43) | 76.95 |
| (b) Profit on sale of fixed assets (land and building) | 6,044.19 | 68.00 |
| (c) Income on settlement of disputed matters | - | 113.93 |
| (d) Gain on cessation of joint venture interest in a jointly controlled entity [see Note 2B(x)(3)] | - | 657.90 |
| (e) Settlement with erstwhile joint venture partner | - | 148.79 |
| (f) Impairment of goodwill on consolidation | (178.04) | - |
| (g) Change in the method of accounting for depreciation (see Note 47) | (38.08) | - |
| (h) Termination benefits and one time settlement with employees | (13.00) | (75.05) |
| | 5,814.64 | 990.52 |

31. Contingent liabilities:

| | As at 31st March, 2013 | As at 31st March, 2012 |
|---|---------------------------|---------------------------|
| | ₹ in lakhs | ₹ in lakhs |
| (a) Claims against the Company not acknowledged as debts | | |
| 1 Taxes in dispute:- | | |
| (i) Excise demand | 6,775.77 | 6,638.77 |
| (ii) Sales tax | 4,791.34 | 6,698.57 |
| (iii) Income-tax | 2,711.49 | 4,393.44 |
| (iv) Service-tax | 254.21 | 17.91 |
| (v) Entry-tax | 76.90 | - |
| (vi) Customs duty | 17.10 | 19.79 |
| (vii) Wealth tax | 36.12 | 36.12 |
| (viii) Property tax | 551.60 | 1,075.85 |
| (ix) Maharashtra Cess Act | Not Assessed | Not Assessed |
| 2 Labour matters in dispute | 16.50 | 10.00 |
| 3 Claim of Madhya Gujarat Vij Co. Ltd. for alleged diversion of fraction of the power consumed and contested by the Company in the Court | 188.29 | 188.29 |
| 4 Customer claims | 2,387.23 | 2,077.56 |
| 5 Supplier claims | 15.00 | 15.00 |
| 6 Other legal matters | 33.30 | 33.30 |
| (b) Guarantees | | |
| (i) Guarantees given on behalf of Shipping Principals and Surety Bonds jointly executed with third parties in favour of customs and other parties | 6,620.00 | 4,857.50 |
| (ii) Guarantees issued by bank | 16,050.60 | 8,337.79 |
| (iii) Mortgage of land | 13.00 | - |
| (c) Other money for which the Group is contingently liable | | |
| Bills discounted | - | 107.81 |

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

32. Capital and other commitments

- (a) Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 812.49 Lakhs; (*Previous year: ₹ 609.87 Lakhs*) [net of advance paid aggregating ₹ 208.37 Lakhs; (*Previous year: ₹ 226.71 Lakhs*)]
- (b) For Service performance ₹ 535.66 Lakhs (*Previous Year ₹ 509.40 Lakhs*)
- (c) For product performance ₹ 1,008.80 Lakhs (*Previous Year ₹ 676.78 Lakhs*)
- (d) For commitments relating to lease arrangements, please see note 37(a) and for derivative contracts, see Note 42A

33. Details of Provisions

The Group has made provisions for various contractual obligations and disputed liabilities based on its assessment of the amount it estimates to incur to meet such obligations, details of which are given below:

(₹ in Lakhs)

| Particulars | As at 1st April, 2012 | Additions | Utilisation | Reversal (withdrawn as no longer required) | As at 31st March, 2013 |
|---|-----------------------|---------------|---------------|--|------------------------|
| Provision for warranty | 654.76 | 771.61 | 565.85 | 88.91 | 771.61 |
| | <i>680.60</i> | <i>654.76</i> | <i>657.76</i> | <i>22.84</i> | <i>654.76</i> |
| Provision for estimated losses on onerous contracts | - | 264.00 | - | - | 264.00 |
| | - | - | - | - | - |
| Provision for disputed statutory demands | 505.02 | - | - | - | 505.02 |
| | <i>385.02</i> | <i>120.00</i> | - | - | <i>505.02</i> |
| Total | 1,159.78 | 1,035.61 | 565.85 | 88.91 | 1,540.63 |
| <i>Previous Year</i> | <i>1,065.62</i> | <i>774.76</i> | <i>657.76</i> | <i>22.84</i> | <i>1,159.78</i> |

Note: Figures in italics relate to the previous year

34. Employee benefits obligations

Defined-contribution plans:

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

| Particulars | Year ended 31st March, 2013 ₹ in Lakhs | Year ended 31st March, 2012 ₹ in Lakhs |
|---------------------|---|---|
| Provident fund | 805.35 | 780.06 |
| Superannuation fund | 199.65 | 186.97 |
| Total contribution | 1,005.00 | 967.03 |

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 a shortfall of ₹ 10.77 lakhs (*Previous year: ₹ Nil*) as at 31st March 2013 and the same is recognised to the statements of Profit and Loss based on actuarial valuation.

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

| | ₹ in Lakhs | ₹ in Lakhs |
|--|------------|------------|
| Remaining terms of maturity (in years) | 14 | 17 |
| Expected guarantee interest rate | 8.25% | 8.25% |
| Discount rate for the remaining term to maturity of interest portfolio | 8.15% | 8.15% |

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

Details of defined benefit plans are as follows:

(₹ in Lakhs)

| | 31st March, 2013 | | | 31st March, 2012 | | |
|---|------------------|--------------|---|------------------|--------------|---|
| | 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 | 2,150.32 | 84.39 | 389.40 | 1,834.04 | 30.70 | 367.22 |
| Fair value of plan assets | 1,860.20 | - | - | 1,488.54 | - | - |
| Net Liability in the balance sheet | 290.12 | 84.39 | 389.40 | 345.50 | 30.70 | 367.22 |

| Defined benefit commitments: | | | | | | |
|---|-----------------|--------------|---------------|-----------------|--------------|---------------|
| Opening balance as at 1st April | 1,862.80 | 30.70 | 367.22 | 1,776.79 | 55.79 | 344.74 |
| Transfer from non-funded to funded | - | - | - | 10.20 | (10.20) | - |
| Interest expense | 158.90 | 2.56 | 32.14 | 143.29 | 3.73 | 28.44 |
| Current service cost | 148.26 | 10.58 | 4.64 | 121.96 | 8.18 | 3.44 |
| Paid benefits | (211.99) | (3.94) | (56.67) | (267.98) | (2.98) | (55.03) |
| Actuarial (gain) / loss | 194.59 | 44.49 | 42.07 | 49.78 | (23.82) | 45.63 |
| Adjustment based on Actuary valuation | (2.24) | - | - | - | - | - |
| Closing balance as at 31st March | 2,150.32 | 84.39 | 389.40 | 1,834.04 | 30.70 | 367.22 |

| Plan Assets | | | | | | |
|---|-----------------|---|---|-----------------|---|---|
| Opening balance as at 1st April | 1,501.27 | - | - | 1,386.14 | - | - |
| Expected return on scheme assets | 139.19 | - | - | 115.89 | - | - |
| Contributions by the group | 385.55 | - | - | 242.83 | - | - |
| Paid funds | (211.99) | - | - | (267.98) | - | - |
| Actuarial gain / (loss) | 5.52 | - | - | 11.66 | - | - |
| Transfer Received | 40.66 | - | - | - | - | - |
| Closing balance as at 31st March | 1,860.20 | - | - | 1,488.54 | - | - |

| Return on Plan Assets | | | | | | |
|--------------------------------|---------------|---|---|---------------|---|---|
| Expected return on plan assets | 139.19 | - | - | 115.89 | - | - |
| Actuarial gain / (loss) | 5.52 | - | - | 11.66 | - | - |
| Actual return on plan assets | 144.71 | - | - | 127.55 | - | - |

| Expenses on defined benefit plan: | | | | | | |
|---|---------------|--------------|--------------|---------------|----------------|--------------|
| Current service costs | 148.26 | 10.58 | 4.64 | 121.96 | 8.18 | 3.44 |
| Interest expense | 158.90 | 2.56 | 32.13 | 143.29 | 3.73 | 28.44 |
| Expected return on investment | (139.19) | - | - | (115.89) | - | - |
| Net actuarial (gain) / loss | 189.07 | 44.49 | 42.06 | 38.12 | (23.82) | 45.63 |
| Expenses charged to the Statement of profit and loss | 357.04 | 57.63 | 78.83 | 187.48 | (11.91) | 77.51 |

| Investment details | % Invested | |
|-------------------------------------|-------------------------|-------------------------|
| | 31st March, 2013 | 31st March, 2012 |
| Funds managed by Insurer | 39.49 | 35.45 |
| Public Sector Unit Bonds | 12.35 | 13.97 |
| Private sector unit bonds | 32.14 | 4.85 |
| State/Central Guaranteed Securities | 8.54 | 3.26 |
| Special deposit schemes | 3.54 | 4.37 |
| Others (excluding Bank Balances) | 3.94 | 38.10 |
| | 100.00 | 100.00 |

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

The actuarial calculations used to estimate defined benefit commitments for quantity 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, 2013 | 31st March, 2012 |
|----------------------------------|---|------------------|
| Rate for discounting liabilities | 8.00% to 8.25% | 8.25% to 8.75% |
| 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 | Indian Assured Lives Mortality (2006-08) Ultimate | 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, 2013 | 31st March, 2012 |
|----------------------------------|------------------|------------------|
| Rate for discounting liabilities | 8.25% | 8.25% |

Experience adjustment:

Gratuity

| | 2012-13 | 2011-12 | 2010-11 | 2009-10 | 2008-09 |
|---|---------|---------|---------|---------|---------|
| Defined benefit obligation | 968.85 | 875.16 | 892.81 | 952.66 | 971.78 |
| Plan asset | 778.75 | 601.68 | 596.49 | 571.71 | 600.16 |
| Deficit in plan asset | 190.10 | 273.48 | 296.32 | 380.95 | 371.62 |
| Experience adjustment on plan assets (loss) / gain | 6.13 | 7.04 | 20.95 | 59.77 | (6.26) |
| Experience adjustment on plan liabilities loss / (gain) | 76.83 | 70.98 | 143.02 | 0.29 | (3.82) |

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 ₹ 2.21 Lakhs (Previous year: ₹ 3.21 Lakhs) recognised to the statement of profit and loss based on actuarial valuation.

The Company has charged amounts aggregating ₹ 76.62 Lakhs; (Previous year: ₹ 74.30 Lakhs) to the statement of profit and loss based on actuarial valuation [Present value of future obligation as at 31st March, 2013 ₹ 359.84 Lakhs; (Previous year: ₹ 338.86 Lakhs)] and paid ₹ 55.64 Lakhs (Previous year: ₹ 51.34 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, 2013

35. Segment reporting
The Group has identified business segments as its primary segment and geographical segments as its secondary segment. Business segments are primarily 'Engineering', 'Health & Hygiene & Safety products and its services', 'Shipping & Logistics Services', 'Real Estate', 'IT enabled Services' and 'Others' which comprises of Education auxiliary services and other services. The Group caters to the needs of 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 | Engineering | | Health, Hygiene & Safety products and its services | | Shipping and logistics services | | Real estate | | IT enabled services | | Others | | |
|--|------------------|------------------|--|------------------|---------------------------------|------------------|------------------|------------------|---------------------|------------------|------------------|------------------|-------------|
| | 31st March, 2013 | 31st March, 2012 | 31st March, 2013 | 31st March, 2012 | 31st March, 2013 | 31st March, 2012 | 31st March, 2013 | 31st March, 2012 | 31st March, 2013 | 31st March, 2012 | 31st March, 2013 | 31st March, 2012 | |
| External segment revenue | 21,052.93 | 17,817.78 | 1,38,926.06 | 1,29,946.59 | 22,167.10 | 18,518.57 | 1,099.52 | 1,698.50 | 16,684.00 | 8,971.79 | - | 1,99,929.61 | 1,76,953.23 |
| Add: Inter segment revenue | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Revenue from operations | 21,052.93 | 17,817.78 | 1,38,926.06 | 1,29,946.59 | 22,167.10 | 18,518.57 | 1,099.52 | 1,698.50 | 16,684.00 | 8,971.79 | - | 1,99,929.61 | 1,76,953.23 |
| Segment Results - Profit / (Loss) (including exceptional items related to segments) | 894.69 | 2,202.00 | 8,018.49 | 9,320.56 | (1,470.58) | (314.52) | 6,693.22 | 1,154.89 | 510.07 | (605.87) | (56.48) | 14,589.41 | 11,692.49 |
| Add: Unallocated income | - | - | - | - | - | - | - | - | - | - | - | 837.48 | 324.92 |
| Less: Unallocated expenses | - | - | - | - | - | - | - | - | - | - | - | (1,371.48) | (1,711.24) |
| Add: Exceptional items other than related to segments | - | - | - | - | - | - | - | - | - | - | - | - | 696.89 |
| Profit before tax and finance costs | - | - | - | - | - | - | - | - | - | - | - | - | 696.89 |
| Less: finance costs | - | - | - | - | - | - | - | - | - | - | - | - | 14,065.41 |
| Profit before tax | - | - | - | - | - | - | - | - | - | - | - | - | 11,004.06 |
| Current tax expense for current year | - | - | - | - | - | - | - | - | - | - | - | - | (3,186.98) |
| MAT credit entitlement | - | - | - | - | - | - | - | - | - | - | - | - | 10,868.43 |
| (Excess) / short provision for current tax relating to prior years | - | - | - | - | - | - | - | - | - | - | - | - | 6,844.66 |
| Deferred tax | - | - | - | - | - | - | - | - | - | - | - | - | 2,783.13 |
| Profit after tax | - | - | - | - | - | - | - | - | - | - | - | - | (19.54) |
| Capital employed | - | - | - | - | - | - | - | - | - | - | - | - | (66.38) |
| Segment assets | 16,712.40 | 12,751.97 | 87,784.15 | 75,898.32 | 18,691.83 | 17,810.19 | 3,306.94 | 3,333.55 | 8,792.77 | 4,475.45 | 71.00 | 93.95 | 135,359.09 |
| Unallocated corporate assets | - | - | - | - | - | - | - | - | - | - | - | - | 27,560.52 |
| Total assets | 16,712.40 | 12,751.97 | 87,784.15 | 75,898.32 | 18,691.83 | 17,810.19 | 3,306.94 | 3,333.55 | 8,792.77 | 4,475.45 | 71.00 | 93.95 | 162,919.61 |
| Segment liabilities | 4,914.92 | 3,784.43 | 59,729.25 | 41,932.54 | 4,544.57 | 2,456.16 | 4,212.54 | 4,526.64 | 3,318.72 | 2,089.70 | 43.60 | 59.47 | 76,763.60 |
| Unallocated corporate liabilities | - | - | - | - | - | - | - | - | - | - | - | - | 2,120.04 |
| Total liabilities | 4,914.92 | 3,784.43 | 59,729.25 | 41,932.54 | 4,544.57 | 2,456.16 | 4,212.54 | 4,526.64 | 3,318.72 | 2,089.70 | 43.60 | 59.47 | 78,883.64 |
| Capital employed | 11,797.48 | 8,967.54 | 28,054.90 | 33,965.78 | 14,147.26 | 15,354.03 | (905.60) | (1,193.09) | 5,474.05 | 2,385.75 | 27.40 | 34.48 | 84,035.97 |
| Cost incurred to acquire segment assets including adjustments on account of capital work-in-progress | 580.32 | 962.95 | 2,442.93 | 1,700.46 | 734.50 | 46.91 | 3.88 | 3.85 | 1,067.98 | 238.75 | - | - | 4,829.63 |
| Unallocated cost incurred to acquire assets including adjustments on account of capital work-in-progress | - | - | - | - | - | - | - | - | - | - | - | - | 2,952.92 |
| Total capital expenditure | 580.32 | 962.95 | 2,442.93 | 1,700.46 | 734.50 | 46.91 | 3.88 | 3.85 | 1,067.98 | 238.75 | - | - | 7,822.55 |
| Segment depreciation / amortisation | 1,108.74 | 980.02 | 1,990.12 | 2,147.93 | 1,014.72 | 933.68 | 83.84 | 87.67 | 178.24 | 128.89 | 19.59 | 20.16 | 4,395.25 |
| Unallocated corporate depreciation / amortisation | - | - | - | - | - | - | - | - | - | - | - | - | 70.93 |
| Total depreciation / amortisation | 1,108.74 | 980.02 | 1,990.12 | 2,147.93 | 1,014.72 | 933.68 | 83.84 | 87.67 | 178.24 | 128.89 | 19.59 | 20.16 | 4,466.18 |
| Non-cash segment expenses other than depreciation / amortisation | 269.21 | 7.69 | 1,021.09 | 378.88 | 1,159.68 | 234.70 | 40.25 | - | 1.33 | 34.58 | - | - | 2,491.56 |
| Unallocated non-cash expenses other than depreciation / amortisation | - | - | - | - | - | - | - | - | - | - | - | - | 655.85 |
| Total non-cash expenses other than depreciation / amortisation | 269.21 | 7.69 | 1,021.09 | 378.88 | 1,159.68 | 234.70 | 40.25 | - | 1.33 | 34.58 | - | - | 3,147.41 |
| Segment depreciation / amortisation | 1,108.74 | 980.02 | 1,990.12 | 2,147.93 | 1,014.72 | 933.68 | 83.84 | 87.67 | 178.24 | 128.89 | 19.59 | 20.16 | 4,395.25 |
| Unallocated corporate depreciation / amortisation | - | - | - | - | - | - | - | - | - | - | - | - | 70.93 |
| Total depreciation / amortisation | 1,108.74 | 980.02 | 1,990.12 | 2,147.93 | 1,014.72 | 933.68 | 83.84 | 87.67 | 178.24 | 128.89 | 19.59 | 20.16 | 4,466.18 |
| Non-cash segment expenses other than depreciation / amortisation | 269.21 | 7.69 | 1,021.09 | 378.88 | 1,159.68 | 234.70 | 40.25 | - | 1.33 | 34.58 | - | - | 2,491.56 |
| Unallocated non-cash expenses other than depreciation / amortisation | - | - | - | - | - | - | - | - | - | - | - | - | 655.85 |
| Total non-cash expenses other than depreciation / amortisation | 269.21 | 7.69 | 1,021.09 | 378.88 | 1,159.68 | 234.70 | 40.25 | - | 1.33 | 34.58 | - | - | 3,147.41 |
| Segment depreciation / amortisation | 1,108.74 | 980.02 | 1,990.12 | 2,147.93 | 1,014.72 | 933.68 | 83.84 | 87.67 | 178.24 | 128.89 | 19.59 | 20.16 | 4,395.25 |
| Unallocated corporate depreciation / amortisation | - | - | - | - | - | - | - | - | - | - | - | - | 70.93 |
| Total depreciation / amortisation | 1,108.74 | 980.02 | 1,990.12 | 2,147.93 | 1,014.72 | 933.68 | 83.84 | 87.67 | 178.24 | 128.89 | 19.59 | 20.16 | 4,466.18 |
| Non-cash segment expenses other than depreciation / amortisation | 269.21 | 7.69 | 1,021.09 | 378.88 | 1,159.68 | 234.70 | 40.25 | - | 1.33 | 34.58 | - | - | 2,491.56 |
| Unallocated non-cash expenses other than depreciation / amortisation | - | - | - | - | - | - | - | - | - | - | - | - | 655.85 |
| Total non-cash expenses other than depreciation / amortisation | 269.21 | 7.69 | 1,021.09 | 378.88 | 1,159.68 | 234.70 | 40.25 | - | 1.33 | 34.58 | - | - | 3,147.41 |
| Segment depreciation / amortisation | 1,108.74 | 980.02 | 1,990.12 | 2,147.93 | 1,014.72 | 933.68 | 83.84 | 87.67 | 178.24 | 128.89 | 19.59 | 20.16 | 4,395.25 |
| Unallocated corporate depreciation / amortisation | - | - | - | - | - | - | - | - | - | - | - | - | 70.93 |
| Total depreciation / amortisation | 1,108.74 | 980.02 | 1,990.12 | 2,147.93 | 1,014.72 | 933.68 | 83.84 | 87.67 | 178.24 | 128.89 | 19.59 | 20.16 | 4,466.18 |
| Non-cash segment expenses other than depreciation / amortisation | 269.21 | 7.69 | 1,021.09 | 378.88 | 1,159.68 | 234.70 | 40.25 | - | 1.33 | 34.58 | - | - | 2,491.56 |
| Unallocated non-cash expenses other than depreciation / amortisation | - | - | - | - | - | - | - | - | - | - | - | - | 655.85 |
| Total non-cash expenses other than depreciation / amortisation | 269.21 | 7.69 | 1,021.09 | 378.88 | 1,159.68 | 234.70 | 40.25 | - | 1.33 | 34.58 | - | - | 3,147.41 |
| Segment depreciation / amortisation | 1,108.74 | 980.02 | 1,990.12 | 2,147.93 | 1,014.72 | 933.68 | 83.84 | 87.67 | 178.24 | 128.89 | 19.59 | 20.16 | 4,395.25 |
| Unallocated corporate depreciation / amortisation | - | - | - | - | - | - | - | - | - | - | - | - | 70.93 |
| Total depreciation / amortisation | 1,108.74 | 980.02 | 1,990.12 | 2,147.93 | 1,014.72 | 933.68 | 83.84 | 87.67 | 178.24 | 128.89 | 19.59 | 20.16 | 4,466.18 |
| Non-cash segment expenses other than depreciation / amortisation | 269.21 | 7.69 | 1,021.09 | 378.88 | 1,159.68 | 234.70 | 40.25 | - | 1.33 | 34.58 | - | - | 2,491.56 |
| Unallocated non-cash expenses other than depreciation / amortisation | - | - | - | - | - | - | - | - | - | - | - | - | 655.85 |
| Total non-cash expenses other than depreciation / amortisation | 269.21 | 7.69 | 1,021.09 | 378.88 | 1,159.68 | 234.70 | 40.25 | - | 1.33 | 34.58 | - | - | 3,147.41 |
| Segment depreciation / amortisation | 1,108.74 | 980.02 | 1,990.12 | 2,147.93 | 1,014.72 | 933.68 | 83.84 | 87.67 | 178.24 | 128.89 | 19.59 | 20.16 | 4,395.25 |
| Unallocated corporate depreciation / amortisation | - | - | - | - | - | - | - | - | - | - | - | - | 70.93 |
| Total depreciation / amortisation | 1,108.74 | 980.02 | 1,990.12 | 2,147.93 | 1,014.72 | 933.68 | 83.84 | 87.67 | 178.24 | 128.89 | 19.59 | 20.16 | 4,466.18 |
| Non-cash segment expenses other than depreciation / amortisation | 269.21 | 7.69 | 1,021.09 | 378.88 | 1,159.68 | 234.70 | 40.25 | - | 1.33 | 34.58 | - | - | 2,491.56 |
| Unallocated non-cash expenses other than depreciation / amortisation | - | - | - | - | - | - | - | - | - | - | - | - | 655.85 |
| Total non-cash expenses other than depreciation / amortisation | 269.21 | 7.69 | 1,021.09 | 378.88 | 1,159.68 | 234.70 | 40.25 | - | 1.33 | 34.58 | - | - | 3,147.41 |
| Segment depreciation / amortisation | 1,108.74 | 980.02 | 1,990.12 | 2,147.93 | 1,014.72 | 933.68 | 83.84 | 87.67 | 178.24 | 128.89 | 19.59 | 20.16 | 4,395.25 |
| Unallocated corporate depreciation / amortisation | - | - | - | - | - | - | - | - | - | - | - | - | 70.93 |
| Total depreciation / amortisation | 1,108.74 | 980.02 | 1,990.12 | 2,147.93 | 1,014.72 | 933.68 | 83.84 | 87.67 | 178.24 | 128.89 | 19.59 | 20.16 | 4,466.18 |
| Non-cash segment expenses other than depreciation / amortisation | 269.21 | 7.69 | 1,021.09 | 378.88 | 1,159.68 | 234.70 | 40.25 | - | 1.33 | 34.58 | - | - | 2,491.56 |
| Unallocated non-cash expenses other than depreciation / amortisation | - | - | - | - | - | - | - | - | - | - | - | - | 655.85 |
| Total non-cash expenses other than depreciation / amortisation | 269.21 | 7.69 | 1,021.09 | 378.88 | 1,159.68 | 234.70 | 40.25 | - | 1.33 | 34.58 | - | - | 3,147.41 |
| Segment depreciation / amortisation | 1,108.74 | 980.02 | 1,990.12 | 2,147.93 | 1,014.72 | 933.68 | 83.84 | 87.67 | 178.24 | 128.89 | 19.59 | 20.16 | 4,395.25 |
| Unallocated corporate depreciation / amortisation | - | - | - | - | - | - | - | - | - | - | - | - | 70.93 |
| Total depreciation / amortisation | 1,108.74 | 980.02 | 1,990.12 | 2,147.93 | 1,014.72 | 933.68 | 83.84 | 87.67 | 178.24 | 128.89 | 19.59 | 20.16 | 4,466.18 |
| Non-cash segment expenses other than depreciation / amortisation | 269.21 | 7.69 | 1,021.09 | 378.88 | 1,159.68 | 234.70 | 40.25 | - | 1.33 | 34.58 | - | - | 2,491.56 |
| Unallocated non-cash expenses other than depreciation / amortisation | - | - | - | - | - | - | - | - | - | - | - | - | 655.85 |
| Total non-cash expenses other than depreciation / amortisation | 269.21 | 7.69 | 1,021.09 | 378.88 | 1,159.68 | 234.70 | 40.25 | - | 1.33 | 34.58 | - | - | 3,147.41 |
| Segment depreciation / amortisation | 1,108.74 | 980.02 | 1,990.12 | 2,147.93 | 1,014.72 | 933.68 | 83.84 | 87.67 | 178.24 | 128.89 | 19.59 | 20.16 | 4,395.25 |
| Unallocated corporate depreciation / amortisation | - | - | - | - | - | - | - | - | - | - | - | - | 70.93 |
| Total depreciation / amortisation | 1,108.74 | 980.02 | 1,990.12 | 2,147.93 | 1,014.72 | 933.68 | 83.84 | 87.67 | 178.24 | 128.89 | 19.59 | 20.16 | 4,466.18 |
| Non-cash segment expenses other than depreciation / amortisation | 269.21 | 7.69 | 1,021.09 | 378.88 | 1,159.68 | 234.70 | 40.25 | - | 1.33 | 34.58 | - | - | 2,491.56 |
| Unallocated non-cash expenses other than depreciation / amortisation | - | - | - | - | - | - | - | - | - | - | - | - | 655.85 |
| Total non-cash expenses other than depreciation / amortisation | 269.21 | 7.69 | 1,021.09 | 378.88 | 1,159.68 | 234.70 | 40.25 | - | 1.33 | 34.58 | - | - | 3,147.41 |
| Segment depreciation / amortisation | 1,108.74 | 980.02 | 1,990.12 | 2, | | | | | | | | | |

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**36. Related party disclosures****(A) Holding Company**

- 1 Shapoorji Pallonji & Company Limited

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

- 1 Afcons Infrastructure Limited
- 2 Forvol International Services Limited
- 3 Gokak Textiles Limited
- 4 Shapoorji Pallonji Infrastructure Capital Co. Limited
- 5 Shapoorji Pallonji Investment Advisors Pvt. Limited
- 6 Shapoorji Pallonji Energy (Gujarat) Pvt. Limited
- 7 Sterling and Wilson Limited
- 8 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 (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 Forbes Aquatech Limited
- 3 Forbes Concept Hospitality Services Pvt. Limited
- 4 Forbes G4S Solutions Pvt. Ltd
- 5 Nuevo Consultancy Services Limited [up to 28th April, 2011 joint venture, w.e.f. 29th April, 2011 associate and also fellow subsidiary]
- 6 Infinite Water Solutions Pvt. Limited
- 7 Nypro Forbes Products Limited (Nypro Forbes Moulds Limited amalgamated with Nypro Forbes Products Limited w.e.f. 1st April, 2011)
- 8 SCI Forbes Limited
- 9 Aqaaignis Technologies Pvt. Limited (w.e.f 1st November, 2012)

(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, 2013

36. Related party disclosures (contd.)

(₹ In Lakhs)

(b) Details of related party transactions during the year ended 31st March, 2013 and balances outstanding as at 31st March, 2013:

| | 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 | Goods and Materials | - | - | - | 3,496.52 | - | 3,496.52 |
| | | - | - | - | - | - | - |
| 2 | Charter Hire Charges | - | - | - | - | - | - |
| | | - | - | - | 796.96 | - | 796.96 |
| | Sales | | | | | | |
| 3 | Goods and Materials | 138.31 | 9.38 | - | 241.85 | - | 389.54 |
| | | 133.50 | 1.06 | - | - | - | 134.56 |
| 4 | Services Rendered | 2.07 | 14.10 | - | - | - | 16.17 |
| | | 51.38 | 1.86 | - | 2.28 | - | 55.52 |
| | Expenses | | | | | | |
| 5 | Rent | - | 13.92 | - | - | - | 13.92 |
| | | 41.10 | - | - | - | - | 41.10 |
| 6 | Travelling and conveyance expenses | - | 104.36 | - | - | - | 104.36 |
| | | - | 125.80 | - | - | - | 125.80 |
| 7 | Transportation, freight, handling and other charges | - | 4.55 | - | - | - | 4.55 |
| | | - | 1.16 | - | - | - | 1.16 |
| 8 | Recovery of Expenses | - | - | - | 0.13 | - | 0.13 |
| | | - | - | - | 0.04 | - | 0.04 |
| 9 | Interest Paid | 19.16 | - | - | - | - | 19.16 |
| | | 64.82 | - | - | - | - | 64.82 |
| 10 | Write offs of Investments | - | 0.89 | - | - | - | 0.89 |
| | | - | - | - | - | - | - |
| 11 | Provision for doubtful loans and advances | - | - | - | 0.37 | - | 0.37 |
| | | - | - | 14.33 | 0.14 | - | 14.47 |
| 12 | Bad trade receivables / advances written off | - | - | - | - | - | - |
| | | - | - | - | 0.10 | - | 0.10 |
| 13 | Miscellaneous expenses | - | - | - | 61.20 | - | 61.20 |
| | | 1.37 | - | - | - | - | 1.37 |
| 14 | Dividend Payment | 92.95 | - | - | - | - | 92.95 |
| | | - | - | - | - | - | - |
| | Income | | | | | | |
| 15 | Rent and Other Service Charges | 111.26 | 54.21 | - | 20.06 | - | 185.53 |
| | | 845.40 | 48.50 | - | 4.80 | - | 898.70 |
| 16 | Interest Received | - | - | - | 83.82 | - | 83.82 |
| | | - | - | - | 16.27 | - | 16.27 |
| 17 | Miscellaneous Income | 7.26 | 0.88 | - | 4.38 | - | 12.52 |
| | | - | - | - | - | - | - |

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

36. Related party disclosures (contd.)

(₹ In Lakhs)

(b) Details of related party transactions during the year ended 31st March, 2013 and balances outstanding as at 31st March, 2013:

| | | | | | | | |
|----|---|-----------------|--------------|-----------------|---------------|---------------|-----------------|
| | Other Receipts | | | | | | |
| 18 | Other Reimbursements | - | 6.12 | - | 61.58 | - | 67.70 |
| | | <i>0.40</i> | - | - | <i>142.39</i> | - | <i>142.79</i> |
| | Finance | | | | | | |
| 19 | Inter-corporate deposits given | - | - | - | 50.37 | - | 50.37 |
| | | - | - | <i>14.33</i> | <i>500.14</i> | - | <i>514.47</i> |
| 20 | Inter-corporate deposits taken | 2,500.00 | - | - | - | - | 2,500.00 |
| | | <i>1,075.00</i> | - | - | - | - | <i>1,075.00</i> |
| 21 | Repayment of deposits taken | 2,500.00 | - | - | 11.07 | - | 2,511.07 |
| | | <i>1,200.00</i> | - | - | - | - | <i>1,200.00</i> |
| 22 | Repayment of deposits given | - | - | - | 125.00 | - | 125.00 |
| | | - | - | - | - | <i>0.28</i> | <i>0.28</i> |
| | Guarantees | | | | | | |
| 23 | Given on behalf of the Company by Holding Company | - | - | - | - | - | - |
| | | <i>2,598.31</i> | - | - | - | - | <i>2,598.31</i> |
| | Outstandings | | | | | | |
| 24 | Trade Payables | - | 7.01 | - | 471.26 | - | 478.27 |
| | | - | <i>1.65</i> | - | <i>4.34</i> | - | <i>5.99</i> |
| 25 | Interest Accrued | - | - | - | 62.75 | - | 62.75 |
| | | - | - | - | - | - | - |
| 26 | Trade Receivables | 49.02 | 6.51 | 20.15 | 54.35 | - | 130.03 |
| | | <i>76.74</i> | <i>3.39</i> | <i>20.15</i> | <i>0.52</i> | - | <i>100.80</i> |
| 27 | Long Term Loans and Advances | - | 9.11 | 4,756.77 | 76.03 | - | 4,841.91 |
| | | - | <i>9.86</i> | <i>4,756.77</i> | <i>35.27</i> | - | <i>4,801.90</i> |
| 28 | Short Term Loans and Advances | 7.31 | 26.50 | 1.11 | 12.47 | - | 47.39 |
| | | - | <i>18.82</i> | <i>1.11</i> | <i>24.11</i> | - | <i>44.04</i> |
| 29 | Provision for Doubtful Loans and Advances | - | - | 4,757.88 | 35.64 | - | 4,793.52 |
| | | - | - | <i>4,757.88</i> | <i>35.27</i> | - | <i>4,793.15</i> |
| 30 | Provision for Doubtful trade receivables | 2.11 | - | 20.15 | - | - | 22.26 |
| | | <i>10.65</i> | - | <i>20.15</i> | <i>0.46</i> | - | <i>31.26</i> |
| 31 | Deposits Payable | 75.00 | - | - | 3.76 | - | 78.76 |
| | | <i>75.00</i> | - | - | - | - | <i>75.00</i> |
| 32 | Inter-corporate deposits receivable | - | - | - | 550.00 | - | 550.00 |
| | | - | - | - | <i>625.00</i> | - | <i>625.00</i> |
| 33 | Guarantees Taken | 2,725.25 | - | - | - | - | 2,725.25 |
| | | <i>2,598.31</i> | - | - | - | - | <i>2,598.31</i> |
| 34 | Remuneration | - | - | - | - | 467.37 | 467.37 |
| | | - | - | - | - | <i>417.11</i> | <i>417.11</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, 2013

(₹ in Lakhs)

| Nature of Transaction | (c) The above Transactions includes: | | | | | | | | | | | | | |
|---|--|--|-----------------------------------|--|---|--|--------------------------------------|----------------------|--|---|---|-------------------------------|---|---|
| | A Shapoorji Pallonji & Company Limited | B Forvoel International Services Limited | B Golak Textiles Limited | B Shapoorji Pallonji Investment Private Limited | B SP Fabricators Private Limited | C The Swadeshi Mills Company Limited | C Commodal Garments Limited | D Edumetry Inc | D Forbes Aquatech Limited (Joint venture of Eureka Forbes Limited) | D Infinite Water Solutions Pvt Limited (Joint venture of Eureka Forbes Limited) | D Nipro Forbes Products Limited | D SCI Forbes Limited | F Managing Director Mr. Ashok Birat | F Managing Director Mr. S L Gokhale |
| Purchases | | | | | | | | | | | | | | |
| 1 Goods and Materials | - | - | - | - | - | - | - | - | 1,278.09 | - | - | - | - | - |
| 2 Charter Hire Charges | - | - | - | - | - | - | - | - | - | - | 706.96 | - | - | - |
| Sales | | | | | | | | | | | | | | |
| 3 Goods and Materials | 138.31 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4 Services Rendered | 133.50 | - | 5.51 | - | 8.59 | - | - | - | - | - | - | - | - | - |
| 5 Rent | 41.10 | 13.92 | - | - | - | - | - | - | - | - | - | - | - | - |
| 6 Travelling and conveyance expenses | 104.36 | 104.36 | - | - | - | - | - | - | - | - | - | - | - | - |
| 7 Transportation, freight, handling and other charges | 225.80 | 0.91 | 3.64 | - | - | - | - | - | - | - | - | - | - | - |
| 8 Miscellaneous expenses | 1.16 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 9 Recovery of Expenses | 1.37 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 10 Interest Paid | 19.16 | - | - | - | - | - | - | - | - | 0.04 | - | - | - | - |
| 11 Write offs of Investments | 64.62 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 12 Provision for doubtful loans and advances | - | - | 0.89 | - | - | - | - | - | - | - | - | - | - | - |
| 13 Bad trade receivables / advances written off | - | - | - | - | - | - | 14.33 | - | - | - | - | - | - | - |
| 14 Dividend Payment | 92.95 | - | - | - | - | - | - | - | - | 0.10 | - | - | - | - |
| Income | | | | | | | | | | | | | | |
| 15 Rent and Other Service Charges | 111.26 | 19.14 | - | 34.08 | - | - | - | - | - | - | - | - | - | - |
| 16 Interest Received | 845.40 | - | - | - | - | - | - | - | - | 69.72 | - | - | - | - |
| 17 Miscellaneous Income | 7.26 | - | - | - | - | - | - | 4.38 | - | 16.27 | - | - | - | - |
| Other Receipts | | | | | | | | | | | | | | |
| 18 Other Reimbursements | - | - | - | - | - | - | - | 28.65 | 17.61 | 10.76 | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | 23.93 | 118.44 | - | - | - |
| 19 Deposits Given | - | - | - | - | - | - | - | - | - | 50.00 | - | - | - | - |
| 20 Deposits Taken | 2,500.00 | - | - | - | - | - | - | - | - | 506.00 | - | - | - | - |
| 21 Repayment of Deposits Taken | 1,025.00 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 22 Repayment of Deposits Given | 1,200.00 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Guarantees | | | | | | | | | | | | | | |
| 23 Given on behalf of the Company by Holding Company | 2,598.31 | - | - | - | - | - | - | - | - | - | - | - | - | 0.28 |
| Outstandings | | | | | | | | | | | | | | |
| 24 Trade Payables | - | 1.65 | - | - | - | - | - | 265.06 | 201.86 | - | - | - | - | - |
| 25 Interest Accrued | - | - | - | - | - | - | 4.34 | - | - | 62.75 | - | - | - | - |
| 26 Trade Receivables | 49.02 | - | - | - | - | - | - | 53.90 | - | - | - | - | - | - |
| 27 Long Term Loans and Advances | 76.74 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 28 Short Term Loans and Advances | 7.31 | - | 23.92 | - | - | - | - | - | 11.66 | 23.77 | - | - | - | - |
| 29 Provision for Doubtful Loans and Advances | - | - | 18.82 | - | - | - | - | - | - | - | - | - | - | - |
| 30 Provision for Doubtful Debts | 10.65 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 31 Deposits Payable | 75,500 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 32 Inter-corporate deposits receivable | 75,000 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 33 Guarantees Taken | 2,725.25 | - | - | - | - | - | - | 125.00 | - | 550.00 | - | - | - | - |
| | 2,598.31 | - | - | - | - | - | - | - | - | 300.00 | - | - | - | - |
| Remuneration | | | | | | | | | | | | | | |
| 34 | - | - | - | - | - | - | - | - | - | - | - | 118.85 | 348.52 | 306.43 |

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, 2013

37. Leases

(a) Finance lease: Group as lessee

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

- (i) The gross carrying amount and the accumulated depreciation at the balance sheet date are ₹ 212.32 Lakhs; (*Previous year: ₹ 212.78 Lakhs*) and ₹ 128.32 Lakhs; (*Previous year: ₹ 75.30 Lakhs*) respectively.
- (ii) Depreciation recognised in the statement of Profit and Loss is ₹ 53.09 Lakhs; (*Previous year: ₹ 37.69 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, 2013 | | As at 31st March, 2012 | |
|---|------------------------|--------------|------------------------|---------------|
| | MLP | PV of MLP | MLP | PV of MLP |
| Not later than one year | 41.87 | 37.31 | 74.18 | 62.28 |
| Later than one year but not later than five years | 53.74 | 49.83 | 95.61 | 85.74 |
| Later than five years | - | - | - | - |
| TOTAL | 95.61 | 87.14 | 169.79 | 148.02 |
| Less: Amounts representing finance charges | (8.47) | - | (21.77) | - |
| Present value of minimum lease payments | 87.14 | 87.14 | 148.02 | 148.02 |

(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, 2013 ₹ In Lakhs | As at 31st March, 2012 ₹ In Lakhs | As at 31st March, 2013 ₹ In Lakhs | As at 31st March, 2012 ₹ In Lakhs |
| Gross carrying amount | 2,440.76 | 2,830.67 | 35.66 | 36.00 |
| Less: Accumulated depreciation | 1,094.94 | 1,054.91 | 21.31 | 15.00 |
| Net carrying amount | 1,345.82 | 1,775.76 | 14.35 | 21.00 |
| Depreciation for the year | 107.91 | 81.79 | 6.15 | 9.00 |

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

| Period | As at 31st March, 2013 ₹ In Lakhs | As at 31st March, 2012 ₹ In Lakhs |
|---|--------------------------------------|--------------------------------------|
| Not later than one year | 398.00 | 354.00 |
| Later than one year but not later than five years | 392.67 | 746.67 |
| Later than five years | - | - |
| TOTAL | 790.67 | 1,100.67 |

- (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 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.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

(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, 2013 ₹ In Lakhs | As at 31st March, 2012 ₹ In Lakhs |
|---|---|---|
| Not later than one year | 182.71 | 48.52 |
| Later than one year but not later than five years | 168.16 | 82.88 |
| Later than five years | - | - |
| TOTAL | 350.87 | 131.40 |

38. Earnings per share

Earnings per share is computed as under:

| S. No. | Particulars | Remarks | For the year ended 31st March, 2013 | For the year ended 31st March, 2012 |
|--------|--|--------------|--|--|
| 1. | Profit for the year after adjustment of share in Associates and Minority Interest (₹ In Lakhs) | A | 8,555.07 | 5,251.00 |
| 2. | Weighted average number of equity shares outstanding during the year | B | 12,732,218 | 12,732,218 |
| 3. | Earnings per share (Nominal value of share ₹ 10)-(Basic & Diluted)(₹) | C=A/B | 67.19 | 41.24 |

39. 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, 2013 ₹ in Lakhs | As at 31st March, 2013 ₹ in Lakhs | As at 31st March, 2012 ₹ in Lakhs | As at 31st March, 2012 ₹ in Lakhs |
| Related to fixed assets | (1118.17) | 0.12 | (1148.86) | 96.57 |
| Voluntary retirement scheme | 57.84 | - | 82.39 | - |
| Provision for doubtful debts and advances | 141.17 | - | 366.98 | - |
| Provisions and liabilities to be allowed on payment basis | 707.87 | - | 675.60 | (39.86) |
| Unabsorbed depreciation | 666.52 | - | 436.51 | (45.71) |
| Business Loss | 5.37 | - | - | 24.64 |
| | 460.60 | 0.12 | 412.62 | 35.64 |

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, 2013

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, 2013 | 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 | Eurska Forbes Limited | INR | | 372.80 | 16,147.48 | 77,368.11 | 60,847.83 | 425.57 | 1,28,640.98 | 4,529.73 | 1,036.94 | 3,492.79 | - |
| 2 | Aquamall Water Solutions Limited | INR | | 400.02 | 19,296.84 | 25,094.10 | 5,307.24 | 85.95 | 46,180.50 | 5,139.64 | 1,030.00 | 4,109.64 | - |
| 3 | Aquadiagnostics Water Research & Technology Centre Limited | INR | | 8.00 | (186.15) | 96.98 | 275.13 | - | 54.83 | (28.55) | - | (28.55) | - |
| 4 | Euro Forbes International Pte. Limited | SGD | 43.81 | 219.06 | (119.09) | 102.69 | 2.73 | - | - | (10.41) | - | (10.41) | - |
| 5 | Forbes Facility Services Private Limited | INR | | 100.00 | (66.32) | 2,235.89 | 2,202.21 | - | 5,726.85 | 132.33 | 8.91 | 123.42 | - |
| 6 | E4 Development & Coaching Limited | INR | | 100.00 | (88.90) | 59.28 | 48.18 | - | 84.33 | 10.91 | 0.51 | 10.40 | - |
| 7 | Forbes Enviro Solutions Limited | INR | | 5.00 | (1.75) | 3.71 | 0.46 | - | - | (0.33) | - | (0.33) | - |
| 8 | WaterWings Equipments Private Limited | INR | | 5.00 | 103.49 | 696.22 | 587.72 | - | 1,723.72 | 103.65 | 33.05 | 70.60 | - |
| 9 | Radiant Energy Systems Private Limited | INR | | 7.25 | 107.04 | 570.63 | 456.34 | 0.87 | 991.49 | 116.59 | 37.66 | 78.93 | - |
| 10 | EFL Mauritius Limited | EURO | 69.66 | 6,164.91 | 261.10 | 6,729.54 | 303.53 | 6,704.07 | - | 155.92 | - | 155.92 | - |
| 11 | Euro Forbes Financial Services Ltd. | INR | | 5.00 | (1.40) | 4.58 | 0.98 | - | - | (0.28) | - | (0.28) | - |
| 12 | Euro Forbes Mauritius Limited | EURO | 69.66 | - | (14.56) | 1.51 | 16.07 | - | - | (4.66) | - | (4.66) | - |
| 13 | Euro Forbes Ltd. Dubai | US\$ | 54.36 | 44.41 | (328.88) | 1,686.68 | 1,971.16 | - | - | (190.69) | - | (190.69) | - |
| 14 | Forbes Lux FZCO Ltd. | US\$ | 54.36 | 177.53 | (1,061.48) | 16,534.89 | 17,418.84 | - | 3,098.77 | (231.17) | - | (231.17) | - |
| 15 | Forbes Campbell Finance Limited | INR | | 386.41 | 405.51 | 1,964.71 | 1,172.78 | 496.53 | 1.66 | (489.31) | - | (489.31) | - |
| 16 | Forbes Bumi Armada Limited | INR | | 550.00 | 53.83 | 618.42 | 14.59 | 75.00 | - | 31.04 | 9.59 | 21.45 | - |
| 17 | Forbes Technosys Limited | INR | | 4,389.72 | (2,043.20) | 9,052.88 | 6,706.36 | - | 16,684.44 | 26.45 | - | 26.45 | - |
| 18 | Forbes Campbell Services Limited | INR | | 5.00 | 1.18 | 8.58 | 2.40 | - | 49.01 | 0.42 | 0.22 | 0.20 | - |
| 19 | Forbes Edumetry Limited | INR | | 288.00 | (661.48) | 66.86 | 440.33 | - | - | (14.40) | - | (14.40) | - |
| 20 | Volkart Flemming Shipping & Services Limited | INR | | 50.39 | 328.40 | 676.93 | 298.14 | 3.91 | 138.68 | (29.92) | 3.90 | (33.82) | - |
| 21 | Forbes Container Line Pte. Limited | SGD | 43.81 | 1,307.16 | (853.07) | 1,073.90 | 619.81 | - | 7,948.45 | (152.07) | - | (152.07) | - |
| 22 | Forbes Bumi Armada Offshore Limited | INR | | 210.00 | (402.20) | 2,364.25 | 2,556.45 | 21.91 | 1,976.21 | (290.42) | - | (290.42) | - |
| 23 | Forbesline Shipping Services LLC | AED | 14.79 | 30.25 | (20.85) | 9.40 | - | - | - | (20.85) | - | (20.85) | - |

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 any time 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 ₹ 256.67 Lakhs during the previous year ended 31st March, 2012, 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, 2013

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, 2013

| | | | As at 31st March, 2013 | | As at 31st March, 2012 | |
|-----------|------------|----------------|---------------------------|-------------|---------------------------|-------------|
| Currency | Buy / Sell | Cross Currency | ₹ in Lakhs | FC in Lakhs | ₹ in Lakhs | FC in Lakhs |
| US Dollar | Buy | ₹ | 849.44 | US\$ 15.58 | 254.40 | US\$ 4.83 |

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, 2013 | | | As at 31st March, 2012 | | |
|-----------------------------------|---------------------------|-------------|-------|---------------------------|-------------|-------|
| | ₹ in Lakhs | FC in Lakhs | | ₹ in Lakhs | FC in Lakhs | |
| a) Trade Payables | 2,972.73 | US\$ | 54.54 | 1,257.20 | US\$ | 24.35 |
| | 508.50 | EURO | 7.30 | 475.06 | EURO | 6.87 |
| | - | - | - | 2.75 | CHF | 0.05 |
| | 4.81 | SGD | 0.11 | 1.58 | SGD | 0.04 |
| | 2.22 | MYR | 0.14 | 2.29 | MYR | 0.14 |
| b) Trade Receivables | 353.61 | US\$ | 6.50 | 372.84 | US\$ | 7.20 |
| | 84.35 | GBP | 1.02 | 74.11 | GBP | 0.89 |
| | 29.13 | SGD | 0.66 | 27.42 | SGD | 0.66 |
| | 6.04 | EURO | 0.09 | 0.66 | EURO | 0.01 |
| c) Short - term Borrowings | | | | | | |
| Buyers Credit | 1,078.30 | US\$ | 19.84 | 375.42 | US\$ | 7.30 |
| Buyers Credit | - | - | - | 100.33 | EURO | 1.45 |
| Packing Credit | - | - | - | 57.68 | US\$ | 1.11 |
| d) Interest Payable | | | | | | |
| Buyers Credit | 0.11 | US\$ | - | 4.45 | US\$ | 0.09 |
| e) Advances Given | | | | | | |
| i) For import of goods | 30.27 | US\$ | 0.56 | 506.37 | US\$ | 9.75 |
| | 2.28 | EURO | 0.03 | 2.96 | EURO | 0.04 |
| ii) For capital goods | 8.80 | US\$ | 0.16 | - | - | - |
| | - | - | - | 40.48 | AUD | 0.75 |
| | - | - | - | 10.81 | EURO | 0.16 |
| f) Advances Received | | | | | | |
| from customers | 48.99 | US\$ | 0.90 | 11.65 | US\$ | 0.22 |
| g) Balance with banks | 10.50 | US\$ | 0.19 | 63.88 | US\$ | 1.23 |
| h) Loans Payable | 96.11 | US\$ | 1.77 | 106.97 | US\$ | 2.06 |
| i) Interest Accrued on Borrowings | 0.13 | US\$ | - | 0.18 | US\$ | - |
| j) Security Deposit furnished | 1.66 | US\$ | 0.03 | 1.66 | US\$ | 0.03 |
| k) Investment in Equity Shares | 92.98 | CHF | 2.50 | 92.98 | CHF | 2.50 |

Footnote:

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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

- 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 in an earlier 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 in an earlier 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 The Board of Directors of SCI Forbes Limited, a joint venture Company, has reviewed the company's fleet comprising of four chemical tankers for indications of impairment. The market value of the said vessels has declined significantly below its carrying value by approximately ₹ 13,200 Lakhs (Share of Forbes Group ₹ 3,300 Lakhs). The Board has also reviewed its 'value in use' being the present value of the estimated future cash flows expected to arise from the continuing use of the vessels and from their disposal at the end of their useful life. Based on its assessment of the estimated future cash flows, the Board of Directors of the joint venture Company is of the view that the 'value in use' and consequently the recoverable amount in respect of the four vessels are lower than their carrying values by ₹ 4,585.24 Lakhs (Share of Forbes Group ₹ 1,146.31 Lakhs) which amount has been recognised as the impairment loss during the year.
- 45 During the previous year Aquamall Water Solutions Limited, a subsidiary company received a government grant of ₹ 30 Lakhs which is recognized under Capital reserves.
- 46 Forbes Lux FZCO has long overdue balances of US\$ 252.55 Lakhs (₹ 13,811.94 Lakhs) carried under the head non-current assets, against which a provision of US\$ 10.54 Lakhs (₹ 576.60 Lakhs) has been made in the accounts which in the opinion of partners is considered adequate. In case of non recovery of the balances the unrecovered amount will be made good by the parent Company Eureka Forbes Limited As of 31 December 2012, the company had accumulated losses of US\$ 19.53 Lakhs (₹ 948.20 Lakhs) [Previous year US\$ 15.27 Lakhs (₹ 719.52 Lakhs)] which exceeds its share capital. As of above date, the liability owed by the company to a banker of US\$ 220 Lakhs (₹ 12,031.58 Lakhs) is due for full repayment in June 2014 and the funds tied up under other financial assets of US\$ 242.02 Lakhs (₹ 13,235.34 Lakhs) are expected to be realized past June 2014.
- 47 During the year, Volkart Fleming Shipping & Services Limited, a wholly owned subsidiary has changed its method of depreciation on fixed assets from 'Written Down Value' method to 'Straight Line' method. The management believes that this change will result in more appropriate presentation of financial statements. Accordingly, the company has recognised additional depreciation of ₹ 38.08 Lakhs.
- The subsidiary has also changed the depreciation percentage of asset class "Office Equipment" from 13.91% to 20%.
- Had the subsidiary continued to use the earlier method of depreciation, the consolidated profit after tax for the year would have been higher by ₹ 38.08 Lakhs
- 48 One of the JV Partner in SCI Forbes Limited (SCIF), a joint venture Company, has served a notice of termination of Shareholders Agreement dated 28.03.2013 under clause 16.1.2 of the said agreement to the other JV partners, which is being contested. SCIF has full support of two JV partners who have received the notice of termination from the other partner to the extent of their proportionate share of the sponsor support. Immediate next loan instalment and further instalments of the loan agreements shall be honoured by the terminating partner only, till the time they are dispensed of their liabilities by the virtue of the completion of the procedures required for termination of the shareholders agreement.
- 49 Forbes Facility Services Private Ltd., a wholly owned subsidiary, has given an unsecured loan to a joint venture company, namely, Forbes Concept Hospitality Services Private Ltd. (FCHSPL) of ₹ 40.39 Lakhs. Based on the financial statements of FCHSPL, the losses have exceeded the net worth and it has ceased the business operations. In the opinion of the Management of the FCHSPL, the Company is under revival and expected to start catering business in overseas markets and thus, no provision is required to be made in consolidated financial statements.
- 50 Trade receivables of Forbes Facility Services Private Ltd., a wholly owned subsidiary, include ₹ 104.00 Lakhs (as at 31st March 2012 ₹ 78.91 lakhs) outstanding for more than 365 days which are doubtful of recovery. No provision for the doubtful trade receivables has been made by the company

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

- 51** SCI Forbes Limited; a joint venture entity; has been experiencing severe shortage of funds during the last financial year and has received notices from its lenders intimating occurrence of events of defaults, the latest being receipt of a Notice of Acceleration of loan dated 3rd May, 2013 from the lenders wherein they have demanded immediate payment under clause 10.3.1 of the loan agreement of the total amount of US\$ 385.51 lakhs (equivalent to ₹ 20,954.08 Lakhs) [(Shares of Forbes Group US\$ 96.38 Lakhs (equivalent to ₹ 5,238.52 Lakhs)] being the aggregate amount of outstanding loan towards unpaid principal, interest and swap liabilities, if any. The lenders through their agents Natixis have notified SCIF of events of defaults under various clauses of the loan agreement, namely, clause 10.1.4 (breach of other obligations), clause 10.1.5 (misrepresentation), 10.1.7 (litigation) , clause 10.1.9 (insolvency), clause 10.1.15 (cessation of business), clause 10.1.21 (material adverse change) and clause 10.1.26 (material events) of the loan agreement. Consequent thereto, the aggregate of the amount of principal, interest and swap liabilities, if any, has been recalled.
- 52** Previous year figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

| | | |
|--|--|---------------------------------------|
| | SHAPOOR P. MISTRY ASHOK BARAT | <i>Chairman Managing Director</i> |
| AMIT MITTAL <i>Director (Finance)</i> | D.B. ENGINEER R.N. JHA S.L. GOKLANEY T.R. DOONGAJI KAIWAN KALYANIWALLA D. SIVANANDHAN | } <i>Directors</i> |
| A.T. SHAH <i>Company Secretary</i> | JIMMY J. PARAKH JAI L. MAVANI | |
| | <i>Mumbai, 28th May, 2013</i> | |



FORBES & COMPANY LIMITED

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

94TH ANNUAL GENERAL MEETING ON FRIDAY THE 2ND AUGUST, 2013 AT 4.00 P.M.

VENUE: Indian Merchants' Chambers, Walchand Hirachand Hall, IMC Building, 4th floor,
Churchgate, Mumbai - 400 020

ATTENDANCE SLIP

I certify that I am a registered Shareholder of the Company.

or

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 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 Registrar and Share Transfer Agents, TSR Darashaw Pvt. 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 Shareholders 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 94th Annual General Meeting of the Company to be held on Friday, 2nd August, 2013 and at any adjournment thereof.

Signed this _____ day of _____ 2013.



FOR OFFICE USE ONLY

PROXY No.:

Signature(s) of the Shareholder(s)

REGD. FOLIO:

*DP ID No.

*Client ID No.

No. OF SHARES

*Applicable for Shareholders 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.



Currency counting & sorting machine



Two Sided Kiosk



Multiscreen Kiosk



Information Kiosk



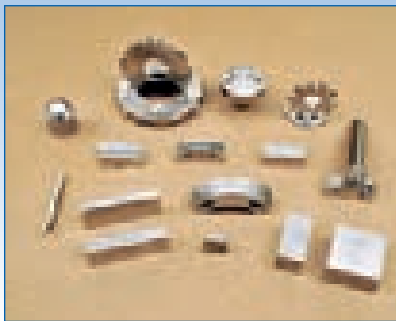
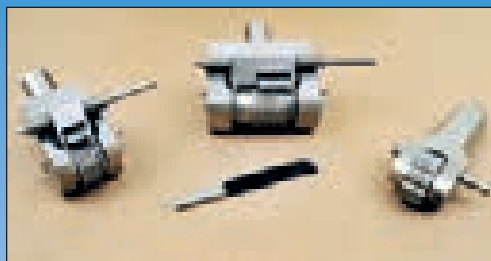
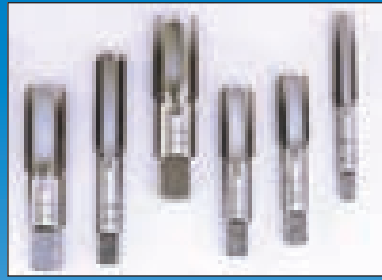
Mega Banker ATM



Nano Banker ATM



Portobanker



FORBES & COMPANY LIMITED

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