

## FORBES & COMPANY LIMITED

# ANNUAL REPORT 2013-14





**Container Freight Station**



**Design and Development for High Performance Tools**



**Authobanker**



**Self Service Transaction Kiosk at CFS**

**BOARD OF DIRECTORS**

SHAPOOR P. MISTRY Chairman  
ASHOK BARAT Managing Director  
S. L. GOKLANEY  
T. R. DOONGAJI  
KAIWAN D. KALYANIWALLA  
D. SIVANANDHAN  
JIMMY J. PARAKH  
JAI L. MAVANI  
AMEETA CHATTERJEE (w.e.f. August 20, 2013)  
KANNAN DASARATHARAMAN (w.e.f. August 20, 2013)

**COMPLIANCE OFFICER**

PANKAJ KHATTAR (w.e.f. January 1, 2014)  
Head Legal and Company Secretary

**MANAGEMENT:**

ASHOK BARAT Managing Director &  
Chief Executive Officer  
SUNETRA GANESAN Chief Financial Officer  
SHRIKRISHNA M. BHAVE Director,  
Human Resources  
RAVI C. PREM Chief Operating Officer,  
Engineering Division  
SAURAV GHOSH Chief Operating Officer,  
Shipping & Logistics  
PRAKASH KARUNAKARAN Vice President,  
Energy Solutions Group

**STATUTORY AUDITORS**

DELOITTE HASKINS AND SELLS LLP

**SOLICITORS AND ADVOCATES**

MESSRS. DESAI & DIWANJI

**BANKERS**

PUNJAB NATIONAL BANK  
STANDARD CHARTERED BANK  
IDBI BANK LIMITED  
HDFC BANK LIMITED  
YES BANK LIMITED

**REGISTERED OFFICE**

FORBES' BUILDING  
CHARANJIT RAI MARG, FORT  
MUMBAI 400 001  
Tel: +91 22 4074 9191 Fax: +91 22 4074 9103  
Email: investor.relations@forbes.co.in  
Website: www.forbes.co.in

**FACTORIES****AURANGABAD**

A-7, M.I.D.C. AREA PLOT B-13,  
CHIKALTHANA WALUJ INDUSTRIAL AREA  
AURANGABAD 431 210 AURANGABAD 431 133

**MUMBAI**

CHANDIVALI ESTATE  
SAKI POWAI ROAD  
MUMBAI 400 072

**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

**REGISTRARS 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  
Tel: +91 22 6656 8484 Fax: +91 22 6656 8494  
Email: cgs-unit@tsrdarashaw.com

Ninety Fifth Annual General Meeting of Forbes & Company Limited will be held on Wednesday, August 6, 2014 at 4.00 PM at M.C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, Kaikhushru Dubash Marg, (Behind Prince of Wales Museum), Mumbai 400 001.

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**NINETY FIFTH ANNUAL REPORT 2013 -2014**

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## DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present their Report and the Audited Financial Statements of the Company for the Financial Year (FY) ended March 31, 2014.

### Financial Results:

The Company's performance during the year under review is summarized as follows:

₹ in Crores

Particulars	Standalone		Consolidated	
	FY 2013-14	FY 2012-13	FY 2013-14	FY 2012-13
Revenue from Operations and Other Income	293.46	319.72	3132.30	2030.39
Profit after Interest and before Depreciation	(2.43)	12.00	139.18	95.23
Depreciation	13.27	13.17	54.13	44.66
Profit/(Loss) after Depreciation and before exceptional items	(15.70)	(1.17)	85.05	50.57
Exceptional items	(14.01)	37.31	(13.04)	58.11
Profit before tax	(29.71)	36.14	72.01	108.68
Profit for the year	(29.71)	31.35	40.06	85.55

### Management Discussion & Analysis of Financial Condition & Results of Operations:

#### Outlook

The global economy began a modest recovery in the second half of the FY 2013-14 and ended on a more encouraging note than earlier years.

The growth momentum is expected to strengthen further in the FY 2014-15. However, the positive outlook is subdued by the potential consequences of the US Federal Reserve tapering its asset purchase programme and other Quantitative Easing (QE) policies which were undertaken in the aftermath of global financial crises. More importantly, the crisis in Iraq may have a fairly adverse effect on the Company. Emerging markets like India continued to face multiple challenges viz. capital outflows, intense exchange rate pressures, volatile current account movement. The International Monetary Fund (IMF) forecasts that the world output is likely to grow by 3.6% in FY 2014-15.

India's growth is still one of the highest in the world, although it slowed to just 4.7% in FY 2013-14, it's second lowest in a decade primarily as a result of policy uncertainties and weak investor sentiments. India continued to face challenges on account of persistent inflation, fiscal imbalances and low investments resulting in a sluggish domestic demand growth. Fiscal and monetary initiatives taken by the Indian Government and the Reserve Bank of India (RBI) helped stabilize the financial market conditions but the domestic macro-economic environment still remains challenging.

India's growth challenge has been further accentuated by an adverse global economic climate that is impacting the country's exports growth. As per the World Economic Outlook published by IMF in April' 2014, India's GDP growth is projected to strengthen to 5.4% in FY 2014-15 and 6.4% in FY 2015-16; assuming that the Government's efforts to revive investment growth succeed and exports growth strengthens after the recent rupee depreciation and improvement in the global economy.

The Company's businesses continue to be affected by the slowdown of the economy in general and the automobile industry in particular. The Company

is taking initiatives to sustain the performance level. Devaluation of the Rupee impacts the profitability adversely and continues to be a cause of concern.

#### Precision Tools Group (PTG)

This business vertical caters mainly to the automobile sector that witnessed a severe recessionary trend during the year, resulting in a flat performance. The initiatives taken by the Company to strengthen its market position included modernising the production facilities for better product quality, improvement in operational efficiencies and also in customer services. Operational excellence initiatives were undertaken in collaboration with The Confederation of Indian Industry (CII). PTG won the second prize in a KAIZEN competition organized by the CII. ISO certification for the Fasteners was obtained. PTG won the Best Supplier award for the second consecutive year from Autoliv Inc.

There were continuous efforts to improve exports to the Middle East and the South East Asian markets, resulting in extension to new territories like Turkey, Croatia, Vietnam; and Brazil. The new customers added, include, Honda Motorcycles, TSVZ Rail Wagon Factory in Russia, Uljanik Pula (shipyard in Croatia) and Walton Industries (a white good manufacturer), Bangladesh for High Performance Tools.

#### Coding Business Group (CBG)

This business vertical commenced in-house assembling of machines, automation systems and integrated testing at the Company's Aurangabad Plant to offer comprehensive services to automobile and engineering industries.

This business vertical has taken new initiatives to provide automation solutions for marking, vision systems for component inspection for engineering and automobile industries. Various solutions are provided with software support, data acquisition, pick and place, and Supervisory Control for applications like Engine Chassis, Frames, Alternators and Engines etc.

Product development initiatives include low cost pin marking machines, laser marking machines, standard modules with automation for automobile

chassis marking and race cone pressing automation system.

### Energy Solutions Group (ESG)

A lot of time and effort was spent on streamlining the operations. The restructuring exercise was conducted of the operations and all critical procedures and processes were reviewed and integrated into the existing Enterprise Resource Planning (ERP). Large Turnkey Projects undertaken in previous year(s) were executed and a few of them were commissioned.

Order booking in the year slowed down considerably as most expansion projects in the oil and gas sector were deferred. The appreciation of dollar vis-à-vis the Indian Rupee also resulted in a lower demand for capital goods. This business vertical has now started addressing the power sector business more aggressively and is expected to perform well in the coming years.

The Renewable Solar Market slowed down considerably as the Solar Project Purchase Price Agreement prices offered are low and unappealing for Developers. Morgan Solar has launched the Trackers in India. However, due to the appreciation of the Dollar these Trackers are not currently viable as they are manufactured overseas. Steps are being taken to manufacture these in India and increase the local component.

The FY 2014-15 looks encouraging as the projects kept on hold have re-started. The last quarter of the FY 2013-14 has generated a number of orders which will be executed in the FY 2014-15. Morgan Solar also intend to launch their patented Concentrated Photo Voltaic panels in the FY 2014-15.

### Container Freight Stations (CFS)

The Company has two Container Freight Stations (CFSS) at Mundra and Veshvi. Both were impacted in terms of overall revenue due to pricing pressures and the proliferation of various new facilities. Overall continuing recession and uncertainties of the currency market, mergers and closure of shipping lines have impacted trade routes, resulting in tough business conditions.

In spite of adverse market conditions, CFSs managed to grow well on the top line while keeping its profitability intact. Better vendor management, innovative transport handling and higher productivity in yard management and equipment handling ensured a good performance.

Self-service transaction kiosks were deployed for the first time. This innovative solution offers customers on a 24x7 basis facilities like invoice generation, collection of charges by way of cash, cheque, demand drafts and delivery of import containers.

### Freight Forwarding

This business continues to face challenges due to highly erratic freight movements, mainly due to continuing recession and extremely competitive pricing in the international markets. Though there has been a considerable increase in the top line, the extreme pressure on margins has resulted in a flat performance for the FY 2013-14. This business vertical plans to explore opportunities in the hinterland and adding long term reliable clients.

### Investment in Subsidiaries/Joint Ventures

During the year, the Company continued to invest in its subsidiary companies. During the year under review ₹ 3.95 crores was invested in Forbes Bumi Armada Offshore Limited and ₹ 7.50 crores in Forbes Campbell Finance Limited. 1 Crore 1% Compulsory Convertible Optionally Redeemable Debentures of ₹ 10 each held by the Company in Forbes Technosys Limited have been converted on March 28, 2014 into 1 Crore equity shares of ₹ 10 each. The Company is examining various options with regard to its investment in Nypro Forbes Products Limited, Forbes Edumetry Limited and Edumetry Inc.

### Finance

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

### Subsidiaries

Details of these companies are set out in the statement, pursuant to Section 212 of the Companies Act 1956. Financial Statements of these subsidiaries are available for inspection at the registered office of the Company and that of the subsidiary company concerned.

### Eureka Forbes Limited (EFL)

During the year under review, EFL completed a successful acquisition of 100% stake in Lux International AG through its wholly owned subsidiaries. Lux International AG has operations in 35 countries with a major presence in Switzerland, Germany, Hungary, Czech Republic, Italy, Paraguay, Slovakia and South Africa. EFL believes firmly that this acquisition will add tremendous synergy to its global operations and help EFL in gaining access to the markets in at least 35 countries.

In a year when the industry worldwide and many significant players chose to play it safe; in the midst of the global economic uncertainties and challenging environment, EFL not only chose to go beyond the ordinary but it even performed well with a growth in revenue of 12% over the previous year. EFL achieved a gross turnover of ₹ 1,471.54 Crores as compared to ₹ 1,317.54 Crores in the previous year. However the profit after tax reduced to ₹ 19.36 Crores compared to ₹ 34.93 Crores in the previous year, mainly due to an increase in interest cost on the borrowed funds.

The flagship, Direct Sales Division, led the charge successfully, implementing the mantra of improving efficiencies and lowering costs. Direct product deliveries to Customers; introduction of World 1, a new breed of Direct Sales World Stars leading the way for high value selling and initiatives like the new 'rental scheme' - Har Ghar Mein Aquaguard and growing hire-purchase sales through Euro Value, helped the transformation of Direct Sales. The thrust on e-commerce, 'end to end' lead generation and management and new initiatives like foray into TV Shopping, the launch of Euroviva, a range for healthy cooking together with the growing partner business, helped consolidate its position. In the process of re-inventing Direct Sales to be future ready, leadership development and succession planning were being implemented alongside with extensive training initiatives and efforts to build 'customer loyalty'. Direct sales crossed new milestones thanks to robust plans in talent management and sound marketing. With a range of advanced products waiting to be launched in the coming year, EFL is confident of touching more lives and grow even more.

The Consumer Division continued its strategic focus on retail expansion by implementing successfully, pan India, an online territory mapping process coupled with the launch of a state of the art secondary tracking system. This system connects EFL to all its trade partners and gives on line visibility of the trade partners retail coverage and business health. Based on extensive consumer research, the Division launched in retail its first ever "Taste Guard" technology that delivers the same sweet taste irrespective of the input water source. This unique technology has met with success and is now being rolled out nationwide. The retail business further consolidated its No. 1 position in the fast growing modern, organised trade as well in the ever expanding regional retail chains.

Another significant growth area was the business from the Defence & Police Canteens.

The Packaged Drinking Water (PDW) business expanded further its

franchisees and distribution reach to 31 live franchisees across 7 states that collectively dispensed 70 Million litre of Aqua Sure PDW water since launch.

The strategic direction for the Forbes Pro business has evolved from selling products to providing integrated solutions. This Division is implementing Key Account Management and customer mapping from a long term potential perspective. There has been a strong thrust on water solutions in the commercial sector, especially in the areas of sewage treatment and inlet water treatment. The Water Projects Division has been growing consistently despite delays in site readiness at the customer's end. The year ahead would be a promising year for Forbes Pro with a significant order bank.

The Community Fulfillment Division has been working towards EFL's dream of providing safe drinking water to every Indian. EFL has installed a solar powered water treatment plant in collaboration with a Swiss agency at Unnao, Uttar Pradesh and has also tied up with many Non-Government Organizations to work on setting up water shops which are under execution. EFL has set up more than 120 such water treatment plants / products in the year under review.

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

- Aquaguard Enhance RO won WQA Gold Seal as per NSF 58 standard (the international gold standard in drinking water);
- Business Superbrand - Eureka Forbes Limited;
- The Company featured once again in the DSN Global 100: The Top Direct Sales Companies in the World; Being ranked 41;
- Prestigious UNESCO-Water Digest Awards in the following categories:
  - Best Complete Domestic Water Solutions Provider - Eureka Forbes;
  - Best Domestic RO Water Purifier - Aquaguard Enhance RO+UV;
  - Best Water R&D and Technological Breakthrough - Aquaguard Genus; and
  - Best Water Conserver (Service Provider) - Wastewater Management - Forbes Pro Water Solutions.

#### **Forbes Technosys Limited (FTL)**

During the year under review FTL continued its rapid growth across multiple dimensions. Its turnover increased by 48% to ₹ 250.66 Crores (Previous Year ₹ 169.01 Crores). FTL reported a profit after taxation of ₹ 1.58 Crores, as compared to ₹ 0.26 Crores in the previous year.

FTL witnessed a rapid growth across business verticals and product range; specifically Kiosks and Recharge. FTL has established leadership in e-lobbies, Cash Deposit Kiosks, Passbook Printing Kiosks, Ticket Vending Machines, Information Kiosks, and Coin Vending Machines. FTL received orders from a large number of PSU Banks & Private Banks who implemented their plans to set up Fully Electronic Self Service Branches called e-lobbies to enhance their services to customers. FTL also received orders from neighboring countries like Nepal and Bhutan.

Pursuant to the RBI mandate for implementation of Cheque Truncation Systems in Western Grid and extension of Southern Grid, FTL's Cheque Truncation Solution was the leading solution that got implemented in 70 plus banks across the entire western grid including leading PSU banks. FTL ventured into various new segments of Government, and supplied Kiosks to Judiciary, State Transport Corporations, and Department of Land Records, Collectorate, Defence and Research Centers, as an alternate delivery channel for a variety of e-Governance Services to consumers. FTL made an

entry into the Enterprise Mobility Market and secured impressive orders from large corporates and banks.

FTL continued to receive awards and recognition which included:

- IMC (Indian Merchants Chamber) Excellence Award for Emerging Technologies;
- Runners up award at the ASSOCHAM ICAI SME Awards for Innovation; and
- International Sales Volume Leadership award for selling maximum number of Digital Check Corporation Cheque scanners worldwide.

To create a platform for long term profitable growth, FTL intends to focus on consolidating its leadership position in self-service banking solutions and e-payment systems; target high growth in e-Payment services, enterprise mobility and currency handling solutions; innovation led introduction of new products and solutions, expand Overseas Operations and adoption of Sustainable and Environment Friendly processes.

#### **Forbes Container Line Pte. Limited (FCL)**

The FY 2013-14 was good for FCL. The gross revenues improved by 66% to SGD 30 million (approximately ₹ 144 Crores) and FCL made a record profit of SGD 1.6 million (approximately ₹ 7 Crores). The supply of space, due to the introduction of very large container carriers of 18,000 to 20,000 TEUs, has improved and had a direct bearing on the freight rate reduction in the market. Consequently, FCL has been able to handle more volume and hence improve on its net earnings.

FCL improved its container fleet by leasing and improving the inventory to 7500 TEUs. FCL has entered the specialized market segment of refrigerated cargo market with the introduction of 40 feet Reefer boxes. FCL also participated in the India Vietnam trade. FCL plans to buy new Reefer boxes with lease purchase agreements and also direct purchase from factories to improve the inventory.

Forbesline Shipping Services LLC, a subsidiary of FCL, which has been set up in Dubai, started operations since June' 2013.

#### **SCI Forbes Limited (SCIF)**

During the FY 2013-14, all the four tankers continued to trade in the east of Suez Canal. The general route was West Asia Gulf (WAG) to India and South East Asia. During the year under review, the ships remained in the MARIDA POOL of Nordic Womar Pte. Limited, that has a fleet strength of over 20 ships.

The vessel MT NEELAMBARI met with a minor accident off the coast of Sultanate of Oman and suffered hull damage, which was repaired over a period of 10 days.

The chemical markets performed better in the FY 2013-14, whereby the average earning per day per ship was USD 8369, as compared to USD 6230 per day per ship during the previous year (There was also a prolonged repair of one ship in the FY 2012-13).

China continues to be the driving force in sea borne transportation and a slowing Chinese economy has proved to be a dampener on the growth of shipping revenues. The temporary lifting of sanctions on Iran by the western powers for 6 months was expected to boost the oil and chemical markets but the effect has been muted. Ukraine and Crimean crisis has hampered trade of chemicals in the Black Sea/ Mediterranean region. Oil supplies out of Libya and Syria were affected and kept oil prices firm, thereby causing firm fuel prices throughout the year.

The industry has witnessed a rise in asset prices since mid-2013 and yet earnings generally continue to disappoint. The values are higher than what

earnings can justify. An awaited recovery in revenues has been priced in but the earnings have been elusive. Global economies are moving out of a great and prolonged recession but overall growth remains weak and slow; reflecting the state of shipping and chemical tankers markets. It is expected that the FY 2014-15 would be better than the FY 2013-14.

During the period under review SCIF was unable to service the debt and the lenders imposed a condition of accelerated loan recovery as a result of continuing default. The lenders filed a claim for recovery of the loan and costs in the Commercial Court in London. SCIF seeks to refinance the outstanding debt through another ECB facility. SCIF has been sanctioned a fresh ECB loan from Axis Bank Ltd. to the tune of USD 35 Million. SCIF has received an "in-principle" approval from the Reserve Bank of India for repayment of existing ECB from the proceeds of the fresh ECB facility from Axis Bank Ltd. The refinancing transaction is under progress.

#### **Forbes Bumi Armada Offshore Limited (FBOL)**

FBOL was awarded a 7 year contract by ONGC for providing a Floating Production Supply and Offloading vessel (FPSO) on Charter Hire including its Operation & Maintenance. FBOL has mobilized and deployed the FPSO Armada Sterling facility along with crew in D1 field of ONGC against the said contract and successfully received the first oil from the ONGC wells on April 7, 2013.

After getting final acceptance from ONGC, with effect from April 22, 2013, FBOL has completed nearly one year of operations successfully and achieved 100% uptime. During the FY 2013-14, 13 (thirteen) crude offloading's were accomplished safely.

#### **Assets of the Svadeshi Mills Company Limited (Svadeshi)**

Assets of Svadeshi continued to be in the hands of the Official Liquidator, High Court, Bombay. An application to get Svadeshi out of liquidation was 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 dismissed the application and directed the Official Liquidator to proceed expeditiously for winding up of Svadeshi. The Company filed an appeal before the Division Bench against the Order of the High Court which was dismissed on August 23, 2013. The Company filed a Special Leave Petition (SLP) before the Hon'ble Supreme Court (SC) and the matter was heard on January 27, 2014. The SC allowed notice to be issued to the remaining respondents. The SC also directed all the parties to maintain status quo with regard to immoveable properties of the Company. The next date of hearing is August 26, 2014.

The Company, being a secured creditor, with adjudicated dues by the Official Liquidator, expects to receive the dues along with nominal interest thereon.

#### **Dividend**

In view of the losses during the current year, the Directors regret their inability to declare dividend.

#### **Directors**

As per the provisions of the Companies Act, 2013, Mr. Shapoor P. Mistry is due to retire by rotation at the ensuing Annual General Meeting and being eligible, seeks re-appointment. The Board of Directors recommends his re-appointment as Director of the Company.

Mrs. Ameeta Chatterjee and Mr. Kannan Dasaratharaman were appointed as Additional Directors of the Company with effect from August 20, 2013. Mrs. Chatterjee and Mr. Dasaratharaman hold office up to the date of the forthcoming Annual General Meeting of the Company.

Pursuant to Section 149 and other applicable provisions of the Companies Act, 2013, it is proposed to appoint Mr. T. R. Doongaji, Mr. Kaiwan D. Kalyaniwalla, Mr. D. Sivanandhan, Mrs. Ameeta Chatterjee and Mr. Kannan Dasaratharaman as Independent Directors for five consecutive years with effect from August 6, 2014 i.e. date of Annual General Meeting.

#### **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, 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.

#### **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.

#### **Directors' Responsibility Statement**

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

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

#### **Auditors and Audit Report**

Members are requested to re-appoint Messrs. Deloitte Haskins & Sells LLP 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 and authorise the Board to fix their remuneration.

The Audit Report forms a part of this Annual Report. The Auditors have referred to certain matters in their report to the shareholders, which are self-explanatory.



**Cost Auditors**

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 are required to be audited by a Cost Accountant. For the FY 2012-13 the cost audit report was filed with the Central Government on September 18, 2013. The Central Government has approved appointment of Kishore Bhatia & Associates, Cost Accountants, as Cost Auditors for the FY 2013-14. Kishore Bhatia & Associates, Cost Accountants have been re-appointed as Cost Auditors for the FY 2014-15.

**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.

**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.

**Human Resources Development and Industrial Relations**

A major thrust was given to Talent Management with several initiatives undertaken. Performance Management System was bolstered by making it more holistic using the principles of balanced scorecards, objective measures and well defined metric. Talent Mapping was done for all managerial employees using Performance & Potential matrix with a view to crafting development plans and building leadership pipelines at all levels. Allied to this, Job rotations and career/succession planning has been being undertaken as a part of overall Talent Management Program.

Talent acquisition was another focus area where thrust was given to recruiting right fit and proven talent with an optimum turnaround time.

Employee Relations at all levels were cordial and overall employee engagement levels were high. Relations with various Unions operating at the Plants and Offices remained cordial and ensured acceptable productivity and other norms. Long term Settlement with the Aurangabad (Chikalhana) Union was signed with a major focus on productivity enhancement. The Company had 660 employees on its rolls as on March 31, 2014 (previous year 710 employees).

**Particulars of Employees**

In terms of the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975, as amended, the names and other particulars forms part of the Report. Having regard to the provisions of Section 219 (1) (b) (iv) of the Companies Act, 1956, the Annual Report, excluding the aforesaid information, is being sent to the members of the Company. Any member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

**Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo**

The particulars relating to energy conservation, technology absorption and foreign exchange earnings and outgo as required by Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are provided in the Annexure to this Report.

**Acknowledgement**

Your Directors would like to express their deep sense of appreciation for the assistance and co-operation received from the financial institutions, banks, government, authorities, other stakeholders and members during the year under review. The Directors also wish to acknowledge the continued commitment and dedication of employees at all levels.

For and on behalf of the Board of Directors

**Shapoor P. Mistry**  
Chairman

Mumbai, May 27, 2014.

**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. Companywide energy Kaizen initiated through employee participation.
2. Conventional lighting arrangements replaced with LED lights
3. Electrical motors & drive equipment optimization achieved.
4. Compressors airlines consolidation to reduce air consumption

**(b) ADDITIONAL INVESTMENTS PROPOSALS:**

1. Natural light through transparent roof sheets

**(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. ₹ 14,00,000 p.a. due to the measure taken at (a)(2) above.

**(B) Technology Absorption:**

Required details are set out in Form 'B'

**(C) Foreign exchange earnings and outgo: (₹ In Lakhs)**

**(a) Foreign exchange earnings:**

1. Exports	1,939.01
2. Commission and other Services	23.37
3. Freight and Insurance recoveries	29.92
<b>Total</b>	<b>1,992.30</b>

**(b) Foreign exchange outgo:**

1. Imports calculated on CIF basis – Raw material	2,058.09
2. Imports calculated on CIF basis – Components	316.78
3. Imports calculated on CIF basis – stores, spares and tools	134.90
4. Imports calculated on CIF basis – purchase for re-sale	59.41
5. Commission to overseas agents	30.98
6. Foreign travel	18.45
7. Others	87.55
<b>Total</b>	<b>2,706.16</b>

**FORM B**

**(See Rule 2)**

Form for disclosure of particulars with respect to Technology Absorption

**(A) Research and Development (R & D)**

1. Specific in which R & D carried
  - a) Development of Application specific tool geometries for High performance carbide drills for deep hole drilling
  - b) Hard Part machining tools development
  - c) Cryogenic treatment for HSS Taps
  - d) Vision system sorting machines
2. Benefits derived as a result of the above R & D:
  - a) New products developed by R&D have been commercialized will yield better market share in cutting tools Business
  - b) Improved tool performance & reliability
  - c) Vision system sorting will give new line of business in CBG
3. Future course of action:
  - a) Lateral deployment for economies of scales
  - b) Introduction of product & expansion of basket into automation.

**(B) Technology Absorption, Adaptation and Innovation:**

1. Efforts, in brief, made towards technology
  - a) High performance drill geometries adopted for custom Tools in solid carbide tools product segment.
  - b) Automation in marking business in laser integrated solutions.
  - c) Automation technology for creating solution in pick & place application, material handling automation, vision inspection system
  - d) kaizens implementation companywide through CII program
  - e) SMED & my Machine & OEE concept implemented
2. Benefits derived as result of the above
  - a) Better spead product basket & cutting edge product available.
  - b) Extension of market & New customer acquisition.
  - c) Cost reduction & quality improvement & improved morale
  - d) Better machine utilization & reduction in lead time
3. In case of import of technology (imported during the last 5 years reckoned from the beginning of the financial year) the following information may be furnished.
 

<ol style="list-style-type: none"> <li>a) Technology imported</li> <li>b) Year of import</li> <li>c) Has technology been fully absorbed</li> <li>d) If not fully absorbed, areas where this has not taken place, reasons thereof and future plan of action.</li> </ol>	}	Nil and Not Applicable
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## CORPORATE GOVERNANCE REPORT FOR THE FINANCIAL YEAR 2013-14

### Our Corporate governance policy

The Company believes in the highest standards of good and ethical corporate governance practices. Good governance practices stem from the culture and mindset of the organization. It is therefore not merely about enacting regulations and procedures but also about establishing an environment of trust and confidence among various stakeholders. 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.:

- Balancing need for transparency with the need to protect the interests of the Company;
- Balancing the need for empowerment at all levels with the need for accountability; and
- Interaction with all stakeholders including shareholders, employees, lenders and regulatory authorities.

### Code of Conduct For Prevention of Insider Trading

In compliance with the Securities and Exchange Board of India (Insider Trading) Regulations, 1992 (Regulations), the Company has framed a Code for Prevention of Insider Trading & Code of Corporate Disclosure Practices (Code) based on the principle that Directors, Officers, and Employees of Company owe a fiduciary duty to the members of the Company to place the interest of the members above their own and conduct their personal securities transactions in a manner that does not create any conflict of interest situation. The Code also seeks to ensure timely and adequate disclosure of Price Sensitive Information to the investors by the Company to enable them to take informed investment decisions with regard to the Company's Securities.

### Code of Ethics

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 March 31, 2014. The Annual Report contains a declaration to this effect signed by the Managing Director.

### Board of Directors:

The Board of Directors as on March 31, 2014 comprised of Ten (10) Directors including a Non-Independent, Non-Executive Chairman. Nine (9) (90%) Directors were Non-Executive and 5 (50%) of them were Independent Directors. The Company is managed by the Managing Director under the supervision, direction and control of the Board. The Managing Director is assisted by a team of highly qualified and experienced professionals.

None of the Directors of the Company is a member in more than 10 mandatory committees nor acts as a Chairman in more than 5 mandatory committees across all public companies in which he is a Director.

The Board met at least once in each quarter and the maximum time gap between two Board meetings did not exceed the limit prescribed in Clause 49 of the listing agreement. Five meetings of the Board were held during the financial year ended on March 31, 2014 viz. May 15, 2013, May 28, 2013, August 2, 2013, November 13, 2013 and January 28, 2014.

All the information required to be placed before the Board of Directors under Clause 49 of the listing agreement, has been duly placed. The Agenda along with the explanatory notes are sent in advance to the Directors.

The names and categories of the Directors on the Board, their attendance at Board Meetings and Annual General Meeting ("AGM") held during the year, the number of Chairmanships / Directorships of other Boards (Directorship does not include alternate directorship, directorship of private limited companies, and companies incorporated outside India) and the Committees of other Board (Chairmanship / Membership of Board Committees include only Audit Committee and Shareholders / Investors' Grievance Committee across all public limited companies (listed as well as unlisted) including those of the Company) held by them as on March 31, 2014 are as follows:

Name of Director	Category	Number of Board Meetings during 2013-2014		Attendance at AGM held on August 2, 2013	Number of shares held	Relationship with other Director	No. of Directorships in other Public Companies	No. of Committee Positions held in other Public Companies	
		Held	Attended					Chairman	Member
Mr. Shapoor P. Mistry Chairman	Non-Executive Promoter	5	3	Yes	Nil	None	10	Nil	Nil
Mr. Ashok Barat Managing Director	Executive	5	5	Yes	Nil	None	10	1	4
Mr. D.B. Engineer*	Non-Executive, Independent	3	3	Yes	385	None	NA	NA	NA
Mr. R.N Jha*	Non-Executive, Independent	3	3	Yes	Nil	None	NA	NA	NA
Mr. S.L.Goklaney	Non-Executive, Non-Independent	5	2	No	Nil	None	3	Nil	1

Name of Director	Category	Number of Board Meetings during 2013-2014		Attendance at AGM held on August 2, 2013	Number of shares held	Relationship with other Director	No. of Directorships in other Public Companies	No. of Committee Positions held in other Public Companies	
		Held	Attended					Chairman	Member
Mr. T.R.Doongaji	Non-Executive, Independent	5	3	Yes	Nil	None	1	Nil	1
Mr. Kaiwan D. Kalyaniwalla	Non-Executive, Independent	5	5	Yes	Nil	None	4	1	3
Mr. D. Sivanandhan	Non-Executive, Independent	5	3	Yes	Nil	None	5	Nil	Nil
Mr. Jimmy J Parakh	Non-Executive, Non-Independent	5	1	No	Nil	None	4	Nil	2
Mr. Jai L. Mavani	Non-Executive, Non-Independent	5	4	Yes	Nil	None	4	Nil	Nil
Mrs. Ameeta Chatterjee**	Non-Executive, Independent	2	2	NA	Nil	None	Nil	Nil	Nil
Mr. Kannan Dasaratharaman**	Non-Executive, Independent	2	2	NA	Nil	None	Nil	Nil	Nil

\*Ceased with effect from August 2, 2013; \*\* Appointed as Additional Director with effect from August 20, 2013; NA: Not Applicable

#### CEO/CFO Certification

As required by the revised Clause 49 (V) of the Listing Agreement, the Certificate from Mr. Ashok Barat, Managing Director and Mrs. Sunetra Ganesan, Chief Financial Officer was placed before the Board of Directors at their meeting held on May 27, 2014.

#### Audit Committee

Terms of reference of the Audit Committee include:

- 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; and
- Discussions with the management and the external auditors, the audit plan for the financial year and a joint post-audit review of the same.

#### Composition

The Audit Committee of the Board has been constituted in compliance with the provisions of Clause 49 of the listing agreement read with Section 292A of the Companies Act, 1956 ("Act"). The Committee comprises of 4 members of which 3 are Independent Non-Executive Directors and 1 of them is a Non-Independent Executive Director. The Committee functions under the Chairmanship of Mr. T. R. Doongaji. All members are financially literate and atleast one member has Accounting expertise. The Audit Committee meetings are also attended by Chief Financial Controller, Statutory Auditors and Head of Internal Audit. The functional heads are also invited as and when required. The Company Secretary acts as the Secretary to the Committee. The gap between two consecutive Audit Committee Meetings was not more than four months

and Audit Committee meetings were held on the May 27, 2013, August 2, 2013, November 12, 2013 and January 28, 2014. The composition of the Committee as on March 31, 2014 is as follows:

Name	Description	Category	No. of AC Meetings held during his/her tenure	No. of AC Meetings attended during his/her tenure
Mr. D. B. Engineer*	Chairman	Independent Director	2	2
Mr. R. N. Jha *	Member	Independent Director	2	2
Mr. Ashok Barat	Member	Executive Director	4	4
Mr. T. R. Doongaji **	Chairman	Independent Director	4	3
Mr. Kaiwan D. Kalyaniwalla***	Member	Independent Director	2	2
Mrs. Ameeta Chatterjee***	Member	Independent Director	2	2

\* Ceased to be member with effect from August 2, 2013

\*\* Became Chairman with effect from November 12, 2013

\*\*\* Became a member with effect from October 7, 2013

The Chairman of the Audit Committee was present at the last Annual General Meeting.



**Remuneration Committee**

The Remuneration Committee is responsible for determining the compensation payable to Managing Director and Wholetime Director based on industry practices and performance of individual.

Name	Description	Category	No. of Meetings held during his tenure	No. of Meetings attended by him
Mr. Shapoor P. Mistry	Chairman	Non-Executive Non-Independent	1	0
Mr. R. N. Jha*	Member	Independent Director	1	1
Mr. T. R. Doongaji	Member	Independent Director	1	1
Mr. Kaiwan D. Kalyaniwalla	Member	Independent Director	1	1
Mr. D. Sivanandhan**	Member	Independent Director	-	-

\* Ceased to be member with effect from August 2, 2013

\*\* Became a member with effect from October 7, 2013

The Committee determines and recommends to the Board the compensation of the Managing Director. The Committee makes periodic appraisal of the performance of the Managing Director. The Company does not have stock options. The other details are as under:

Details of remuneration to Mr. Ashok Barat, Managing Director:

In ₹

Salary and allowance	1,09,07,570
Benefits and Perquisites	1,44,600
Bonus/Commission *	-
Pension-Contribution to PF & Superannuation Fund	10,57,050
Total	121,09,220

\* 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.

The Service Contract is for a period of 3 years effective from April 1, 2013 and is subject to retirement policy of the Company. The Notice Period is six months and there is no severance fee.

Details of remuneration paid to Non-Wholetime Directors:

Name of Director	Directors' fees ₹	Commission paid* ₹	Total ₹
Mr. Shapoor P. Mistry	30,000	Nil	30,000
Mr. D. B. Engineer	50,000	Nil	50,000
Mr. R. N. Jha	60,000	Nil	60,000
Mr. S. L. Goklaney	20,000	Nil	20,000
Mr. T. R. Doongaji	70,000	Nil	70,000
Mr. Kaiwan Kalyaniwalla	80,000	Nil	80,000
Mr. D. Sivanandhan	30,000	Nil	30,000
Mr. Jimmy J. Parakh	10,000	Nil	10,000
Mr. Jai L. Mavani	40,000	Nil	40,000
Mrs. Ameeta Chatterjee	40,000	Nil	40,000
Mr. Kannan Dasaratharaman	20,000	Nil	20,000

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 August 2, 2013 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 April 1, 2013.

**Shareholders Committee**

The Shareholders Committee of the Board looks into redressal of the shareholders' complaints in respect of any matter including transfer of shares, non-receipt of annual report, dematerialisation of shares, issue of duplicate and renewed share certificates, etc.

The Composition is as follows:

Name	Description	Category
Mr. Kaiwan D Kalyaniwalla	Chairman	Independent Director
Mr. R. N. Jha *	Member	Independent Director
Mr. Ashok Barat	Member	Executive Director
Mr. D. Sivanandhan **	Member	Independent Director

\*Ceased to be a member with effect from August 2, 2013.

\*\*Appointed member with effect from October 7, 2013

Mr. A. T. Shah, Company Secretary ceased to be an employee of the Company and Compliance Officer on reaching the age of superannuation on December 31, 2013. He was the Compliance Officer of the Company till December 31, 2013. Mr. Pankaj Khattar, Head Legal & Company Secretary was appointed as Compliance Officer effective January 1, 2014.

No. of complaints not solved to the satisfaction of the Shareholders.

No. of Shareholders complaints received.	Total	Of which Court Cases
Pending as on April 1, 2013 *	12	12
Add: Received during the year	2	-
	14	12
Less: Solved to the satisfaction of the Shareholder	2	-
Balance as on March 31, 2014	12	12

\* There are 12 pending Court cases (inclusive of 5 pending cases relating to erstwhile FAL Industries Ltd.), which remained pending as at 31<sup>st</sup> March, 2014.

No Transfers were pending as on March 31, 2014.

### General Body Meetings

The details of date, time and venue of the AGMs held during the last three years till March 31, 2014 are as under:

Particulars	Date	Time	Venue
92 <sup>nd</sup> Annual General Meeting	August 24, 2011	4.00 p.m.	Indian Merchants' Chambers, Walchand Hirachand Hall, IMC Building, 4 <sup>th</sup> Floor, IMC Marg, Churchgate, Mumbai 400020
93 <sup>rd</sup> Annual General Meeting	August 21, 2012	4.00 p.m.	M. C. Ghia Hall, Bhogilal Hargovindas Building, 18/20 Kaikhushru Dubash Marg, (Behind Prince of Wales Museum), Mumbai 400001
94 <sup>th</sup> Annual General Meeting	August 2, 2013	4.00 p.m.	Indian Merchants Chambers, Walchand Hirachand Hall, IMC Building, 4 <sup>th</sup> Floor, IMC Marg, Churchgate, Mumbai 400020

Details of Special Resolutions passed in the previous 3 AGMs

August 24, 2011	Payment of remuneration to Mr. Ashok Barat, Managing Director as minimum remuneration in the event the Company has no profits or its profits are inadequate
August 2, 2013	<ul style="list-style-type: none"> <li>Payment of remuneration to Mr. Ashok Barat, Managing Director as minimum remuneration in the event the Company has no profits or its profits are inadequate.</li> <li>Payment of commission, not exceeding, 1% p.a. of the net profits of the Company to Non Executive Directors</li> </ul>

### Postal Ballot

Details of 2 (two) resolutions passed on August 16, 2013 through postal ballot are as follows:

I. Ordinary Resolution u/s 293(1)(a) of the Companies Act, 1956 seeking approval for creating a charge in favour of IDBI Trusteeship Services Ltd. Out of 10701 shareholders, 50 number of shareholders exercised their right to vote through Postal Ballot.

Particulars	In favour	Against	Total
No. of Equity share embodying the valid votes cast	9299600	500	9300100
Percentage (%) to total number of Equity Shares for which valid votes have been cast	99.99	0.01	100

II. Special Resolution u/s 372A of the Companies Act, 1956 for ratification of the execution by the Company of Non-Disposal Agreement and Power of Attorney in respect of its joint venture.

Particulars	In favour	Against	Total
No. of Equity share embodying the valid votes cast	9299504	500	9300004
Percentage (%) to total number of Equity Shares for which valid votes have been cast	99.99	0.01	100

Votes representing 3213 Equity Shares were invalid and hence rejected. The Special Resolution was passed by a majority of 99.99% to total number of equity shares for which votes have been cast.

Mr. Dinesh M. Kapadia, Scrutinizer, Tilak Mandir, B Block, 2<sup>nd</sup> Floor, Congress House, V P Road, Mumbai 40004 conducted the postal ballot exercise and the postal ballot was conducted in accordance with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001

No resolution is proposed to be conducted through postal ballot upto the ensuing AGM.

### Disclosures & Compliances

Materially significant related party transactions are disclosed in the Annual Accounts as required under the Accounting Standard 18 relating to Related Party Disclosure.

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.

### Means of Communication

The quarterly, half yearly and annual results are generally published in The Free Press Journal or Financial Express (English daily) and Navshakti or Mumbai Lakshdeep. (regional language newspaper). The financial results, shareholding patterns are also available on the website of the Company, i.e. [www.forbes.co.in](http://www.forbes.co.in)

The Company does not have a practice of making presentation to institutional investors and analysts.

Management Discussion and Analysis forms part of Annual Report

**General Shareholders Information**

AGM – Date, time and venue	Next AGM of the Company is scheduled on Wednesday, the August 6, 2014 at 4.00 p.m. at M.C.Ghia Hall, Bhogilal Hargovindas Building, 18/20, Kaikhushru Dubash Marg, Mumbai 400001.
Financial Year	The Company follows the April – March financial year.
Book Closure Date	The Register of Members and the Share Transfer Books of the Company will remain closed from Thursday, July 31, 2014 to Wednesday, August 6, 2014. No dividend has been recommended by the Board.
Listing on Stock Exchange	BSE Limited
Stock Code	502865 (ISIN - INE518A01013)

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, 2013	645.00	520.00	1,29,059	19622.68	18144.22	7413.56	6872.16
May, 2013	659.90	575.00	31,114	20443.62	19451.26	7748.63	7374.61
June, 2013	635.00	600.00	1,97,874	19860.19	18467.16	7465.12	6868.43
July, 2013	650.00	580.10	15,167	20351.06	19126.82	7444.46	6888.21
August, 2013	580.00	521.00	49,224	19569.20	17448.71	7060.53	6301.27
September, 2013	544.00	521.50	69,048	20739.69	18166.17	7413.62	6539.15
October, 2013	553.00	525.00	10,741	21205.44	19264.72	7667.42	6978.73
November, 2013	560.00	530.00	4,375	21321.53	20137.67	7737.66	7348.20
December, 2013	580.00	518.00	62,588	21483.74	20568.70	7862.72	7558.21
January, 2014	561.70	512.00	13,237	21409.66	20343.78	7902.67	7401.20
February, 2014	534.00	471.30	38,542	21140.51	19963.12	7714.56	7320.93
March, 2014	581.10	484.05	96,821	22467.21	20920.98	8315.58	7648.69

**Registrars and Share Transfer & Agents**

The Company has appointed TSR Darashaw Private Limited (“TSR”) as its Registrar & Share Transfer Agents. Shareholders are advised to approach TSR on the following address for any queries and problems related to shares held in physical form

TSR Darashaw Private Limited  
6-10, Haji Moosa Patrawala Industrial Estate,  
20, Dr. E. Moses Road, Near Famous Studio,  
Mahalaxmi, Mumbai – 400 011.  
Tel.: 91 22 6656 8484  
Fax: 91 22 6656 8496  
E-mail: [csg-unit@tsrdarashaw.com](mailto:csg-unit@tsrdarashaw.com)  
Website: [www.tsrdarashaw.com](http://www.tsrdarashaw.com)

**Share Transfer System**

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 re-constituted Share Transfer and Shareholders' Grievance Committee as Stakeholders Relationship Committee of the Board of Directors of the Company. Shares of the Company are traded compulsorily in dematerialised form.

**Distribution of Shareholding as on March 31, 2014**

Category	No. of shares	%
Promoters	95,25,691	73.85
Central/State Government Institutions	1,10,343	0.86
Nationalised Banks	18,522	0.14
Nationalised Insurance Companies & Unit Trust of India	521	0.00
Mutual Fund	402	0.00
FII & NRI/FBC	15,67,939	12.16
Public	16,75,198	12.99
Total	1,28,98,616	100.00

**Distribution by size as on March 31, 2014**

Holding	No. of Shareholders	No. of shares	% Shareholders
1 to 500	10,061	7,09,709	95.74
501 to 1000	257	1,88,346	2.45
1001 to 2000	99	1,37,638	0.94
2001 to 3000	31	77,984	0.29
3001 to 4000	18	64,074	0.17
4001 to 5000	7	31,909	0.07
5001 to 10000	16	1,13,307	0.15
10001 & above	20	1,15,75,649	0.19
Total	10,509	1,28,98,616	100.00

**Status of dematerialisation of shares and liquidity as on March 31, 2014**

Details	No. of shares	% of Share Capital	No. of Accounts
National Securities Depository Ltd.	1,18,83,717	92.13	4,088
Central Depository Services (India) Ltd.	4,20,878	3.26	1,198
Total dematerialized	1,23,04,595	95.39	5,286
Physical	5,94,021	4.61	5,223
Total	1,28,98,616	100.00	10,509

**Outstanding Employee Stock Options, GDRs, ADRs, etc.** The Company has not issued any GDRs/ADRs/Warrants. There are no outstanding Foreign Currency Convertible Bonds ("FCCBs") and Employee Stock Options.

**Plant Locations**

A7, MIDC Area  
Chikalhana,  
Aurangabad – 431 210

Plot B-13, Waluj Industrial Area  
Waluj  
Aurangabad – 431 133

Chandivali Estate  
Saki Powai Road  
Mumbai – 400 072

**Container Freight Stations**

Veshvi, Post – Dighode,  
Taluka – Uran,  
Dist. Raigad – 410 206

Bharat CFS Zone 1,  
Old Port Road,  
MP and SEZ,  
Mundra - 370 421

**Address for correspondence:** Shareholders holding shares in physical mode are requested to direct all equity shares related correspondence/queries to TSR and only the non-shares related correspondence and complaints regarding TSR should be addressed to the Compliance Officer at the registered office of the Company. Shareholders holding shares in electronic mode (dematerialised form) should address all shares-related correspondence to their respective Depository Participants only.

**Auditors' Certificate**

The certificate dated May 27, 2014 issued by Mr. A D Gupte on compliance with the Corporate Governance requirements by the Company is annexed herewith.

**DECLARATION UNDER CLAUSE 49 I (D) OF THE LISTING AGREEMENT**

As provided under Clause 49 of the Listing Agreement with the BSE Limited, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct for Board of Directors and Senior Management for the year ended March 31, 2014.

For Forbes & Company Limited

May 27, 2014  
Mumbai

**Ashok Barat**  
Managing Director



## 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 March 31, 2014 as stipulated in clause 49 of the Listing Agreement of the said Company with BSE Limited, Mumbai

The compliance of conditions of corporate governance is the responsibility of the Management. My examination has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of corporate governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me and the representations made by the Directors and the Management, I certify that the Company has generally complied with the conditions of Corporate Governance as stipulated in Clause 49 of the abovementioned Listing Agreement.

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

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

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

Mumbai, May 27, 2014

## 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 31<sup>st</sup> March, 2014, 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 notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs) 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 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 31<sup>st</sup> March, 2014;
- (b) in the case of the Statement of Profit and Loss, of the loss 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 50 to the financial statements relating to loans given to The Svadeshi Mills Company Limited and its subsidiary, Coromandel Garments Limited, aggregating ₹ 4,756.77 lakhs in respect of which full provision has been made, arising inter alia from our enquiry under Section 227(1A)(a) of the Companies Act, 1956.
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 notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs).
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For DELOITTE HASKINS & SELLS LLP  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

Rajesh K. Hiranandani  
Partner  
(Membership No.36920)

MUMBAI, 27th May, 2014

**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), (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 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 made and 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, Cess and other material statutory dues applicable to it with the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31<sup>st</sup> March, 2014 for a period of more than six months from the date they became payable except as disclosed below

Name of Statute	Nature of Dues	Amount Involved (₹ in Lakhs)	Period to which the Amount Relates	Due Date
Municipal Corporation of Greater Mumbai	Property Tax	10.45	1-April-2013 to 30-September-2013	13th September, 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) [contd.]**

(c) Details of statutory dues that have not been deposited as at 31<sup>st</sup> March, 2014 on account of disputes which relate to Income Tax, Sales Tax, Wealth Tax, Excise Duty, Service tax and other material statutory dues (being property 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 :- 2003-04 to 2005-06	144.66
		Commissioner of Income-Tax (Appeals)	Assessment Years :- 1998-99 and 2001-02	118.04
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	17.30
		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, 1994	Service Tax	Commissioner of Service Tax - I, Mumbai	2007-08 to 2012-13	688.90
		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	38.45
Municipal Corporation of Greater Mumbai*	Property Tax	Assistant Assessor & Collector,	2005-06 to 2009-10	671.60

\* Property tax 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.



**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) [contd.]**

- (xi) The accumulated losses of the Company at the end of the financial year are less than fifty per cent of its net worth and the Company has incurred cash losses during the financial year covered by our audit but has not incurred cash losses in the immediately preceding financial year.
- (xii) 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.
- (xiii) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks and financial institutions are not, *prima facie*, prejudicial to the interests of the Company.
- (xiv) In our opinion and according to the information and explanations given to us, term loans have been applied for the purposes for which they were obtained, other than temporary deployment pending application.
- (xv) In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis aggregating approximately ₹ 211.08 lakhs have been used for long-term investments.
- (xvi) According to the information and explanations given to us, the Company has created security in respect of debentures issued.
- (xvii) 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 LLP  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

Rajesh K. Hiranandani  
Partner  
(Membership No.36920)

MUMBAI, 27th May, 2014

**BALANCE SHEET AS AT 31ST MARCH, 2014**

Particulars	Note No.	₹ in Lakhs	As at	As at
			31st March, 2014	31st March, 2013
			₹ in Lakhs	₹ in Lakhs
<b>I EQUITY AND LIABILITIES</b>				
<b>1 Shareholders' funds</b>				
a Share capital	3	1,289.86		1,289.86
b Reserves and surplus	4	12,488.15		15,459.31
			<b>13,778.01</b>	<b>16,749.17</b>
<b>2 Non-current liabilities</b>				
a Long-term borrowings	5	12,517.46		10,776.63
b Other Long-term liabilities	6	494.10		455.36
c Long-term provisions	7	812.55		573.50
			<b>13,824.11</b>	<b>11,805.49</b>
<b>3 Current liabilities</b>				
a Short-term borrowings	8	1,258.21		2,000.37
b Trade payables	9	3,371.47		4,413.04
c Other current liabilities	10	6,798.57		8,428.47
d Short-term provisions	11	1,325.34		1,640.08
			<b>12,753.59</b>	<b>16,481.96</b>
<b>TOTAL</b>			<b>40,355.71</b>	<b>45,036.62</b>
<b>II ASSETS</b>				
<b>1 Non-current assets</b>				
a Fixed assets				
(i) Tangible assets	12A	10,343.09		11,269.14
(ii) Intangible assets	12B	186.89		339.24
(iii) Capital work-in-progress		13.28		98.73
(iv) Intangible assets under development		46.07		35.57
		10,589.33		11,742.68
b Non-current investments	13	15,370.99		15,440.12
c Long-term loans and advances	14	3,113.47		3,070.84
			<b>29,073.79</b>	<b>30,253.64</b>
<b>2 Current assets</b>				
a Current investments	15	-		46.47
b Inventories	16	3,545.00		3,392.88
c Trade receivables	17	3,959.30		7,365.74
d Cash and cash equivalents	18	1,049.35		1,194.86
e Short-term loans and advances	19	2,213.93		2,500.08
f Other current assets	20	514.34		282.95
			<b>11,281.92</b>	<b>14,782.98</b>
<b>TOTAL</b>			<b>40,355.71</b>	<b>45,036.62</b>
<b>See accompanying notes forming part of the financial statements</b>	<b>1 to 51</b>			

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

**RAJESH K. HIRANANDANI**  
Partner  
Mumbai, 27th May, 2014

PANKAJ KHATTAR  
Company Secretary

SHAPOOR P. MISTRY  
ASHOK BARAT

Chairman  
Managing Director

S.L. GOKLANEY  
T.R. DOONGAJI  
KAIWAN D. KALYANIWALLA  
D. SIVANANDHAN  
JIMMY J. PARAKH  
JAI L. MAVANI  
AMEETA CHATTERJEE  
K. DASARATHARAMAN  
Mumbai, 27th May, 2014

Directors

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

Particulars	Note No.	₹ in Lakhs	Year Ended	Year Ended
			31st March, 2014	31st March, 2013
			₹ in Lakhs	₹ in Lakhs
<b>I Revenue from operations (gross)</b>	<b>21</b>	30,028.79		32,790.47
Less: Excise duty		1,431.61		1,917.61
Revenue from operations (net)			<b>28,597.18</b>	30,872.86
<b>II Other income</b>	<b>22</b>		<b>749.01</b>	1,099.59
<b>III Total revenue (I + II)</b>			<b>29,346.19</b>	31,972.45
<b>IV Expenses:</b>				
Cost of materials consumed	<b>23</b>	5,234.49		8,146.08
Purchases of stock-in-trade (traded goods)	<b>42B</b>	365.21		1,500.36
Changes in inventories of finished goods, work-in-progress and stock-in-trade	<b>24</b>	(47.25)		(47.59)
Employee benefits expense	<b>25</b>	4,574.82		4,523.99
Finance costs	<b>26</b>	1,847.15		1,529.81
Depreciation and amortisation expense	<b>27</b>	1,327.43		1,317.54
Other expenses	<b>28</b>	17,614.86		15,119.68
<b>Total expenses</b>			<b>30,916.71</b>	32,089.87
<b>V Loss before exceptional items and tax (III - IV)</b>			<b>(1,570.52)</b>	(117.42)
<b>VI Exceptional items - (Expense) / Income</b>	<b>29</b>		<b>(1,400.64)</b>	3,731.47
<b>VII (Loss) / Profit before tax (V + VI)</b>			<b>(2,971.16)</b>	3,614.05
<b>VIII Tax expense / (benefit):</b>				
(a) Current tax expense		-		545.00
(b) Excess provision for tax relating to prior years		-		(65.72)
			-	479.28
<b>IX (Loss) / Profit for the year (VII - VIII)</b>			<b>(2,971.16)</b>	3,134.77
<b>X Earnings per equity share:</b>	<b>36</b>			
Basic and diluted earnings per equity share (nominal value of share ₹ 10)			<b>₹ (23.03)</b>	₹ 24.30

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

In terms of our report attached

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

**RAJESH K. HIRANANDANI**

Partner

Mumbai, 27th May, 2014

PANKAJ KHATTAR  
Company SecretarySHAPOOR P. MISTRY  
ASHOK BARATChairman  
Managing DirectorS.L. GOKLANEY  
T.R. DOONGAJI  
KAIWAN D. KALYANIWALLA  
D. SIVANANDHAN  
JIMMY J. PARAKH  
JAI L. MAVANI  
AMEETA CHATTERJEE  
K. DASARATHARAMAN  
Mumbai, 27th May, 2014

Directors

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

	Note No.	Year Ended 31st March, 2014 ₹ in Lakhs	Year Ended 31st March, 2013 ₹ in Lakhs
<b>(Loss) / Profit before tax</b>		<b>(2,971.16)</b>	3,614.05
<b>Adjustments for -</b>			
Depreciation and amortisation expense		1,327.43	1,317.54
Net gain on sale of current investments		(0.80)	(0.24)
Interest on long-term investments in a subsidiary company		(11.23)	(6.08)
Interest on bank deposits		(25.74)	(15.76)
Interest on inter-corporate deposits		(180.65)	(186.29)
Finance costs		1,847.15	1,529.81
Dividend from long-term investments		(0.05)	(0.07)
Dividend from current investments in mutual funds		(42.51)	(80.93)
(Profit)/Loss on sale / write off of fixed assets (net)		(19.59)	10.08
Provision for doubtful trade receivables		229.73	-
Provision for impairment of Fixed Assets		1.81	-
Provision for estimated losses on onerous contracts		60.50	264.00
Bad trade receivables / advances written off (net)		12.24	81.83
Credit balances / excess provision written back		(36.88)	(555.84)
Provision for doubtful trade receivable / loans and advances no longer required		(32.09)	(44.08)
Net unrealised exchange (gain) / loss		62.56	31.71
		<b>3,191.88</b>	2,345.68
Exceptional items:			
- Profit on sale of land		-	(6,044.19)
- Write off of investments in a subsidiary company		-	69.72
- Provision for diminution in the value of investments		1,214.15	2,230.00
		1,214.15	(3,744.47)
		<b>4,406.03</b>	(1,398.79)
<b>Operating profit before working capital changes</b>		<b>1,434.87</b>	2,215.26
<b>Changes in working capital:</b>			
Adjustments for (increase) / decrease in operating assets:			
Inventories		(152.13)	(1,539.63)
Trade receivables		3,185.20	(3,574.06)
Short-term loans and advances		96.04	226.48
Long-term loans and advances		(96.43)	(61.80)
Other current assets		(52.48)	(67.90)
		<b>2,980.20</b>	(5,016.91)
Adjustments for increase / (decrease) in operating liabilities:			
Trade payables		(1,033.34)	1,352.59
Other current liabilities		441.06	2,751.82
Other Long term liabilities		38.74	(3,304.88)
Short-term provisions		(187.75)	(106.97)
Long-term provisions		(1.71)	39.88
		<b>(743.00)</b>	732.44
		<b>2,237.20</b>	(4,284.47)
<b>Cash generated from / (used in) operations</b>		<b>3,672.07</b>	(2,069.21)
Income taxes paid (net of refunds)		4.68	(465.33)
<b>(a) Net cash flow from / (used in) operating activities</b>		<b>3,676.75</b>	(2,534.54)

	Note No.	Year Ended 31st March, 2014 ₹ in Lakhs	Year Ended 31st March, 2013 ₹ in Lakhs
<b>Cash flows from investing activities:</b>			
Capital expenditure on fixed assets including capital advances		(304.22)	(1,396.54)
Proceeds from sale of fixed assets		50.58	6,063.94
Purchase / subscription of long-term investments - in subsidiaries		(1,145.01)	(3,100.00)
Share application money given to joint venture		(184.25)	-
Share application money refunded by joint venture		184.25	-
Purchase of current investments		(9,727.51)	(19,733.82)
Proceeds from sale of current investments		9,774.78	19,687.59
Loans and advances given to related parties		(303.53)	(1,150.00)
Loans and advances given to related parties realised		500.00	1,098.00
Bank balances not considered as cash and cash equivalents - (placed) / matured	18(b) (2), (3) & (4)	(2.58)	(45.12)
Interest received		69.13	89.53
Dividend received		42.56	81.00
<b>(b) Net cash flow (used in) / from investing activities</b>		<b>(1,045.80)</b>	<b>1,594.58</b>
<b>Cash flows from financing activities:</b>			
Proceeds from long-term borrowings		3,000.00	10,604.82
Repayment of long-term borrowings		(3,278.26)	(6,234.69)
Proceeds from short-term borrowings		7,735.44	17,158.09
Repayment of short-term borrowings		(8,507.57)	(18,941.27)
Net (decrease) / increase in cash credit and packing credit		(20.02)	26.34
Finance costs		(1,626.30)	(1,516.54)
Dividend paid on equity shares		(64.49)	(128.99)
Tax on dividend		(10.96)	(20.92)
<b>(c) Net cash flow (used in) / from financing activities</b>		<b>(2,772.16)</b>	<b>946.84</b>
<b>(d) Net (decrease) / increase in cash and cash equivalents (a + b + c)</b>		<b>(141.21)</b>	<b>6.88</b>
<b>(e) Cash and cash equivalents as at the commencement of the year</b>		<b>1,062.88</b>	<b>1,056.00</b>
<b>(f) Cash and cash equivalents as at the end of the year (d + e)</b>	<b>18(a)</b>	<b>921.67</b>	<b>1,062.88</b>

**Notes:**

- Cash flows are reported using the indirect method, whereby (Loss) / Profit before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.
- Long Term Investment in Debentures of Forbes Technosys Ltd. of ₹ 1,000 Lakhs have been converted to equity share capital consisting of 1,00,00,000 shares of ₹ 10 each.

**See accompanying notes forming part of the financial statements**

In terms of our report attached

**For DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

**RAJESH K. HIRANANDANI**

Partner

Mumbai, 27th May, 2014

PANKAJ KHATTAR  
Company SecretarySHAPOOR P. MISTRY  
ASHOK BARATChairman  
Managing DirectorS.L. GOKLANEY  
T.R. DOONGAJI  
KAIWAN D. KALYANIWALLA  
D. SIVANANDHAN  
JIMMY J. PARAKH  
JAI L. MAVANI  
AMEETA CHATTERJEE  
K. DASARATHARAMAN  
Mumbai, 27th May, 2014

Directors



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

### 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 of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act/ 2013 Act, as applicable.

#### b) Use of estimates

The preparation 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 Rs. 5,000 are fully depreciated, in the year of acquisition.

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

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

Sr.	Class of assets	Estimated useful life
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.

### 4. Intangible Assets under development

Expenditure on development eligible for capitalisation is carried as intangible assets under development where such assets are not yet ready for their intended use.

### d) Impairment of assets

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

### e) Investments

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

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

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)	<b>Stores, spare parts, components and loose tools</b>	Moving weighted average
(ii)	<b>Raw and packing materials</b>	Standard cost adjusted for variances based on weighted average purchase price
(iii)	<b>Work-in-progress</b>	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)	<b>Finished goods</b>	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)	<b>Stock-in-trade (in respect of goods acquired for trading)</b>	Standard cost adjusted for variances based on weighted average purchase price
(vi)	<b>Real estate development work-in-progress</b>	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.

**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) 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

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

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.

#### 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, 2014

	Number of shares	As at 31st March, 2014 ₹ in Lakhs	Number of shares	As at 31st March, 2013 ₹ in Lakhs
<b>3. Share capital</b>				
<b>Authorised:</b>				
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>
<b>Issued, subscribed and fully paid:</b>				
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**

93,59,293 (*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, 2014		As at 31st March, 2013	
	Number of equity shares held	% holding	Number of equity shares held	% holding
Shapoorji Pallonji & Company Limited	93,59,293	72.56	92,95,293	72.06
India Discovery Fund Limited	11,48,255	8.90	11,48,255	8.90

(d) The Company has not allotted any equity shares for consideration other than cash, bonus shares, nor have any shares been bought back during the period of five years immediately preceding the Balance Sheet date.

	₹ in Lakhs	As at 31st March, 2014 ₹ in Lakhs	As at 31st March, 2013 ₹ in Lakhs
<b>4. Reserves and surplus</b>			
<b>(a) Debenture Redemption Reserve:</b>			
Balance as per last balance sheet	2,500.00		-
Add: Transferred from surplus in statement of profit and loss for the year	-		2,500.00
		<b>2,500.00</b>	<b>2,500.00</b>
<b>(b) General reserve:</b>			
Balance as per last balance sheet	16,188.60		16,264.05
Less: Proposed Dividend ₹ Nil per share ( <i>Previous year: ₹ 0.50 per share</i> )	-		64.49
Less: Dividend distribution tax	-		10.96
		<b>16,188.60</b>	<b>16,188.60</b>
<b>(c) Surplus / (Deficit) in statement of profit and loss:</b>			
Balance as per last balance sheet	(3,229.29)		(3,864.06)
Add: (Loss) / Profit for the year	(2,971.16)		3,134.77
Less: Transferred to debenture redemption reserve	-		2,500.00
		<b>(6,200.45)</b>	<b>(3,229.29)</b>
		<b>12,488.15</b>	<b>15,459.31</b>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

Non - current portion		Current maturities	
As at 31st March, 2014 ₹ in Lakhs	As at 31st March, 2013 ₹ in Lakhs	As at 31st March, 2014 ₹ in Lakhs	As at 31st March, 2013 ₹ 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      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  
[The amount outstanding in previous year was repaid in June, 2013. Rate of interest was 11.75% p.a.]

-      -      -      68.00

(ii) **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  
[The amount outstanding in previous year was repaid in November 2013; Rate of interest was 10.31% p.a.]

-      -      -      3,000.00

(iii) **Federal Bank Limited** - Secured by first exclusive charge by way of Equitable Mortgage of 11 flats along with part basement and part residual and garages in "Volkart House", Mumbai  
[Repayable in 6 half yearly installments of ₹ 500 Lakhs each. Last installment is due in January, 2017. Rate of interest 10.80% p.a.]

2,000.00      -      1,000.00      -

(iv) **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.  
[Repayable in 18 (Previous year 22) quarterly instalments of ₹ 17.30 Lakhs each. Last instalment is due in September, 2018. Rate of interest 12% p.a. as at year end (Previous year: 12% p.a.)]

242.16      311.34      69.19      69.19

**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 equated installments. Last installment is due in August, 2016. Rate of interest 11.50% p.a.]

257.32      415.46      158.14      141.07

12,499.48      10,726.80      1,227.33      3,278.26



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

Non - current portion		Current maturities	
As at 31st March, 2014 ₹ in Lakhs	As at 31st March, 2013 ₹ in Lakhs	As at 31st March, 2014 ₹ in Lakhs	As at 31st March, 2013 ₹ in Lakhs
17.98	49.83	33.26	37.31
<b>12,517.46</b>	10,776.63	<b>1,260.59</b>	3,315.57
-	-	<b>(1,260.59)</b>	(3,315.57)
<b>12,517.46</b>	10,776.63	-	-

(c) **Finance lease obligations** - Secured by Computer Hardware financed [see Note 35(a)] [Repayable in 16 quarterly equated installments. Last instalment is due in December, 2015. Rate of Interest in the range of 7.68% to 9.33 %]

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 31.03.2014 ₹ in Lakhs	As at 31.03.2013 ₹ in Lakhs	Coupon	Terms of Repayment
1	1,00,00,000	13th September, 2012	6,000.00	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 at par 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	4,000.00	5% payable annually	Repayment on 27th April, 2016 alongwith redemption premium of ₹ 757 Lakhs.
			<b>10,000.00</b>	10,000.00		

<b>As at</b>	<i>As at</i>
<b>31st March, 2014</b>	<i>31st March, 2013</i>
<b>₹ in Lakhs</b>	<i>₹ in Lakhs</i>

## 6. Other Long-term liabilities

(a) Income received in advance	-	15.00
(b) Security Deposits	494.10	440.36
	<b>494.10</b>	<b>455.36</b>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014**

	As at 31st March, 2014	As at 31st March, 2013		As at 31st March, 2014	As at 31st March, 2013
	₹ in Lakhs	₹ in Lakhs		₹ in Lakhs	₹ in Lakhs
<b>7. Long-term provisions</b>			<b>10. Other current liabilities</b>		
<b>(a) Provision for employee benefits</b>			(a) Current maturities of long-term borrowings (secured) (see Note 5)	1,227.33	3,278.26
(i) Compensated absences	247.59	260.97	(b) Current maturities of finance lease obligations (secured) (see Note 5)	33.26	37.31
(ii) Other post retirement benefits (see Note 32)	307.71	296.04	(c) Interest accrued but not due on borrowings	32.59	39.79
		<b>555.30</b>	(d) Income received in advance (unearned revenue)	45.83	55.55
<b>(b) Provision for Premium payable on redemption of debentures (see Note 5)</b>		<b>257.25</b>	(e) Unpaid dividends *	7.00	13.35
		<b>812.55</b>	(f) Unpaid matured deposits and interest accrued thereon *	4.63	6.60
		<b>573.50</b>	(g) Other payables :		
<b>8. Short-term borrowings</b>			(i) Statutory remittances	737.64	641.83
<b>(a) Secured borrowings from banks:</b>			(ii) Payables on purchase of fixed assets	9.30	10.62
(i) 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.	108.45	79.90	(iii) Security deposits	3,388.03	3,385.88
(ii) Buyers credit from <b>YES Bank Limited</b> - Secured by second pari passu charge with <b>Ratnakar Bank Limited</b> on 11 residential flats, part basement and garages in "Volkart House", Mumbai.	149.76	1,920.47	(iv) Payables to Shipping Principals	830.61	644.43
		<b>258.21</b>	(v) Customers' credit balances and advances for supplies and services to be rendered	462.28	305.05
		<b>2,000.37</b>	(vi) Others	20.07	9.80
<b>(b) Unsecured borrowings:</b>				<b>6,798.57</b>	<b>8,428.47</b>
From other than banks			* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund		
Commercial papers [maximum amount outstanding during the year ₹ 4,000 Lakhs (Previous year: ₹ 8,000 Lakhs)]	1,000.00	-	<b>11. Short-term provisions</b>		
		<b>1,000.00</b>	(a) Provision for employee benefits		
		<b>1,258.21</b>	(i) Compensated absences	41.33	67.10
		<b>2,000.37</b>	(ii) Gratuity (see Note 32)	21.23	193.78
		<b>4,413.04</b>	(iii) Other post retirement benefits (see Note 32)	93.96	93.36
<b>9. Trade Payables</b>				<b>156.52</b>	<b>354.24</b>
Trade Payables			(b) Others		
(i) Micro and Small enterprises (see Note 40)	151.10	180.77	(i) Tax provisions less payments (other than deferred tax) [net of advance tax ₹ 5,089.65 Lakhs (Previous year: ₹ 4,775.62 Lakhs)]	684.35	796.39
(ii) Others	3,220.37	4,232.27	(ii) Provisions for wealth tax less payments [net of advance tax ₹ 21.78 Lakhs (Previous year: ₹ 85.36 Lakhs)]	39.97	30.00
	<b>3,371.47</b>	<b>4,413.04</b>	(iii) Provision for proposed dividend	-	64.49
			(iv) Provision for tax on proposed dividend	-	10.96
			(v) Provision for disputed statutory demands (see Note 41A)	120.00	120.00
			(vi) Provision for estimated losses on onerous contracts (see Note 41B)	324.50	264.00
				<b>1,168.82</b>	<b>1,285.84</b>
				<b>1,325.34</b>	<b>1,640.08</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

## 12. Fixed assets

₹ in Lakhs

Description of Assets	GROSS BLOCK (at cost)			DEPRECIATION / AMORTISATION			NET BLOCK			
	As at 31st March, 2013	Additions during the year	Deductions during the year	As at 31st March, 2014	Upto 31st March, 2013	For the year	On deductions during the year	Upto 31st March, 2014	Impairment As at 31st March, 2014	As at 31st March, 2014
<b>A. Tangible assets</b>										
1 Land:										
Freehold	171.58	-	3.50	168.08	-	-	-	-	-	168.08
	168.00	3.58	-	171.58	-	-	-	-	-	171.58
Leasehold	861.52	-	-	861.52	252.42	33.42	-	285.84	-	575.68
	861.52	-	-	861.52	219.00	33.42	-	252.42	-	609.10
2 Buildings [see footnote 1 and Note 35(b)]	7,939.24	93.62	-	8,032.86	2,244.36	205.73	-	2,450.09	0.16	5,582.61
	7,882.25	61.19	4.20	7,939.24	2,042.69	204.62	2.95	2,244.36	-	5,694.88
3 Plant and equipment (see footnote 2)	10,724.85	95.13	143.10	10,676.88	6,724.65	808.97	128.16	7,405.46	1.26	3,270.16
	9,106.50	1,618.38	0.03	10,724.85	5,960.14	764.56	0.05	6,724.65	-	4,000.20
4 Furniture and fixtures	476.74	4.84	13.61	467.97	250.44	26.04	12.36	264.12	-	203.85
	497.32	7.14	27.72	476.74	241.31	27.47	18.34	250.44	-	226.30
5 Vehicles	116.77	32.35	61.19	87.93	116.77	6.67	61.19	62.25	-	25.68
	177.33	-	60.56	116.77	175.42	1.91	60.56	116.77	-	-
6 Office equipment:										
Owned	1,092.21	55.14	34.96	1,112.39	609.12	55.48	23.66	640.94	0.39	471.06
	1,194.17	15.86	117.82	1,092.21	638.97	74.21	104.06	609.12	-	483.09
Taken on finance lease [see Note 35(a)]	212.31	-	90.17	122.14	128.32	38.01	90.16	76.17	-	45.97
	212.78	-	0.47	212.31	75.30	53.09	0.07	128.32	-	83.99
<i>Previous Year</i>	21,595.22	281.08	346.53	21,529.77	10,326.08	1,174.32	315.53	11,184.87	1.81	10,343.09
	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
<b>B. Intangible assets</b>										
Computer software	881.60	0.76	-	882.36	542.36	153.11	-	695.47	-	186.89
<i>Previous Year</i>	816.35	65.25	-	881.60	384.10	158.26	-	542.36	-	339.24

## 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, 2014

	As at 31st March, 2014 ₹ in Lakhs	As at 31st March, 2013 ₹ in Lakhs
<b>13. Non - current investments</b>		
<b>Long-term - unquoted (fully paid) [valued at cost unless otherwise stated]</b>		
<b>(a) Trade investments in a subsidiary company</b>		
<b>In equity shares</b>		
8,64,960 (Previous year: 8,64,960) equity shares of SGD 1 each in Forbes Container Lines Pte. Limited	271.26	271.26
<b>(b) Other than trade investments</b>		
<b>In equity shares</b>		
<b>In subsidiaries</b>		
1. 50,385 (Previous year: 50,385) equity shares of ₹ 100 each in Volkart Fleming Shipping and Services Limited	6.82	6.82
2. 38,64,131 (Previous year: 38,64,131) equity shares of ₹ 10 each in Forbes Campbell Finance Limited [At cost less amount written off ₹ 1,143.70 Lakhs and ₹ 1,064.14 Lakhs (Previous year ₹ Nil) provision for other than temporary diminution in value.]	717.64	1,781.78
3. 37,28,000 (Previous year: 37,28,000) equity shares of ₹ 10 each in Eureka Forbes Limited	4,067.86	4,067.86
4. 50,00,100 (Previous year: 10,50,021) equity shares of ₹ 10 each in Forbes Bumi Armada Offshore Limited	500.01	105.00
5. 1,00,00,000 (Previous year: NIL) equity shares of ₹ 10 each in Forbes Technosys Limited on Conversion of Debentures	1,000.00	-
	<b>6,292.33</b>	<b>5,961.46</b>
<b>In joint ventures</b>		
1. 4,00,00,000 (Previous year: 4,00,00,000) equity shares of ₹ 10 each in SCI Forbes Limited [At cost less provision for other than temporary diminution in value ₹ 2,380 Lakhs (Previous year: ₹ 2,230 Lakhs)]	1,620.00	1,770.00
2. 2,500 (Previous year: 2,500) equity shares of USD 1 each in Edumetry Inc. USA [At cost less provision for other than temporary diminution in value ₹ 35.48 Lakhs (Previous year: ₹ 35.48 Lakhs)]	-	-
	<b>1,620.00</b>	<b>1,770.00</b>
<b>In associates</b>		
1. 4,20,170 (Previous year: 4,20,170) equity shares of ₹ 10 each in The Svadeshi Mills Company Limited [At cost less provision for other than temporary diminution in value ₹ 150.33 Lakhs (Previous year: ₹ 150.33 Lakhs)]	-	-
2. 58,849 (Previous year: 58,849) equity shares of ₹ 10 each in Nuevo Consultancy Services Limited [At cost less provision for other than temporary diminution in value ₹ 5.88 Lakhs (Previous year ₹ 5.88 Lakhs)]	-	-
	<b>-</b>	<b>-</b>
<b>In other entities</b>		
1. 5,500 (Previous year: 5,500) equity shares of ₹ 10 each in New India Co-operative Bank Limited	0.55	0.55
2. 10 (Previous year: 10) equity shares of ₹ 500 each in Tuticorin Chamber of Commerce [At cost less provision for other than temporary diminution in value ₹ 0.05 Lakhs (Previous year ₹ 0.05 Lakhs)]	-	-
3. 1,000 (Previous year: 1,000) Equity Shares of ₹ 10 each in Simar Port Private Limited	0.10	0.10
	<b>0.65</b>	<b>0.65</b>
	<b>7,912.98</b>	<b>7,732.11</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

	As at 31st March, 2014 ₹ in Lakhs	As at 31st March, 2013 ₹ in Lakhs
<b>13. Non - current investments (contd..)</b>		
<b>In preference shares</b>		
<b>In a subsidiary company</b>		
20,00,000 (Previous year: 20,00,000) 8% Cumulative Optionally Convertible Preference Shares of ₹ 10 each in Forbes Technosys Limited	200.00	200.00
2,00,00,000 (Previous year: 2,00,00,000) 8% Cumulative Compulsory Convertible, Optionally Redeemable Preference Shares of ₹ 10 each in Forbes Technosys Limited	2,000.00	2,000.00
<b>In a joint venture company</b>		
3,09,00,000 (Previous year: 3,09,00,000) Zero Percent Redeemable Preference Shares of ₹ 10 each in SCI Forbes Limited	3,090.00	3,090.00
	<b>5,290.00</b>	<b>5,290.00</b>
<b>In debentures in a subsidiary company</b>		
1,89,67,500 (Previous year: 1,14,67,500) 0.1% Optionally Convertible Redeemable Debentures of ₹ 10 each in Forbes Campbell Finance Limited	1,896.75	1,146.75
Nil (Previous year: 1,00,00,000) 1% Compulsory Convertible, Optionally Redeemable Debentures of ₹ 10 each in Forbes Technosys Limited	-	1,000.00
	<b>1,896.75</b>	<b>2,146.75</b>
	<b>15,370.99</b>	<b>15,440.12</b>
<b>Footnote:</b>		
Aggregate amount of unquoted investments	<b>15,370.99</b>	15,440.12
Aggregate provision for other than temporary diminution in value of investments	<b>3,635.84</b>	2,421.70
Aggregate amount of write-off of investments	<b>1,143.70</b>	1,143.70
<b>14. Long-term loans and advances</b>		
(unsecured, considered good unless otherwise stated)		
(a) Capital advances		54.38
(b) Security deposits		
(i) Unsecured, considered good	145.07	130.23
(ii) Doubtful	8.50	8.50
	153.57	138.73
Less: Provision for doubtful deposits	8.50	8.50
	<b>145.07</b>	<b>130.23</b>
(c) Loans and advances to related parties (see Notes 34 and 50)		
(i) Secured, considered doubtful	4,716.78	4,716.78
(ii) Unsecured, considered doubtful	112.02	467.60
	4,828.80	5,184.38
Less: Provision for doubtful loans and advances	4,828.80	5,184.38
	-	-
(d) Loans and advances to employees	<b>14.62</b>	24.66
(e) Prepaid expenses	<b>20.92</b>	24.13
(f) Advance income tax including fringe benefit tax [net of provisions ₹ 2,921.06 lakhs (Previous year : ₹ 3,117.21 lakhs)]	<b>2,627.84</b>	2,744.57
(g) Advance wealth tax	<b>58.16</b>	-
(h) Balances with statutory / government authorities		
(i) Unsecured, considered good	132.36	92.87
(ii) Doubtful	46.69	46.69
	179.05	139.56
Less: Provision for doubtful balances	46.69	46.69
	<b>132.36</b>	<b>92.87</b>
	<b>3,113.47</b>	<b>3,070.84</b>



NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

	As at 31st March, 2014	As at 31st March, 2013		As at 31st March, 2014	As at 31st March, 2013
	₹ in Lakhs	₹ in Lakhs		₹ in Lakhs	₹ in Lakhs
<b>15. Current investments (in Mutual Funds)</b>			<b>17. Trade receivables (contd...)</b>		
[Unquoted, valued at cost, unless otherwise stated]			<b>(b) Other trade receivables:</b>		
(a) Nil units ( <i>Previous year</i> <i>377.55 units</i> ) of ₹ 1,000 each of AXIS Treasury Advantage Fund - Daily Dividend Reinvestment		3.78	(i) Unsecured, considered good	3,271.78	7,303.05
(b) Nil units ( <i>Previous year</i> <i>2,06,134.70 units</i> ) of ₹ 10 each of Templeton India Ultra Short Bond Fund Super Institutional Plan - Daily Dividend Reinvestment			(ii) Doubtful	0.08	1.52
(c) Nil units ( <i>Previous year</i> <i>278.31</i> <i>units</i> ) of ₹ 1,000 each of Principal Debt Opportunities Fund Conservative Plan - Regular Plan Dividend Option - Daily Reinvestment		20.65	Less: Provision for doubtful trade receivables	3,271.86	7,304.57
(d) Nil units ( <i>Previous year</i> <i>1,918.63</i> <i>units</i> ) of ₹ 1,000 each of Tata Floater Fund Plan A - Daily Dividend		2.79		0.08	1.52
		<u>46.47</u>		<u>3,271.78</u>	<u>7,303.05</u>
				<u>3,959.30</u>	<u>7,365.74</u>
<b>16. Inventories (valued at lower of cost and net realizable value)</b>			<b>18. Cash and cash equivalents</b>		
(a) (i) Raw materials and components	1,803.98	1,889.93	<b>(a) Balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements</b>		
(ii) Goods in Transit Raw Material	190.28	-	1. Cash on hand	2.12	4.15
		<u>1,994.26</u>	2. Cheques, drafts on hand	103.41	35.67
(b) Work-in-progress (see Note 44)		428.38	3. Balances with banks:		
(c) Finished goods (see Note 43A)		686.03	(I) In current accounts	811.10	418.91
(d) Stock-in-trade (in respect of goods acquired for trading) (see Note 43B)		50.65	(II) In EEFC Accounts	4.43	4.15
(e) Stores, spares and loose tools		266.91	(III) In deposit accounts (with original maturity upto 3 months).	0.61	600.00
(f) Real estate development work-in-progress		70.98		<u>816.14</u>	<u>1,023.06</u>
		<u>3,545.00</u>		<u>921.67</u>	<u>1,062.88</u>
<b>17. Trade receivables</b>			<b>(b) Other bank balances</b>		
<b>(a) Trade receivables outstanding for a period exceeding six months from the date they are due for payment:</b>			1. In Earmarked accounts:		
(i) Unsecured, considered good	687.52	62.69	- Unpaid dividends	7.01	13.35
(ii) Doubtful	548.60	339.43	- Interest accrued on unpaid matured deposits	3.58	4.12
Less: Provision for doubtful trade receivables	1,236.12	402.12		10.59	17.47
		<u>687.52</u>	2. In deposit accounts with original maturity of more than 3 months but less than 12 months, deposited with Exim Bank under lien.	5.00	5.00
		62.69	3. In deposit accounts with original maturity of more than 3 months but less than 12 months, deposited with customs and port authorities.	4.57	4.67
		<u>687.52</u>	4. 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.	107.52	104.84
		<u>687.52</u>		<u>127.68</u>	<u>131.98</u>
		<u>687.52</u>		<u>1,049.35</u>	<u>1,194.86</u>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

	As at 31st March, 2014	As at 31st March, 2013		As at 31st March, 2014	As at 31st March, 2013
	₹ in Lakhs	₹ in Lakhs		₹ in Lakhs	₹ in Lakhs
<b>19. Short-term loans and advances</b> (unsecured, considered good unless otherwise stated)			<b>20. Other current assets</b> (unsecured, considered good unless otherwise stated)		
(a) Loans and advances to related parties (see Note 34)			(a) Unbilled Revenue	61.18	88.49
(i) Unsecured, considered good	1,514.10	1,578.56	(b) Accruals:		
(ii) Doubtful	1.11	1.11	(i) Interest accrued on deposits with bank	0.79	1.35
	1,515.21	1,579.67	(ii) Interest accrued on investments	1.50	1.13
Less: Provision for doubtful loans and advances	1.11	1.11	(iii) Interest accrued on loans to related parties	274.87	126.19
	<b>1,514.10</b>	<b>1,578.56</b>		<b>277.16</b>	<b>128.67</b>
(b) Security deposits		7.24	(c) Others:		
	<b>8.41</b>		(i) Contractually reimbursable expenses		
(c) Loans and advances to employees			(I) Unsecured, considered good	102.23	3.66
(i) Unsecured, considered good	13.60	21.51	(II) Doubtful	3.29	43.09
(ii) Doubtful	0.82	0.60		105.52	46.75
	14.42	22.11	Less: Provision for doubtful debts	3.29	43.09
Less: Provision for doubtful loans and advances	0.82	0.60		<b>102.23</b>	<b>3.66</b>
	<b>13.60</b>	<b>21.51</b>	(ii) Export incentives receivable	73.73	39.73
(d) Prepaid expenses		186.46	(iii) Other receivables	0.04	22.40
	<b>183.09</b>			<b>514.34</b>	<b>282.95</b>
(e) Balances with statutory / government authorities		356.50			
(f) Advances for supply of goods and services					
(i) Unsecured, considered good	224.86	344.82			
(ii) Doubtful	14.07	15.47			
	238.93	360.29			
Less: Provision for doubtful advances	14.07	15.47			
	<b>224.86</b>	<b>344.82</b>			
(g) Other Loans and advances					
(i) Unsecured, considered good	6.27	4.99			
(ii) Doubtful	-	11.81			
	6.27	16.80			
Less: Provision for doubtful loans and advances	-	11.81			
	<b>6.27</b>	<b>4.99</b>			
	<b>2,213.93</b>	<b>2,500.08</b>			

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014**

	Year ended 31st March, 2014	Year ended 31st March, 2013		Year ended 31st March, 2014	Year ended 31st March, 2013	
	₹ in Lakhs	₹ in Lakhs		₹ in Lakhs	₹ in Lakhs	
<b>21. Revenue from operations</b>			<b>23. Cost of materials consumed (see Notes 42A and 48a)</b>			
(a) Sale of products (see Notes 43A and 43B)		14,684.89	20,489.96	Opening stock of raw materials and components	1,889.93	403.97
(b) Sale of services			Add: Purchases	5,338.82	9,632.04	
(i) Ground rent from container freight stations maintained by the Company	1,301.75			7,228.75	10,036.01	
(ii) Multimodal transport operations and allied services	12,711.01		Less: Closing stock of raw materials and components	1,994.26	1,889.93	
(iii) Others	104.44			<u>5,234.49</u>	<u>8,146.08</u>	
		<u>14,117.20</u>				
(c) Other operating revenues:			<b>Note:</b>			
(i) Rent and amenity charges	1,140.77		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.			
(ii) Export Incentives	37.66					
(iii) Others	48.27		<b>24. Changes in inventories of finished goods, work-in-progress and stock-in-trade</b>			
		<u>1,226.70</u>				
		<u>30,028.79</u>	(a) <b>Inventories at the end of the year:</b>			
		<u>32,790.47</u>	(i) Finished goods	728.19	686.03	
<b>22. Other income</b>			(ii) Work-in-progress	373.30	428.38	
(a) Interest income			(iii) Stock-in-trade	4.01	50.65	
(i) on long-term investments in a subsidiary company	11.23		(iv) Real estate development work-in-progress	177.79	70.98	
(ii) on bank deposits	25.74			<u>1,283.29</u>	<u>1,236.04</u>	
(iii) on inter-corporate deposits	180.65		(b) <b>Inventories at the beginning of the year:</b>			
(iv) on income-tax refund	167.61		(i) Finished goods	686.03	590.46	
(v) from customers and others	4.04		(ii) Work-in-progress	428.38	495.77	
		<u>389.27</u>	(iii) Stock-in-trade	50.65	102.22	
		<u>216.55</u>	(iv) Real estate development work-in-progress	70.98	-	
(b) Dividend income				<u>1,236.04</u>	<u>1,188.45</u>	
(i) from long-term investments	0.05		Net (increase) / decrease	<u>(47.25)</u>	<u>(47.59)</u>	
(ii) from current investments	42.51		<b>25. Employee benefits expense</b>			
		<u>42.56</u>	(a) Salaries and wages	3,985.53	3,846.97	
(c) Profit on sale of fixed assets (net)		<u>19.59</u>	(b) Contributions to provident and other funds	323.18	403.86	
(d) Net gain on sale of current investments		<u>0.80</u>	(c) Staff welfare expenses	266.11	273.16	
(e) Net gain on foreign currency transaction and translation (other than considered as finance cost)		<u>0.72</u>		<u>4,574.82</u>	<u>4,523.99</u>	
(f) Other non-operating income			<b>26. Finance costs</b>			
(i) Credit balances written back		<u>36.88</u>	(a) Interest expense on:			
(ii) Provision for trade receivables / doubtful loans and advances no longer required		<u>32.09</u>	i) Borrowings	1,334.92	1,268.33	
(iii) Miscellaneous income		<u>227.10</u>	ii) Trade Payables	8.48	9.32	
		<u>749.01</u>	iii) Delayed payment of taxes	121.76	3.50	
		<u>1,099.59</u>		<u>1,465.16</u>	<u>1,281.15</u>	
			(b) Other borrowing costs - loan processing charges and premium on forward contract	<u>292.50</u>	<u>181.85</u>	
			(c) Net loss on foreign currency transactions and translation	<u>89.49</u>	<u>66.81</u>	
				<u>1,847.15</u>	<u>1,529.81</u>	

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

	Year ended 31st March, 2014		Year ended 31st March, 2013			Year ended 31st March, 2014		Year ended 31st March, 2013	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs		₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
<b>27. Depreciation and amortisation expense</b>									
(a) Depreciation on tangible assets (see Note 12A)		<b>1,174.32</b>		1,159.28	(b) To cost auditors for cost audit ( <i>previous year</i> <i>includes ₹ 2.30 Lakhs in</i> <i>respect of earlier year</i> )				5.60
(b) Amortisation on intangible assets (see Note 12B)		<b>153.11</b>		158.26		2.30			49.65
		<b>1,327.43</b>		1,317.54					58.91
<b>28. Other expenses</b>					* Excludes fee for taxation matters of ₹ 17.80 Lakhs ( <i>Previous Year ₹ 16.45</i> <i>Lakhs</i> ), and fees for other services ₹ Nil ( <i>Previous year</i> <i>₹ 6.75 Lakhs</i> ) paid to a firm in which some of the partners of the audit firm are partners.				
(a) Consumption of stores and spare parts [after transferring ₹ 222.78 Lakhs ( <i>Previous year:</i> <i>₹ 167.70 Lakhs</i> ) to other accounts] (see Note 48b)		<b>595.77</b>		571.22	(p) Loss on sale / write off of fixed assets (net)			-	10.08
(b) Increase / (Decrease) of excise duty on inventory		<b>7.89</b>		(4.39)	(q) Bad trade receivables / advances written off	410.54			856.55
(c) Processing charges		<b>1,221.94</b>		1,197.24	Less: Provision held	<u>398.30</u>			774.72
(d) Power and fuel		<b>769.53</b>		619.74			<b>12.24</b>		81.83
(e) Operating costs for shipping and logistics division					(r) Provision for doubtful trade receivables		<b>229.73</b>		-
(i) Equipment hire charges	238.91			380.55	(s) Provision for estimated losses on onerous contracts		<b>60.50</b>		264.00
(ii) Transportation, freight, handling and other charges	<u>8,792.11</u>			<u>6,908.04</u>	(t) Provision for impairment of Fixed Assets		<b>1.81</b>		-
		<b>9,031.02</b>		7,288.59	(u) Outsourced contract expenses				94.68
(f) Rent		<b>295.39</b>		272.10	(v) Real estate development expenses - Consultancy and others		<b>106.81</b>		70.98
(g) Repairs to :					(w) Miscellaneous expenses		<b>1,276.25</b>		1,243.78
(i) Buildings	200.18			221.32			<b>17,614.86</b>		15,119.68
(ii) Machinery	450.07			330.05	<b>29. Exceptional items - (Expense) / Income</b>				
(iii) Others	<u>322.38</u>			<u>316.47</u>	(a) Profit on sale of land				-
		<b>972.63</b>		867.84	(b) Termination benefits and one time settlement with employees		<b>(186.50)</b>		(13.00)
(h) Insurance		<b>100.93</b>		87.99	(c) Write off of investments in a subsidiary company				(226.11)
(i) Rates and taxes (excluding taxes on income)		<b>89.21</b>		90.24	Less: Provision held				<u>156.39</u>
(j) Brokerage, commission, discount and other selling expenses		<b>1,550.80</b>		1,033.21					(69.72)
(k) Printing and Stationery		<b>104.08</b>		100.34	(d) Provision for diminution in the value of investments		<b>(1,214.14)</b>		(2,230.00)
(l) Communication		<b>139.96</b>		193.47			<b>(1,400.64)</b>		3,731.47
(m) Legal and professional charges		<b>662.38</b>		659.12					
(n) Travelling and conveyance		<b>336.34</b>		318.71					
(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 *	12.80			18.60					
(v) For reimbursement of expenses	<u>0.20</u>			<u>0.36</u>					
		<b>47.35</b>		53.31					

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

	As at 31st March, 2014	As at 31st March, 2013
	₹ in Lakhs	₹ in Lakhs
<b>30. Contingent liabilities:</b>		
<b>(a) Claims against the Company not acknowledged as debts</b>		
1) <b>Taxes in dispute:-</b>		
(i) Excise demand	4,723.51	4,723.51
(ii) Sales tax	809.49	790.54
(iii) Income-tax	1,243.88	1,352.05
(iv) Service-tax	691.01	254.21
(v) Entry-tax	38.45	76.90
(vi) Wealth tax	36.12	36.12
(vii) Property tax	551.61	551.60
2) Labour matters in dispute	6.00	16.50
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	2,582.93	2,404.32
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	14,193.93	6,620.00
(ii) Guarantee on behalf of a subsidiary company	2,676.52	3,533.37
(iii) Corporate Guarantee on behalf of a subsidiary company	11,920.00	3,420.00

#### Note:

In respect of item mentioned above, till the matters are finally decided, the timing of outflow of economic benefits cannot be ascertained.

### 31. Capital and other commitments

- (a) Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 311.72 Lakhs; (Previous year: ₹ 424.45 Lakhs) [against which advance paid aggregating ₹ 114.50 Lakhs; (Previous year: ₹ 54.38 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 the subsidiary is unable to meet its 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, 2014 ₹ in Lakhs	Year ended 31st March, 2013 ₹ in Lakhs
Provident fund	169.61	151.58
Superannuation fund	107.44	103.24
Total contribution	277.05	254.82

#### 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 ₹ 10.54 Lakhs (Previous year ₹ 10.77 Lakhs) as at 31st March, 2014 and the same is recognised to the statement 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:-

	31st March, 2014	31st March, 2013
Remaining terms of maturity (in years)	14	14
Expected guaranteed interest rate	8.75%	8.25%
Discount rate for the remaining term to maturity of interest portfolio	9.32%	8.15%



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

## Employee benefits obligations [contd.]

Details of defined benefit plans are as follows:

(₹ in Lakhs)

	31st March, 2014		31st March, 2013	
	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	785.34	401.67	968.85	389.39
Fair value of plan assets	764.11	-	775.07	-
Net liability in the balance sheet	21.23	401.67	193.78	389.39

<b>Defined benefit commitments:</b>				
<b>Opening balance as at 1<sup>st</sup> April</b>	968.85	389.39	875.16	367.22
Interest expenses	69.70	32.13	76.31	32.13
Current service cost	42.30	4.53	46.66	4.64
Paid benefits	(272.81)	(53.96)	(106.11)	(56.66)
Actuarial (gain) / loss	(22.70)	29.58	76.83	42.06
<b>Closing balance as at 31<sup>st</sup> March</b>	<b>785.34</b>	<b>401.67</b>	968.85	389.39

<b>Plan assets</b>				
<b>Opening balance as at 1<sup>st</sup> April</b>	775.07	-	598.00	-
Expected return on scheme assets	58.11	-	60.57	-
Contributions by the Company	195.75	-	216.48	-
Paid funds	(272.81)	-	(106.11)	-
Actuarial gain / (loss)	7.99	-	6.13	-
<b>Closing balance as at 31st March</b>	<b>764.11</b>	-	775.07	-

<b>Return on plan assets</b>				
Expected return on plan assets	58.11	-	60.57	-
Actuarial gain / (loss)	7.99	-	6.13	-
Actual return on plan assets	<b>66.10</b>	-	66.70	-

<b>Expenses on defined benefit plan:</b>				
Current service costs	42.30	4.53	46.66	4.64
Interest expense	69.70	32.13	76.31	32.13
Expected return on investment	(58.11)	-	(60.57)	-
Net actuarial (gain) / loss	(30.69)	29.58	70.70	42.06
Expenses charged to the statement of profit and loss	<b>23.20</b>	<b>66.24</b>	133.10	78.83

<b>Investment details</b>	<b>31st March, 2014</b>	<b>31st March, 2013</b>
Funds managed by Insurer	100%	86%
Private sector unit bonds	-	11%
Special deposit schemes	-	3%
	<b>100%</b>	<b>100%</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

### Employee benefits obligations [contd.]

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, 2014	31st March, 2013
Rate for discounting liabilities	9.32%	8.25%
Expected salary increase rate	6.00%	6.00%
Expected return on scheme assets	8.70%	8.00%
Mortality rates	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate

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, 2014	31st March, 2013
Rate for discounting liabilities	9.32%	8.25%

### Experience adjustment:

#### Gratuity

	2013-14	2012-13	2011-12	2010-11	2009-10
Defined benefit obligation	785.34	968.85	875.16	892.81	952.66
Plan asset	764.11	775.07	601.68	596.49	571.71
Deficit in plan asset	21.23	193.78	273.48	296.32	380.95
Experience adjustment on plan assets gain / (loss)	7.99	6.13	7.04	20.95	59.77
Experience adjustment on plan liabilities loss / (gain)	32.01	119.55	75.75	143.02	0.29

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 2014-15 is ₹ 58.70 Lakhs (*Previous year: amount not ascertainable*).

### Other Post Retirement Benefits

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 ₹ (12.05) Lakhs (*Previous year: ₹ 2.21 Lakhs*) is recognised to the statement of profit and loss based on actuarial valuation.

The Company has charged amounts aggregating ₹ 78.29 Lakhs; (*Previous year: ₹ 76.62 Lakhs*) to the statement of profit and loss based on actuarial valuation [Present value of future obligation as at 31st March, 2014 ₹ 384.17 Lakhs; (*Previous year: ₹ 359.84 Lakhs*)] and paid ₹ 53.96 Lakhs (*Previous year: ₹ 55.64 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, 2014

## 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", "Real estate" and "Energy Solution" 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		Energy Solution		Total	
	31st March, 2014	31st March, 2013	31st March, 2014	31st March, 2013	31st March, 2014	31st March, 2013	31st March, 2014	31st March, 2013	31st March, 2014	31st March, 2013
External segment revenue	12,472.53	12,659.98	14,012.76	10,768.56	1,140.77	7,148.12	971.12	6,179.20	28,597.18	36,755.86
Add: Inter segment revenue	-	-	-	-	-	-	-	-	-	-
<b>Revenue from operations</b>	<b>12,472.53</b>	<b>12,659.98</b>	<b>14,012.76</b>	<b>10,768.56</b>	<b>1,140.77</b>	<b>7,148.12</b>	<b>971.12</b>	<b>6,179.20</b>	<b>28,597.18</b>	<b>36,755.86</b>
<b>Segment Results - Profit / (Loss) (including exceptional items related to segments)</b>	<b>1,081.21</b>	<b>1,376.15</b>	<b>622.08</b>	<b>491.08</b>	<b>949.64</b>	<b>7,143.25</b>	<b>(1,097.04)</b>	<b>(267.74)</b>	<b>1,555.89</b>	<b>8,742.74</b>
Add: Unallocated income									586.92	525.49
Less: Unallocated expenses									(1,866.18)	(1,824.65)
Less: Exceptional items other than related to segments (net)									(1,400.64)	(2,299.72)
<b>(Loss) / Profit before tax and finance costs</b>									<b>(1,124.01)</b>	<b>5,143.86</b>
Less: Finance costs									1,847.15	1,529.81
<b>(Loss) / Profit before tax</b>									<b>(2,971.16)</b>	<b>3,614.05</b>
<b>Provision for taxation:</b>										
Current tax expense									-	545.00
Excess provision for tax relating to prior years									-	(65.72)
<b>(Loss) / Profit after tax</b>									<b>(2,971.16)</b>	<b>3,134.77</b>
<b>Capital employed</b>										
<b>Segment assets</b>	<b>7,399.15</b>	<b>7,698.06</b>	<b>5,638.83</b>	<b>6,149.94</b>	<b>3,200.01</b>	<b>2,964.35</b>	<b>2,719.82</b>	<b>6,399.65</b>	<b>18,957.81</b>	<b>23,212.00</b>
Unallocated corporate assets									21,397.90	21,824.62
<b>Total assets</b>									<b>40,355.71</b>	<b>45,036.62</b>
<b>Segment liabilities</b>	<b>2,171.52</b>	<b>2,339.05</b>	<b>2,308.90</b>	<b>2,500.28</b>	<b>4,232.68</b>	<b>4,180.51</b>	<b>1,365.49</b>	<b>1,674.78</b>	<b>10,078.59</b>	<b>10,694.62</b>
Unallocated corporate liabilities									1,462.86	1,500.26
<b>Total liabilities</b>									<b>11,541.45</b>	<b>12,194.88</b>
<b>Capital employed</b>	<b>5,227.63</b>	<b>5,359.01</b>	<b>3,329.93</b>	<b>3,649.66</b>	<b>(1,032.67)</b>	<b>(1,216.16)</b>	<b>1,354.33</b>	<b>4,724.87</b>	<b>28,814.26</b>	<b>32,841.74</b>
<b>Cost incurred to acquire segment assets including adjustments on account of capital work-in-progress</b>	<b>113.07</b>	<b>554.35</b>	<b>18.11</b>	<b>728.89</b>	<b>24.03</b>	<b>3.88</b>	<b>-</b>	<b>11.36</b>	<b>155.21</b>	<b>1,298.48</b>
Unallocated cost incurred to acquire assets including adjustments on account of capital work-in-progress									51.66	33.08
<b>Total capital expenditure</b>									<b>206.87</b>	<b>1,331.56</b>
<b>Segment depreciation / amortisation</b>	<b>819.52</b>	<b>819.09</b>	<b>343.19</b>	<b>335.50</b>	<b>84.94</b>	<b>83.32</b>	<b>9.87</b>	<b>8.98</b>	<b>1,257.52</b>	<b>1,246.89</b>
Unallocated corporate depreciation/amortisation									69.91	70.65
<b>Total depreciation / amortisation</b>									<b>1,327.43</b>	<b>1,317.54</b>
<b>Non-cash segment expenses other than depreciation</b>	<b>36.63</b>	<b>-</b>	<b>204.86</b>	<b>62.89</b>	<b>-</b>	<b>2.14</b>	<b>60.50</b>	<b>264.00</b>	<b>301.99</b>	<b>329.03</b>
Unallocated non-cash expenses other than depreciation									1,216.43	2,316.52
<b>Total non-cash expenses other than depreciation</b>									<b>1,518.42</b>	<b>2,645.55</b>

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

	Within india		Outside india		Unallocated		Total	
	31st March, 2014	31st March, 2013	31st March, 2014	31st March, 2013	31st March, 2014	31st March, 2013	31st March, 2014	31st March, 2013
<b>Revenue</b>	<b>26,604.88</b>	<b>34,900.11</b>	<b>1,992.30</b>	<b>1,855.75</b>	<b>-</b>	<b>-</b>	<b>28,597.18</b>	<b>36,755.86</b>
<b>Assets</b>	<b>18,583.03</b>	<b>22,881.54</b>	<b>374.78</b>	<b>330.46</b>	<b>21,397.90</b>	<b>21,824.62</b>	<b>40,355.71</b>	<b>45,036.62</b>
<b>Cost incurred to acquire segment assets including adjustments on account of capital work-in-progress</b>	<b>155.21</b>	<b>1,298.48</b>	<b>-</b>	<b>-</b>	<b>51.66</b>	<b>33.08</b>	<b>206.87</b>	<b>1,331.56</b>

# Includes profit on sale of land aggregating ₹ 6,044.19 Lakhs classified as an exceptional item.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

### 34. (a) 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 and its subsidiary:
  - Aquadiagnostics Water Research & Technology Centre Limited
- b Forbes Lux International AG and its subsidiaries: (w.e.f. 23rd May, 2013)
  - (i) Lux International AG and its subsidiary: (w.e.f. 5th June, 2013)
    - Hogar Paraguay Electrodomesticos S.A. (w.e.f. 5th June, 2013)
  - (ii) Forbes Lux Group AG Baar and its subsidiary: (w.e.f. 5th June, 2013)
    - Lux / Sk / s.r.o (w.e.f. 5th June, 2013)
  - (iii) Lux Italia srl (w.e.f. 5th June, 2013)
  - (iv) Lux Schweiz AG (w.e.f. 5th June, 2013)
  - (v) Lux (Deutschland) GmbH and its subsidiaries: (w.e.f. 5th June, 2013)
    - Lux Service GmbH (w.e.f. 5th June, 2013)
    - Lux Norge A/s (w.e.f. 5th June, 2013)
    - Lux Oesterreich GmbH (w.e.f. 5th June, 2013)
    - Lux CZ s.r.o (w.e.f. 5th June, 2013)
    - Lux Hungaria Kereskedelmi Kft (w.e.f. 5th June, 2013)
- c Euro Forbes International Pte. Limited
- d Forbes Facility Services Pvt. Limited
- e E4 Development & Coaching Limited
- f Forbes Enviro Solutions Limited
- g Waterwings Equipments Pvt.Ltd.
- h Radiant Energy Systems Pvt.Ltd.
- i EFL Mauritius Limited and its subsidiary:
  - Euro Forbes Mauritius Limited (Upto 19th December, 2013)

- j Euro Forbes Financial Services Limited
- k Euro Forbes Limited Dubai and its subsidiary:
  - Forbes Lux FZCO
- 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:
  - Forbesline Shipping Services LLC (w.e.f. 10th January, 2013)
- 5 Volkart Fleming Shipping and Services Limited

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

- 1 Forvol International Services Limited
- 2 Gokak Textiles Limited
- 3 Shapoorji Pallonji Investment Advisors Pvt. Limited
- 4 Shapoorji Pallonji Energy (Gujarat) Pvt. Limited
- 5 SP Fabricators Pvt. Limited

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

- 1 The Svadeshi Mills Company Limited
- 2 Coromondal Garments Limited (Subsidiary of The Svadeshi Mills Company Limited)
- 3 Neuvo Consultancy Service Limited

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

- 1 Edumetry Inc
- 2 Nypro Forbes Products Limited (Joint venture of Forbes Campbell Finance Limited)
- 3 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, 2014

## 34. Related party disclosures (contd.)

₹ In Lakhs

## (b) Details of related party transactions during the year ended 31st March, 2014 and balances outstanding as at 31st March, 2014:

		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
	<b>Nature of Transaction</b>							
	<b>Purchases / Services</b>							
1	Goods and Materials	-	-	-	-	-	-	-
		-	0.52	-	-	-	-	0.52
2	Fixed Assets	-	4.20	-	-	-	-	4.20
		-	-	-	-	-	-	-
3	Services Received	-	0.11	-	-	-	-	0.11
		-	0.23	-	-	-	-	0.23
	<b>Sales / Services</b>							
4	Goods and Materials	-	-	-	-	-	-	-
		-	0.62	-	-	-	-	0.62
5	Services Rendered	-	198.02	3.79	-	0.54	-	202.35
		2.07	112.52	14.10	-	-	-	128.69
	<b>Expenses</b>							
6	Rent	-	8.40	-	-	-	-	8.40
		-	8.40	-	-	-	-	8.40
7	Travelling and conveyance expenses	-	-	109.23	-	-	-	109.23
		-	1.41	104.11	-	-	-	105.52
8	Legal and professional charges	-	122.57	-	-	-	-	122.57
		-	81.00	-	-	-	-	81.00
9	Transportation, freight, handling and other charges	-	105.96	-	-	-	-	105.96
		-	48.64	-	-	-	-	48.64
10	Recovery of Expenses	-	-	-	0.42	0.18	-	0.60
		-	0.03	-	-	-	-	0.03
11	Diminution in Value of Investments	-	1,064.14	-	-	150.00	-	1,214.14
		-	-	-	-	2,230.00	-	2,230.00
12	Interest Paid	-	-	-	-	-	-	-
		8.78	-	-	-	-	-	8.78
13	Write offs of Investments (net of provision)	-	-	-	-	-	-	-
		-	69.72	-	-	-	-	69.72
14	Provision for doubtful loans and advances	-	-	-	-	0.75	-	0.75
		-	-	-	-	0.73	-	0.73
15	Bad trade receivables / advances written off	2.11	356.82	-	-	-	-	358.93
		-	-	-	-	-	-	-
16	Remuneration	-	-	-	-	-	121.09	121.09
		-	-	-	-	-	118.85	118.85
17	Miscellaneous expenses	-	72.11	0.14	-	-	-	72.25
		-	49.19	3.64	-	-	-	52.83
18	<b>Dividend payment</b>	46.48	0.83	-	-	-	-	47.31
		92.95	1.66	-	-	-	-	94.61
	<b>Income</b>							
19	Rent and Other Service Charges	23.35	180.12	52.14	-	0.12	-	255.73
		111.26	146.63	50.95	-	-	-	308.84
20	Interest Received	-	47.83	-	-	144.05	-	191.88
		-	52.91	-	-	139.45	-	192.36
	<b>Other Receipts</b>							
21	Other Reimbursements	0.33	104.85	4.91	-	2.71	-	112.80
		-	48.43	6.12	-	21.53	-	76.08

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014**

**34. Related party disclosures (contd.)**

**₹ In Lakhs**

**(b) Details of related party transactions during the year ended 31st March, 2014 and balances outstanding as at 31st March, 2014:**

		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
<b>Finance</b>								
22	Inter-corporate deposits given	-	<b>200.00</b>	-	-	<b>103.53</b>	-	<b>303.53</b>
		-	<i>1,050.00</i>	-	-	<i>100.73</i>	-	<i>1,150.73</i>
23	Inter-corporate deposits taken	-	-	-	-	-	-	-
		<i>2,500.00</i>	-	-	-	-	-	<i>2,500.00</i>
24	Repayment of Deposits Taken	-	-	-	-	-	-	-
		<i>2,500.00</i>	-	-	-	-	-	<i>2,500.00</i>
25	Repayment of Deposits Given	-	<b>400.00</b>	-	-	<b>100.00</b>	-	<b>500.00</b>
		-	<i>1,098.00</i>	-	-	-	-	<i>1,098.00</i>
26	Investment in Subsidiaries	-	<b>395.01</b>	-	-	-	-	<b>395.01</b>
		-	<i>3,100.00</i>	-	-	-	-	<i>3,100.00</i>
27	Investment in Non Convertible Debentures of Subsidiaries	-	<b>750.00</b>	-	-	-	-	<b>750.00</b>
		-	-	-	-	-	-	-
28	Advances received from customer	-	<b>10.50</b>	-	-	-	-	<b>10.50</b>
		-	-	-	-	-	-	-
<b>Guarantees</b>								
29	Given on behalf of Shipping Principals (Renewed)	-	<b>7,828.09</b>	-	-	-	-	<b>7,828.09</b>
		-	<i>4,480.00</i>	-	-	-	-	<i>4,480.00</i>
30	Given on behalf of a Subsidiary	-	<b>8,500.00</b>	-	-	-	-	<b>8,500.00</b>
		-	<i>1,104.27</i>	-	-	-	-	<i>1,104.27</i>
<b>Outstandings</b>								
31	Trade Payables	-	<b>611.19</b>	<b>4.65</b>	-	<b>0.18</b>	-	<b>616.02</b>
		-	<i>414.75</i>	<i>5.48</i>	-	-	-	<i>420.23</i>
32	Advances received from customer	-	<b>10.50</b>	-	-	-	-	<b>10.50</b>
		-	-	-	-	-	-	-
33	Interest accrued	-	<b>7.64</b>	-	-	<b>268.73</b>	-	<b>276.37</b>
		-	<i>1.82</i>	-	-	<i>125.50</i>	-	<i>127.32</i>
34	Trade Receivables	<b>4.33</b>	<b>68.49</b>	<b>0.10</b>	<b>20.15</b>	-	-	<b>93.07</b>
		<i>3.26</i>	<i>10.57</i>	<i>6.06</i>	<i>20.15</i>	-	-	<i>40.04</i>
35	Long Term Loans and Advances	-	-	-	<b>4,756.77</b>	<b>72.03</b>	-	<b>4,828.80</b>
		-	<i>356.33</i>	-	<i>4,756.77</i>	<i>71.28</i>	-	<i>5,184.38</i>
36	Short Term Loans and Advances	-	<b>209.68</b>	<b>15.39</b>	<b>1.61</b>	-	-	<b>226.68</b>
		-	<i>68.28</i>	<i>25.28</i>	<i>1.11</i>	-	-	<i>94.67</i>
37	Provision for Doubtful Loans and Advances	-	-	-	<b>4,757.88</b>	<b>72.03</b>	-	<b>4,829.91</b>
		-	<i>356.33</i>	-	<i>4,757.88</i>	<i>71.28</i>	-	<i>5,185.49</i>
38	Provision for Doubtful Trade Receivables	-	-	-	<b>20.15</b>	-	-	<b>20.15</b>
		<i>2.11</i>	-	-	<i>20.15</i>	-	-	<i>22.26</i>
39	Deposits Receivable	-	<b>5.00</b>	-	-	-	-	<b>5.00</b>
		-	<i>5.00</i>	-	-	-	-	<i>5.00</i>
40	Inter-corporate deposits receivable	-	<b>185.00</b>	-	-	<b>1,103.53</b>	-	<b>1,288.53</b>
		-	<i>385.00</i>	-	-	<i>1,100.00</i>	-	<i>1,485.00</i>
41	Guarantees Given	-	<b>26,904.61</b>	-	-	-	-	<b>26,904.61</b>
		-	<i>11,433.37</i>	-	-	-	-	<i>11,433.37</i>
42	Guarantees Taken	<b>2,990.53</b>	-	-	-	-	-	<b>2,990.53</b>
		<i>2,725.25</i>	-	-	-	-	-	<i>2,725.25</i>

**Footnotes:**

- Figures in italics are in respect of the previous year.
- Long Term Investment in Debentures of Forbes Technosys Ltd. of ₹ 1,000 Lakhs have been converted to equity share capital consisting of 1,00,00,000 shares of ₹ 10 each.



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

34. Related party disclosures (contd.)  
(c) The above Transactions includes:

Nature of Transaction	₹ In Lakhs										
	A	B	B	B	B	B	B	B	B	B	B
	Shapoorji Pallonji & Company Limited	Eureka Forbes Ltd.	Aquamail Water Solutions Ltd.	Forbes Facility Services Pvt. Ltd.	Forbes Campbell Finance Ltd.	Forbes Campbell Services Ltd.	Forbes Edumetry Ltd.	Forbes Technosys Ltd.	Forbes Bumi Armada Offshore Ltd	Forbes Container Lines Pte. Ltd.	
<b>Purchases / Services</b>											
1 Goods and Materials	-	0.08	-	-	-	-	-	0.44	-	-	-
2 Fixed Assets	-	-	-	-	-	-	-	4.20	-	-	-
3 Services Received	-	0.11 0.23	-	-	-	-	-	-	-	-	-
<b>Sales / Services</b>											
4 Goods and Materials	-	-	-	-	-	-	-	-	-	-	-
5 Services Rendered	-	-	13.00	-	-	-	-	0.62	29.82	153.96 96.20	-
<b>Expenses</b>											
6 Rent	-	-	-	-	3.60 3.60	-	-	-	-	-	-
7 Travelling and conveyance expenses	-	-	-	-	-	-	-	-	-	-	-
8 Legal and professional charges	-	-	-	-	-	-	-	41.57	-	-	-
9 Transportation, freight, handling and other charges	-	-	-	-	-	-	-	-	-	105.96 48.64	-
10 Recovery of Expenses	-	0.03	-	-	-	-	-	-	-	-	-
11 Diminution in Value of Investments	-	-	-	-	1,064.14	-	-	-	-	-	-
12 Interest Paid	-	-	-	-	-	-	-	-	-	-	-
13 Write offs of Investments (net of provision)	8.78	-	-	-	69.72	-	-	-	-	-	-
14 Provision for doubtful loans and advances	-	-	-	-	-	-	-	-	-	-	-
15 Bad trade receivables / advances written off	-	-	-	-	-	-	356.82	-	-	-	-
16 Remuneration	-	-	-	-	-	-	-	-	-	-	-
17 Miscellaneous expenses	-	-	-	27.68	-	-	-	-	-	-	-
18 Dividend payment	46.48 92.95	-	-	-	-	-	-	-	-	-	-
<b>Income</b>											
19 Rent and Other Service Charges	-	-	-	-	-	-	-	178.28 144.13	-	-	-
20 Interest Received	111.26	-	-	-	-	-	-	24.29 29.19	-	-	-
<b>Other Receipts</b>											
21 Other Reimbursements	-	-	-	-	-	-	-	24.18 34.55	11.80	-	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

34. Related party disclosures (contd.)  
(c) The above Transactions includes:

₹ In Lakhs

	B	C	C	C	C	D	E	E	E	F
	Volkart Fleming Shipping & Services Ltd.	Forvol International Services Ltd.	Gokak Textiles Ltd.	Shapoorji Pallonji Investment Advisors Pvt. Ltd.	SP Fabricators Pvt. Ltd.	The Svadeshi Mills Company Ltd.	Neuro Consultancy Service Ltd.	Edumetry Inc	Nyro Forbes Products Ltd.	Managing Director, Mr. Ashok Barat.
<b>Nature of Transaction</b>										
<b>Purchases / Services</b>										
1 Goods and Materials	-	-	-	-	-	-	-	-	-	-
2 Fixed Assets	-	-	-	-	-	-	-	-	-	-
3 Services Received	-	-	-	-	-	-	-	-	-	-
<b>Sales / Services</b>										
4 Goods and Materials	-	-	-	-	-	-	-	-	-	-
5 Services Rendered	-	-	-	-	-	-	-	-	-	-
<b>Expenses</b>										
6 Rent	4.80	-	-	-	-	-	-	-	-	-
7 Travelling and conveyance expenses	4.80	107.24	-	-	-	-	-	-	-	-
8 Legal and professional charges	81.00	104.11	-	-	-	-	-	-	-	-
9 Transportation, freight, handling and other charges	81.00	-	-	-	-	-	-	-	-	-
10 Recovery of Expenses	-	-	-	-	-	-	0.42	-	-	0.18
11 Diminution in Value of Investments	-	-	-	-	-	-	-	-	150.00	150.00
12 Interest Paid	-	-	-	-	-	-	-	-	2,230.00	2,230.00
13 Write offs of Investments (net of provision)	-	-	-	-	-	-	-	-	-	-
14 Provision for doubtful loans and advances	-	-	-	-	-	-	-	0.75	-	0.75
15 Bad trade receivables / advances written off	-	-	-	-	-	-	-	0.73	-	0.73
16 Remuneration	-	-	-	-	-	-	-	-	-	121.09
17 Miscellaneous expenses	-	-	-	-	-	-	-	-	-	118.85
18 Dividend payment	-	-	-	-	-	-	-	-	-	-
<b>Income</b>										
19 Rent and Other Service Charges	-	-	-	25.68	-	-	-	-	-	-
20 Interest Received	22.20	-	-	-	-	-	-	-	144.05	144.05
21 Other Receipts	22.31	-	-	-	-	-	-	-	139.45	139.45
Other Reimbursements	74.70	-	-	-	-	-	-	-	21.53	21.53

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

		₹ In Lakhs									
		A	B	B	B	B	B	B	B	B	B
		Shapoorji Pallonji & Company Limited	Eureka Forbes Ltd.	Aquamall Water Solutions Ltd.	Forbes Facility Services Pvt. Ltd.	Forbes Campbell Finance Ltd.	Forbes Campbell Services Ltd.	Forbes Edumetry Ltd.	Forbes Technosys Ltd.	Forbes Bumi Armada Offshore Ltd	Forbes Container Lines Pte. Ltd.
	<b>Nature of Transaction</b>										
	<b>Finance</b>										
22	Inter-corporate deposits given	-	-	-	-	-	-	-	200.00	-	-
23	Inter-corporate deposits taken	-	-	-	-	-	-	-	1,050.00	-	-
24	Repayment of Deposits Taken	2,500.00	-	-	-	-	-	-	-	-	-
25	Repayment of Deposits Given	2,500.00	-	-	-	-	-	-	400.00	395.01	-
26	Investment in Subsidiaries	-	-	-	-	-	-	-	1,080.00	-	-
27	Investment in Non Convertible Debentures of Subsidiaries	-	-	-	-	750.00	-	-	3,000.00	-	-
28	Advances received from customer	-	-	-	-	-	-	-	-	-	-
	<b>Guarantees</b>										
29	Given on behalf of Shipping Principals (Renewed)	-	-	-	-	-	-	-	-	-	7,828.09
30	Given on behalf of a Subsidiary	-	-	-	-	-	-	-	8,500.00	1,094.27	4,480.00
	<b>Outstandings</b>										
31	Trade Payables	-	-	-	-	-	10.50	-	-	-	557.03
32	Advances received from customer	-	-	-	-	-	-	-	-	-	407.68
33	Interest accrued	-	-	-	-	-	-	-	-	-	-
34	Trade Receivables	-	-	-	-	-	-	-	65.22	-	-
35	Long Term Loans and Advances	-	-	-	-	-	-	-	6.87	-	-
36	Short Term Loans and Advances	-	-	-	-	-	-	-	201.22	42.87	-
37	Provision for Doubtful Loans and Advances	-	-	-	-	-	-	-	25.41	-	-
38	Provision for Doubtful Trade Receivables	-	-	-	-	-	-	-	-	-	-
39	Deposits Receivable	-	-	-	-	5.00	-	-	-	-	-
40	Inter-corporate deposits receivable	-	-	-	-	5.00	-	-	200.00	-	-
41	Guarantees Given	-	-	-	-	-	-	-	11,920.00	-	12,408.09
42	Guarantees Taken	2,990.53	-	-	-	-	-	-	3,420.00	3,533.37	4,480.00
		2,725.23	-	-	-	-	-	-	-	-	-

**Footnote:**

Figures in italics are in respect of the previous year.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014**

₹ In Lakhs

	B	C	C	C	D	D	E	E	E	F	
	Volkart Fleming Shipping & Services Ltd.	Forval International Services Ltd.	Gokak Textiles Ltd.	Shapoorji Pallonji Investment Advisors Pvt. Ltd.	SP Fabricators Pvt. Ltd.	The Svadeshi Mills Company Ltd.	Neuro Consultancy Service Ltd.	Edumetry Inc	Nyro Forbes Products Ltd.	SCI Forbes Ltd.	Managing Director, Mr. Ashok Barat.
<b>Nature of Transaction</b>											
<b>Finance</b>											
22 Inter-corporate deposits given	-	-	-	-	-	-	-	-	103.53	-	-
23 Inter-corporate deposits taken	-	-	-	-	-	-	-	-	-	-	-
24 Repayment of Deposits Taken	-	-	-	-	-	-	-	-	100.00	-	-
25 Repayment of Deposits Given	-	-	-	-	-	-	-	-	-	-	-
26 Investment in Subsidiaries	-	-	-	-	-	-	-	-	-	-	-
27 Investment in Non Convertible Debentures of Subsidiaries	-	-	-	-	-	-	-	-	-	-	-
28 Advances received from customer	-	-	-	-	-	-	-	-	-	-	-
<b>Guarantees</b>											
29 Given on behalf of Shipping Principals (Renewed)	-	-	-	-	-	-	-	-	-	-	-
30 Given on behalf of a Subsidiary	-	-	-	-	-	-	-	-	-	-	-
<b>Outstandings</b>											
31 Trade Payables	-	-	-	-	-	-	-	-	-	-	-
32 Advances received from customer	-	-	-	-	-	-	-	-	-	-	-
33 Interest accrued	-	-	-	-	-	-	-	-	268.73	-	-
34 Trade Receivables	-	-	-	-	4.45	20.15	-	-	1.25.50	-	-
35 Long Term Loans and Advances	-	-	-	-	-	4,391.78	-	-	-	-	-
36 Short Term Loans and Advances	-	-	-	-	-	4,391.78	-	-	-	-	-
37 Provision for Doubtful Loans and Advances	-	-	22.71	-	-	4,391.78	-	-	-	-	-
38 Provision for Doubtful Trade Receivables	-	-	-	-	-	20.15	-	-	-	-	-
39 Deposits Receivable	-	-	-	-	-	20.15	-	-	-	-	-
40 Inter-corporate deposits receivable	185.00	-	-	-	-	-	-	-	1,103.53	-	-
41 Guarantees Given	185.00	-	-	-	-	-	-	-	1,100.00	-	-
42 Guarantees Taken	-	-	-	-	-	-	-	-	-	-	-

**Footnote:**

Figures in italics are in respect of the previous year.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

## 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 ₹ 122.14 Lakhs; (Previous year: ₹ 212.31 Lakhs) and ₹ 76.17 Lakhs; (Previous year: ₹ 128.32 Lakhs) respectively.

(ii) Depreciation recognised in the statement of profit and loss is ₹ 38.01 Lakhs; (Previous year: ₹ 53.09 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:

Period	As at 31st March, 2014		As at 31st March, 2013	
	MLP	PV of MLP	MLP	PV of MLP
Not later than one year	36.52	33.26	41.87	37.31
Later than one year but not later than five years	18.63	17.98	53.74	49.83
Later than five years	-	-	-	-
<b>TOTAL</b>	<b>55.15</b>	<b>51.24</b>	<b>95.61</b>	<b>87.14</b>
Less: Amounts representing finance charges	(3.91)	-	(8.47)	-
Present value of minimum lease payments	<b>51.24</b>	<b>51.24</b>	<b>87.14</b>	<b>87.14</b>

## (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, 2014 ₹ In Lakhs	As at 31st March, 2013 ₹ In Lakhs
Gross carrying amount	1,067.62	1,087.34
Less: Accumulated depreciation	466.39	417.35
Net carrying amount	601.23	669.99
Depreciation for the year	31.25	33.80

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

Period	As at 31st March, 2014 ₹ In Lakhs	As at 31st March, 2013 ₹ In Lakhs
Not later than one year	464.05	398.00
Later than one year but not later than five years	54.11	392.67
Later than five years	-	-
<b>TOTAL</b>	<b>518.16</b>	<b>790.67</b>

## 36. Earnings per share

Earnings per share is computed as under:

S. No.	Particulars	Remarks	For the year ended 31st March, 2014	For the year ended 31st March, 2013
1.	(Loss) / Profit for the year (₹ In Lakhs)	A	(2,971.16)	3,134.77
2.	Weighted average number of equity shares outstanding during the year	B	1,28,98,616	1,28,98,616
3.	<b>Earnings per equity share (Nominal value of share ₹ 10)- (Basic &amp; Diluted) (₹)</b>	<b>C=A/B</b>	<b>(23.03)</b>	<b>24.30</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

### 37. Deferred tax

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

Nature of Timing Difference	<i>(Liabilities) / Assets</i> As at 31st March, 2013 ₹ in Lakhs	<b>(Charge) / credit for</b> <b>the year</b> ₹ in Lakhs	<b>(Liabilities) / Assets</b> As at 31st March, 2014 ₹ in Lakhs
	<b>(A)</b>	<b>(B)</b>	<b>(C) = (A) + (B)</b>
Related to fixed assets	(1,145.91)	90.03	(1,055.88)
Voluntary retirement scheme	57.84	11.00	68.84
Provisions for doubtful debts and advances	141.17	59.95	201.12
Provisions and liabilities to be allowed on payment basis	280.38	(69.67)	210.71
Unabsorbed depreciation	666.52	(91.31)	575.21
	-	-	-

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, 2014				For the year ended 31st March, 2014	
			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	5.01	380.03	-	-	381.76	2.44
		<i>50</i>	<i>6.37</i>	<i>345.67</i>	<i>-</i>	<i>-</i>	<i>7.49</i>	<i>0.97</i>
SCI Forbes Limited	India	25	10,106.70	5,395.85	48.85	-	1,942.42	2,087.81
		<i>25</i>	<i>10,179.29</i>	<i>5,319.29</i>	<i>5.86</i>	<i>-</i>	<i>1,333.62</i>	<i>3,113.11</i>

Figures in italics relate to the previous year.

### 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, 2014

Currency	Buy / Sell	Cross Currency	As at 31st March, 2014		As at 31st March, 2013	
			₹ in Lakhs	FC in Lakhs	₹ in Lakhs	FC in Lakhs
US Dollar	Buy	₹	-	-	849.44	US\$ 15.58



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

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

	As at		As at		Particulars	31st March,	31st March,
	31st March, 2014		31st March, 2013			2014	2013
	₹ in Lakhs	FC in Lakhs	₹ in Lakhs	FC in Lakhs		₹ in Lakhs	₹ in Lakhs
a) Trade receivables	220.61	US\$ 3.69	221.99	US\$ 4.07	a) Principal amount remaining unpaid to any supplier as at the end of the accounting year	125.02	163.20
	68.29	GBP 0.69	84.35	GBP 1.02	b) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	1.48	2.42
	0.37	EUR 0.00	6.04	EUR 0.09	c) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
b) Trade payables	107.88	US\$ 1.80	432.69	US\$ 7.94	d) The amount of interest due and payable for the year	8.52	9.32
	9.05	EUR 0.11	10.87	EUR 0.16	e) The amount of interest accrued and remaining unpaid at the end of the accounting year	26.08	17.57
	1.03	CHF 0.02	-	-	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	17.56	8.25
c) Short-term Borrowings							
Buyers Credit	149.76	US\$ 2.50	1,078.30	US\$ 19.78			
Interest Payable							
Buyers Credit	0.56	US\$ 0.01	0.11	US\$ 0.00			
d) Advances given							
(i) for import of goods	85.45	US\$ 1.43	8.04	US\$ 0.15			
	0.06	EUR 0.00	1.23	EUR 0.02			
(ii) for capital goods	-	-	8.80	US\$ 0.16			
e) Advances received							
from customers	7.55	US\$ 0.13	48.99	US\$ 0.90			
	0.68	GBP 0.01	-	-			
	0.37	EUR 0.00	-	-			
f) Balance with bank	4.43	US\$ 0.07	4.15	US\$ 0.08			

## Footnote:

FC	Foreign Currency
US \$	United States Dollar
GBP	Great British Pound
CHF	Swiss Franc
EUR	Euro

#### 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:-

#### 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, 2014 ₹ in Lakhs	31st March, 2013 ₹ in Lakhs
Balance as at the beginning of the year	120.00	120.00
Add: Provisions made during the year	-	-
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, 2014 ₹ in Lakhs	31st March, 2013 ₹ in Lakhs
Balance as at the beginning of the year	264.00	-
Add: Provisions made during the year	60.50	264.00
	<u>324.50</u>	<u>264.00</u>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014**

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

Particulars	Year ended	Year ended
	31st March, 2014	31st March, 2013
	₹ in Lakhs	₹ in Lakhs
Steel bars	1,085.21	993.53
Wire rods	924.30	820.01
Carbide blanks	1,201.28	1,130.26
HSS blanks	275.12	337.01
Various components for Steam Turbine	887.96	4,686.04
Others	860.62	179.23
<b>TOTAL</b>	<b>5,234.49</b>	<b>8,146.08</b>

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

Steam turbine	305.61	772.72
Components and accessories	15.02	203.20
Automated impact markers	8.99	488.12
Other traded tools instruments	35.59	36.32
<b>TOTAL</b>	<b>365.21</b>	<b>1,500.36</b>

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

Product	(₹ in Lakhs)		
	Opening stock	Closing stock	Sales
	31st March, 2013	31st March, 2014	31st March, 2014
<b>A. Manufactured goods</b>			
1. Threading tools	269.05	292.27	6,947.08
	(295.10)	(269.05)	(7,262.39)
2. Carbide tools	117.94	166.27	3,002.10
	(157.88)	(117.94)	(2,991.20)
3. Spring washers	50.80	45.43	1,785.57
	(79.76)	(50.80)	(1,770.51)
4. Steam turbine	-	-	880.43
	-	-	(5,921.01)
5. Printing and embossing machines:			
a) Conventional marking system	1.50	4.69	43.54
	(9.69)	(1.50)	(39.40)
b) Automated marking system	72.55	101.10	743.91
	-	(72.55)	(68.93)
6. Precision interchangeable steel types sets along with rotary wheels, holding devices and fixtures for composite metal indentation	46.32	33.48	490.21
	(48.03)	(46.32)	(635.26)
7. Cutting tools	35.80	17.40	220.12
	-	(35.80)	(79.65)
8. High Tensil Fastners	5.55	28.99	68.35
	-	(5.55)	(1.86)
9. Components and accessories	86.52	38.56	283.46
	-	(86.52)	(137.55)
	<b>686.03</b>	<b>728.19</b>	<b>14,464.77</b>
	(590.46)	(686.03)	(18,907.76)

**B. Traded goods**

1. Cutting tools	0.10	0.08	11.98
	(0.07)	(0.10)	(11.09)
2. Steam turbine	-	-	99.50
	-	-	(762.53)
3. Components and accessories	3.57	0.93	42.27
	(35.67)	(3.57)	(273.65)
4. Automated impact markers	39.42	2.49	19.83
	(63.84)	(39.42)	(494.29)
5. Other traded tools instruments	7.56	0.51	46.54
	(2.64)	(7.56)	(40.64)
	<b>50.65</b>	<b>4.01</b>	<b>220.12</b>
	(102.22)	(50.65)	(1,582.20)
<b>TOTAL (A + B)</b>	<b>736.68</b>	<b>732.20</b>	<b>14,684.89</b>
	(692.68)	(736.68)	(20,489.96)

**Footnote:**

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

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

Product	Opening stock	Closing stock
	1st April, 2013	31st March, 2014
1. Threading Tools	273.88	280.90
	(315.12)	(273.88)
2. Carbide Tools	81.56	65.51
	(102.96)	(81.56)
3. Spring Washer	53.09	19.94
	(46.83)	(53.09)
4. Precision interchangeable steel types sets alongwith rotary wheels, holding devices and fixtures for composite metal indentation.	19.85	6.73
	(30.86)	(19.85)
5. Automated impact markers	-	0.21
	-	-
6. High Tensil Fastners	-	0.01
	-	-
<b>TOTAL</b>	<b>428.38</b>	<b>373.30</b>
	(495.77)	(428.38)

**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	For the year ended
	31st March, 2014	31st March, 2013
	₹ in Lakhs	₹ in Lakhs
(a) Raw materials	2,058.09	826.25
(b) Components	316.78	3,485.69
(c) Stores, spares and tools	134.90	128.19
(d) Capital goods	-	946.04
(e) Purchases for resale	59.41	571.23
	<b>2,569.18</b>	<b>5,957.40</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

	For the year ended 31st March, 2014	For the year ended 31st March, 2013
	₹ in Lakhs	₹ in Lakhs
<b>46. Expenditure in foreign currencies:</b>		
(a) Commission to overseas agents	30.98	29.42
(b) Foreign travel	18.45	25.36
(c) Royalty	-	19.42
(d) Others	87.55	309.55
	<u>136.98</u>	<u>383.75</u>
<b>47. Earnings in foreign exchange:</b>		
(a) Export of goods calculated on F.O.B. basis	1,939.01	1,804.57
(b) Commission and other services	23.37	22.87
(c) Freight and insurance recoveries	29.92	28.31
	<u>1,992.30</u>	<u>1,855.75</u>

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

	For the year ended 31st March, 2014		For the year ended 31st March, 2013	
	% to Total Consumption	Value ₹ in Lakhs	% to Total Consumption	Value ₹ in Lakhs
<b>(a) Raw materials and components</b>				
Direct Imports at landed cost	33	1,749.63	56	4,524.44
Indigenous - Including value of imported items locally purchased	67	3,484.86	44	3,621.64
<b>TOTAL</b>	<u>100</u>	<u>5,234.49</u>	<u>100</u>	<u>8,146.08</u>
<b>(b) Stores, spares and tools</b>				
Direct Imports at landed cost	16	127.01	17	125.76
Indigenous - Including value of imported items locally purchased	84	691.54	83	613.16
<b>TOTAL</b>	<u>100</u>	<u>818.55</u>	<u>100</u>	<u>738.92</u>

## 49. Additional disclosure as required by the amended clause 32 of the listing agreement with relevant Stock Exchanges: ₹ in Lakhs

Sr. No.	Name	Balance as at 31st March, 2014	Maximum amount outstanding during the year	No. of shares of the Company held by the loanees as at 31st March, 2014
	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)	* 4,391.78	4,391.78	-
		* 4,391.78	4,391.78	-
2.	Coromondal Garments Limited - Associate Company (carrying no interest)	* 364.99	364.99	-
		* 364.99	364.99	-
3.	Forbes Edumetry Limited - Subsidiary	0.52	357.34	-
		* 356.33	356.33	-
4.	Edumetry INC - Joint Venture	* 72.03	72.03	-
		* 71.27	71.27	-

**Note:** \* Provided as doubtful  
The above excludes loans to employees.  
Figures in italics are in respect of the previous years.

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**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014**

50. 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, 2014 [*Previous year: ₹ 4,756.77 Lakhs (Secured ₹ 4,716.78 Lakhs)*] granted to The Svadeshi Mills Company Limited and its subsidiary Coromandal Garments Limited. The Company, being a secured creditor, with adjudicated dues by the official Liquidator, expects to receive the dues when the matter is ultimately disposed off.
51. Previous year figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

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	SHAPOOR P. MISTRY ASHOK BARAT	<i>Chairman Managing Director</i>
	S.L. GOKLANEY T.R. DOONGAJI KAIWAN D. KALYANIWALLA D. SIVANANDHAN JIMMY J. PARAKH JAI L. MAVANI AMEETA CHATTERJEE K. DASARATHARAMAN	} <i>Directors</i>
PANKAJ KHATTAR <i>Company Secretary</i>	<i>Mumbai, 27th May, 2014</i>	

## STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES (₹ in Lakhs)

	Aquadagnostic Water Research & 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	EPL Maruthi Limited	Forbes Bumi Armada Limited	Forbes Bumi Armada Offshore Limited	Forbes Container Lines Pte. Limited	Forbes Facility Services Pvt. Limited
1. Financial Year of the Subsidiary Company	31st March, 2014	31st March, 2014	31st March, 2014	31st March, 2014	31st March, 2014	31st December, 2013	31st March, 2014	31st March, 2014	31st March, 2014	31st March, 2014	31st March, 2014	31st March, 2014
2. (a) Number of Shares held in a Subsidiary Company				37,28,000 Shares of ₹ 10 each				1050,021 Shares of ₹ 10 each		8,64,960 Shares of SGD 1 each		
(b) Percentage of the Shareholding in a Subsidiary Company			100.0%					50.001%		100%		
3. Subscribed Share Capital (No of Shares) of the Subsidiary Company	20,00,000 Shares of ₹ 10 each	40,00,160 Shares of ₹ 10 each	10,00,000 Shares of ₹ 10 each	37,28,000 Shares of ₹ 10 each	5,00,000 Shares of Singapore \$ 1 each	300 Shares of AED 1000 each	50,000 Shares of ₹ 10 each	15,001 Shares of Eur 1 each	55,00,000 Shares of ₹ 10 each	1,00,00,000 Shares of ₹ 10 each	8,64,960 Shares of SGD 1 each	10,00,000 Shares of ₹ 10 each
4. The net aggregate amount of the profits of the Subsidiary Company for the financial year so far as it concerns the members of Forbes & Company Limited which have not been dealt with in the accounts of Forbes & Company Limited upto 31st March, 2014 is as follows:												
For the year	-	-	-	1,936.29	-	-	-	-	-	828.60	704.08	-
For the previous years	-	-	-	16,788.63	-	-	-	-	-	(201.20)	(647.01)	-
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, 2014 being the dividend received etc. are as under												
For the year	-	-	-	-	-	-	-	-	-	-	-	-
For the previous years	-	-	-	7,845.13	-	-	-	-	-	-	146.54	-

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES** (₹ in Lakhs)

	Forbes Campbell Services Limited	Forbes Edumetry Limited	Forbes Enviro Solutions Limited	Forbes Lux FZCO	Forbes Lux International AG	Forbes Shipping Services LLC	Forbes Technosys Limited	Forbes Campbell Finance Limited	Forbes Hogar Paraguay Electrodomes Ticos S.A.	Forbes CZ s.r.o. (Deutschland) GMBH
1. Financial Year of the Subsidiary Company	31st March, 2014	31st March, 2014	31st March, 2014	31st December, 2013	31st December, 2013	31st March, 2014	31st March, 2014	31st March, 2014	31st December, 2013	31st December, 2013
2. (a) Number of Shares held in a Subsidiary Company	50,000 Shares of ₹ 10 each	28,80,000 Shares of ₹ 10 each	50,000 Shares of ₹ 10 each	12 Shares of AED 1,00,000 each	1,000 Shares of CHF 1,000 each	300 Shares of AED 10,000 each	2,18,97,200 Shares of ₹ 10 each	38,64,131 Shares of ₹ 10 each	1,000 Shares of PYG 50,000,000 each	2,00,00,000 Shares of CZK 1 each Eur 71,53,000
(b) Percentage of the Shareholding in a Subsidiary Company								100%		
3. Subscribed Share Capital (No of Shares) of the Subsidiary Company	50,000 Shares of ₹ 10 each	28,80,000 Shares of ₹ 10 each	50,000 Shares of ₹ 10 each	12 Shares of AED 1,00,000 each	1,000 Shares of CHF 1,000 each	300 Shares of AED 10,000 each	2,18,97,200 Shares of ₹ 10 each	38,64,131 Shares of ₹ 10 each	1,000 Shares of PYG 50,000,000 each	2,00,00,000 Shares of CZK 1 each Eur 71,53,000
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, 2014 is as follows:										
For the year	-	-	-	-	-	-	-	(873.73)	-	-
For the previous years	-	-	-	-	-	-	-	(2,673.41)	-	-
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, 2014 being the dividend received etc. are as under										
For the year	-	-	-	-	-	-	-	-	-	-
For the previous years	-	-	-	-	-	-	-	52.48	-	-



STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

(₹ in Lakhs)

	Lux Hungaria Kereskedelmi Kft	Lux International AG	Lux Italia srl	Lux Norge A/C	Lux Osterreich GMBH	Lux Schweiz AG	Lux SK/s.to.	Lux Service GMBH	Radiant Energy Systems Private Limited	Volkart Fleming Shipping & Services Limited	Waterwings Equipments Private Limited
	31st December 2013	31st December 2013	31st December 2013	31st December 2013	31st December 2013	31st December 2013	31st December 2013	31st December 2013	31st March 2014	31st March 2014	31st March 2014

1. Financial Year of the Subsidiary Company

2. (a) Number of Shares held in a Subsidiary Company

(b) Percentage of the Shareholding in a Subsidiary Company

3. Subscribed Share Capital (No of Shares) of the Subsidiary Company

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, 2014 is as follows:

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, 2014 being the dividend received etc. are as under

For the year

For the previous years

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

♦ Held by Forbes Campbell Finance 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 Forbes Container Lines PTE Limited a Subsidiary of the Company.

● Held by Forbes Lux International AG, Subsidiary of Aquamall Water Solution Limited

▼ Held by Lux International AG, Subsidiary of Forbes Lux International AG

■ Held by Lux (Deutschland) GMBH, subsidiary of Lux International AG.

■ Held by Lux International A.G., subsidiary of Forbes Lux International A.G.

■ Euro Forbes Maritimus Limited subsidiary of EFL Maritimus Limited has wound up its operations w.e.f.20.12.2013 hence ceased to be a subsidiary

SHAPOOR P. MISTRY  
ASHOK BARAI

Chairman  
Managing Director

S.L. GOKLANEY  
T.R. DOONGAJI  
KAIWAN D. KALYANIWALLA  
D. SIVANANDHAN  
JIMMY J. PARAKH  
JAI L. MAVANI  
AMEETA CHATTERJEE  
K. DASARATHARAMAN  
Mumbai, 27th May, 2014

Directors

PANKAJ KHATTAR  
Company Secretary

## Additional Information on the Subsidiary Companies

₹ In Lakhs

	Aquadagnostic Water Research & Technology Centre Limited	Aquamall Water Solutions Limited	Eureka Forbes Limited	E4 Development & Coaching Limited	Euro Forbes International Pte. Limited		EFL Mauritius Limited		Euro Forbes Mauritius Limited		Euro Forbes Financial Services Limited	Euro Forbes Limited Dubai		Forbes Binmi Armada Limited	Forbes Binmi Armada Offshore Limited	Forbes Container Line Pte. Limited		
					in US \$	Rate	₹ in Lakhs	in EUR	Rate	₹ in Lakhs		in EUR	Rate			₹ in Lakhs	in US \$	Rate
					AVG	AVG	AVG	AVG	AVG	AVG		AVG	AVG			AVG	AVG	
(a) Capital	200.00	400.02	372.80	100.00	287.20	73.93	21,234.26	-	-	5.00	0.82	45.07	36.82	550.00	1,000.00	27.51	47.45	1,305.45
(b) Reserves	★ (192.30)	23,103.29	18,083.78	★ (83.58)	16.05	214.96	3,449.78	-	-	★ (1.59)	★ (9.29)	60.30	★ (559.94)	100.75	1,254.97	★ (2.37)	47.45	★ (112.29)
(c) Total Assets	▲ 112.82	43,197.88	95,194.51	52.03	307.60	81.41	25,041.80	-	-	3.71	33.66	61.77	2,079.44	666.84	11,265.35	48.97	47.45	2,323.33
(d) Total Liabilities	105.12	19,694.57	76,737.93	35.61	4.35	82.18	357.76	-	-	0.30	42.13	61.77	2,602.57	16.08	9,010.37	23.82	47.45	1,130.17
(e) Details of Investment																		
Long Term	-	292.79	21,681.61	-	-	-	-	-	-	-	-	-	-	-	21.91	-	-	-
Current	-	1.00	10.54	-	-	-	-	-	-	-	-	-	-	647.37	301.55	-	-	-
Subsidiary	-	14,987.58	876.42	-	28.14	-	2,076.50	-	-	-	27.08	61.77	1,673.05	-	-	1.01	-	48.06
<b>Sub Total</b>	-	<b>15,281.37</b>	<b>22,568.56</b>	-	<b>28.14</b>	-	<b>2,076.50</b>	-	-	-	<b>27.08</b>	-	<b>1,673.05</b>	<b>647.37</b>	<b>323.46</b>	<b>1.01</b>	-	<b>48.06</b>
(f) Turnover	71.91	52,136.55	144,690.80	68.75	-	-	-	-	-	-	-	-	-	-	48,176.79	299.46	48.16	14,421.48
(g) Profit before Taxation	(6.15)	5,332.74	2,691.41	5.39	(10.96)	82.36	1,129.12	0.21	67.08	(0.19)	(3.24)	59.58	(192.75)	49.01	2,326.34	14.02	48.16	675.16
(h) Provision for Taxation	-	1,122.40	755.12	0.06	-	-	116.12	-	-	-	-	-	-	2.08	669.16	0.06	-	2.82
Income Tax	-	1,117.77	950.00	-	-	-	116.12	-	-	-	-	-	-	2.20	670.00	-	-	-
Deferred Tax	-	4.63	(194.88)	0.06	-	-	-	-	-	(0.12)	-	-	-	(0.12)	(0.84)	0.06	-	2.82
Fringe Benefit Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(i) Profit After Taxation	(6.15)	4,210.34	1,936.29	5.33	(10.96)	82.36	1,013.00	0.21	67.08	(0.19)	(3.24)	59.58	(192.75)	46.92	1,657.17	13.96	48.16	672.33
(j) Proposed Dividend	-	1,200.05	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

## Additional Information on the Subsidiary Companies

	Forbes Campbell Services Limited		Forbes Edumetry Limited	Forbes Enviro Solutions Limited	Forbes Facility Services Private Limited	Forbes Lux EZCO		Forbes Lux Group AG		Forbes Lux International AG		Forbes Shipping Services LLC		Forbes Technosys Limited	Forbes Campbell Finance Limited	Hogar Paraguay Electrodomesticos S.A		Lux CZ s.r.o.					
	in S \$	Rate				₹ In Lakhs	CHF	Rate	₹ In Lakhs	CHF	Rate	₹ In Lakhs	In AED			Rate	₹ In Lakhs	Euro	Rate	₹ In Lakhs	Euro	Rate	₹ In Lakhs
(a) Capital	5.00	3.27	54.29	177.29	10.00	69.33	253.00	66.66	16,864.08	3.00	16.27	48.80	5,389.72	386.41	8.05	84.96	7.30	84.96	620.22				
(b) Reserves	1.22	★ (31.15)	61.00	★ (1,900.12)	3.80	71.37	(7.00)	1,207.33	(8,447.24)	0.55	16.27	8.89	★ (1,884.75)	★ (468.22)	2.73	84.96	★ (4.01)	84.96	★ (340.70)				
(c) Total Assets	8.39	302.91	61.77	18,711.81	20.84	69.32	931.05	60.03	55,895.17	36.60	16.27	595.29	17,130.65	1,841.13	39.62	84.96	8.96	84.96	761.26				
(d) Total Liabilities	2.17	330.79	61.77	20,434.64	7.04	68.20	685.05	69.31	47,478.32	-	-	-	13,625.69	1,922.94	28.84	84.96	5.67	84.96	481.74				
(e) Details of Investment																							
Long Term	-	-	-	-	-	-	-	-	-	-	-	-	-	134.93	-	-	-	-	-				
Current	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
Subsidiary	-	-	-	-	6.44	69.37	881.74	59.52	52,477.72	-	-	-	-	1,496.31	-	-	-	-	-				
Sub Total	-	-	-	-	6.44	446.79	881.74	52.477.72	-	-	-	-	-	1,631.24	-	-	-	-	-				
(f) Turnover	43.78	53.30	60.08	3,202.17	-	-	-	-	-	27.05	-	447.37	24,945.77	0.83	34.62	82.42	14.53	82.42	1,197.76				
(g) Profit before Taxation	0.06	(30.29)	53.43	(621.03)	2.95	82.42	(14.12)	67.24	(949.22)	1.96	16.54	32.35	158.45	(860.51)	1.72	82.42	(8.18)	82.42	(674.26)				
(h) Provision for Taxation	0.02	-	-	-	0.34	-	-	-	-	-	-	-	-	13.22	1.24	82.42	(0.40)	82.42	(33.29)				
Income Tax	0.02	-	-	-	0.34	82.42	27.96	-	-	-	-	-	-	13.22	1.24	82.42	(0.40)	82.42	(33.29)				
Deferred Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
Fringe Benefit Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
(i) Profit After Taxation	0.04	(11.62)	53.43	(621.03)	2.61	82.42	(14.12)	67.24	(949.22)	1.96	16.54	32.35	158.45	(873.73)	0.48	82.42	(7.78)	82.42	(640.98)				
Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				

## Additional Information on the Subsidiary Companies

	Lux (Deutschland) GmbH		Lux Hungaria Kereskedelmi Kft		Lux International AG		Lux Italia srl		Lux Norge A/s		Lux Osterreich GmbH		Lux Schweiz AG		Lux / Sk/ s.r.o.		Radiant Energy Systems Pvt. Limited	Volkart Fleming Shipping Services & Limited	Waterways equipments Pvt. Limited									
	Euro	₹ In Lakhs	Euro	₹ In Lakhs	CHF	Rate	₹ In Lakhs	Euro	₹ In Lakhs	Euro	₹ In Lakhs	Euro	₹ In Lakhs	Euro	₹ In Lakhs	Euro				₹ In Lakhs								
(a) Capital	71.53	84.96	6,077.35	1.01	84.96	85.81	75.00	69.32	5,198.84	1.10	84.96	93.46	1.19	84.96	101.11	5.00	84.96	424.81	0.82	84.96	69.67	1.33	84.96	113.00	7.25	50.39	5.00	
(b) Reserves	★(49.54)	84.96	★(4,209.03)	34.97	84.96	2,971.13	134.82	69.95	9,430.82	★(0.68)	84.96	★(57.77)	3.86	84.96	327.95	2.12	84.96	180.12	1.54	84.96	130.84	★(1.04)	84.96	★(139.34)	163.00	334.81	42.81	
(c) Total Assets ▲	180.48	84.96	15,334.00	73.81	84.96	6,271.07	247.90	69.31	17,182.78	4.94	84.96	419.71	19.58	84.96	1,665.56	31.24	84.96	2,654.22	5.65	84.96	480.04	2.53	84.96	214.95	618.51	680.47	585.53	
(d) Total Liabilities	158.49	84.96	13,465.67	37.83	84.96	3,214.12	38.08	67.05	2,553.12	4.52	84.96	384.03	14.53	84.96	1,234.50	24.12	84.96	2,049.29	3.29	84.96	279.53	2.84	84.96	241.29	448.26	295.28	537.73	
(e) Details of Investment Long Term	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Current	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subsidiary	97.50	84.96	8,283.82	-	-	-	162.72	69.37	11,287.76	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub Total	97.50	-	8,283.82	-	-	162.72	-	11,287.76	-	-	0.08	-	-	-	6.80	-	-	-	-	-	-	-	-	-	-	-	-	-
(f) Turnover	117.00	82.42	9,642.54	58.85	82.42	4,850.44	-	-	-	12.11	82.42	998.00	31.13	82.42	2,565.46	40.45	82.42	3,333.45	10.58	82.42	872.28	7.04	82.42	580.04	1,019.21	138.68	1,690.69	
(g) Profit before Taxation	(38.59)	82.42	(3,180.85)	(2.66)	82.42	(219.26)	36.24	67.19	2,434.77	(3.13)	82.42	(258.09)	(0.29)	82.42	(24.17)	2.20	82.42	181.00	0.24	82.42	19.71	(1.87)	82.42	(154.18)	82.91	9.79	(62.39)	
(h) Provision for Taxation	2.58	-	212.90	2.93	-	241.69	(2.90)	-	(194.70)	0.26	-	21.75	(3.91)	-	(322.56)	0.19	-	15.53	0.04	-	3.11	(0.04)	-	(3.11)	26.95	3.38	(1.70)	
Income Tax	-	-	-	3.16	82.42	260.47	(2.90)	67.19	(194.70)	0.26	83.65	21.75	-	-	-	0.19	82.42	15.53	0.04	82.41	3.11	(0.04)	82.41	(3.11)	28.00	2.65	-	
Deferred Tax	2.58	82.42	212.90	(0.23)	82.42	(18.79)	-	-	-	-	(3.91)	82.42	(322.56)	-	-	-	-	-	-	-	-	-	-	-	(1.05)	0.73	(1.70)	
Fringe Benefit Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(i) Profit After Taxation	(41.18)	82.42	(3,393.74)	(5.59)	82.42	(460.94)	39.14	67.19	2,629.47	(3.40)	82.42	(279.84)	3.62	82.42	298.38	2.01	82.42	165.46	0.20	82.42	16.60	(1.83)	82.42	(151.08)	55.96	6.40	(60.69)	
(j) Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

★ Net of Debit balance of Profit &amp; Loss Accounts.

▲ Includes Investments

SHAPOOR P. MISTRY  
ASHOK BARATChairman  
Managing DirectorS.L. GOKLANEY  
T.R. DOONGAJI  
KAIWAN D. KALYANIWALLA  
D. SIVANANDHAN  
JIMMY J. PARAKH  
JAI L. MAVANI  
AMEETA CHATTERJEE  
K. DASARATHARAMAN  
Mumbai, 27th May, 2014

Directors

PANKAJ KHATTAR  
Company Secretary

**CONSOLIDATED FINANCIAL STATEMENTS  
FORMING PART OF ANNUAL REPORT OF  
FORBES & COMPANY LIMITED FOR THE  
YEAR ENDED 31ST MARCH, 2014**

## 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 31<sup>st</sup> March, 2014, 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) Attention is invited to Note 46 of the consolidated financial statements, in respect of one subsidiary group, namely, Forbes Container Line Pte. Limited Group, where the consolidated financial statements have been audited by other auditors, the auditors have qualified their report stating that the receivables control accounts aggregating ₹ 121.51 Lakhs and payables control accounts aggregating ₹ 224.61 Lakhs recorded by its subsidiary as at 31<sup>st</sup> March, 2014 have not been matched and reconciled with the respective customers and suppliers. In addition, the holding company i.e. Forbes Container Line Pte. Limited has not recognised these amounts in its own financial statements. Also, the auditors were not provided with necessary information and explanation to carry out alternative audit procedures to satisfy accuracy and completeness of these amounts.
- (b) Attention is invited to Note 2B(viii) of the consolidated financial statements, in respect of a subsidiary, namely, Forbes Edumetry Limited, where the financial statements have been audited by other auditors, the auditors have qualified their report stating that the company has had no revenues over the last few years. Further, the accumulated losses of the company exceed the paid up capital of the company by more than two times. No new business appears to be in the pipeline. This situation indicates the existence of a material uncertainty that may cast a significant doubt on the company's ability to discharge its liabilities in the normal course of business and therefore to continue as a going concern. Despite the above factors, the company's accounts have been prepared on a going concern basis and consequently no adjustment has been carried out in these consolidated financial statements. This matter was also qualified in our report on the financial statements for the year ended 31<sup>st</sup> March, 2013.
- (c) Attention is invited to Note 2B(xi) of the consolidated financial statements, for non inclusion of 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. This matter was also qualified in our report on the financial statements for the year ended 31<sup>st</sup> March, 2013.

#### Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph above, and based on the consideration of the reports of the other auditors on the financial statements / consolidated financial statements 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 31<sup>st</sup> March, 2014;
- (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) Attention is invited to Note 44 of the consolidated financial statements, 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 ₹ 16,412.12 Lakhs as at 31<sup>st</sup> December, 2013 (as at December 2012: ₹ 13,811.94 Lakhs) carried under the head non-current assets (trade receivables), against which a provision of ₹ 1,021.95 Lakhs (as at December 2012: ₹ 576.60 Lakhs) has been made in the accounts which in the opinion of management is considered adequate. As at 31<sup>st</sup> December, 2013, Forbes Lux FZCO has deficiency of shareholders equity funds of ₹ 1,722.49 Lakhs (as at 31<sup>st</sup> December, 2012 ₹ 1,004.51 Lakhs). Further, the liability owned by the company to a banker of ₹ 13,590.39 Lakhs (as at 31<sup>st</sup> December, 2012 ₹ 12,031.58 Lakhs) is due for full repayment in June, 2014.
- (b) In respect of a joint venture entity, namely, SCI Forbes Limited, where the consolidated financial statements have been audited by other auditors, the auditors have drawn attention to:
- (i) Note 45 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 3<sup>rd</sup> 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 ₹ 21,282.83 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 50 to the consolidated financial statements regarding the balance in unamortised loan arrangement expenses account amounting to ₹ 1,016.17 Lakhs which represents premium paid for tenure of the loan. The underlying loan has been recalled by the lenders and the Company has made arrangements for refinancing the loan by way of fresh external commercial borrowing and repayment of the existing loan.
- (iii) Note 43 to the consolidated financial statements regarding impairment loss on vessels amounting to ₹ 236.10 Lakhs recognized during the year.
- (c) Attention is invited to Note 52 of the consolidated financial statements, in respect of a joint venture entity, Nypro Forbes Products Limited, wherein it is stated that the joint venture entity has initiated the procedures to comply with the necessary requirements of the Reserve Bank of India with respect to the changes in terms of loan amounting to ₹ 189.12 Lakhs obtained from its foreign group companies.

Our opinion is not qualified in respect of these matters.

**Other Matter**

- (a) We did not audit the financial statements / consolidated financial statements / financial information of 35 subsidiaries (listed in Note 2B (viii) to the consolidated financial statements) and 9 jointly controlled entities (listed in Note 2B(x) to the consolidated financial statements), whose financial statements / consolidated financial statements / financial information reflect total assets (net) of ₹ 206,627.62 Lakhs as at 31<sup>st</sup> March, 2014, total revenues of ₹ 257,677.68 Lakhs and net cash inflows amounting to ₹ 12,399.95 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 ₹ Nil for the year ended 31<sup>st</sup> March, 2014, as considered in the consolidated financial statements, in respect of 3 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 of two jointly controlled entities [See Note 2B(xii) to the consolidated financial statements], whose financial statements reflect total assets of ₹ 149.07 Lakhs as at 31<sup>st</sup> March, 2014, total revenue of ₹ Nil and net cash inflows amounting to ₹ 142.89 Lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been certified by the management of the respective companies and our opinion, in so far as it relates to the amounts and disclosures included in respect of the aforesaid jointly controlled entities is based solely on such unaudited financial statements / financial information. Any adjustment to these financial statements could have consequential effects on the consolidated financial statements. However, the size of these entities in the context of the Group is not material.

Our opinion is not qualified in respect of these matters.

For DELOITTE HASKINS & SELLS LLP  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

Rajesh K. Hiranandani  
Partner  
(Membership No. 36920)

MUMBAI, 27th May, 2014

## CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2014

Particulars	Note No.	₹ in Lakhs	As at	As at
			31st March, 2014	31st March, 2013
			₹ in Lakhs	₹ in Lakhs
<b>I EQUITY AND LIABILITIES</b>				
<b>1 Shareholders' funds</b>				
(a) Share capital	3	1,273.22		1,273.22
(b) Reserves and surplus	4	39,797.98		40,969.23
			<b>41,071.20</b>	<b>42,242.45</b>
<b>2 Preference shares issued by subsidiary companies outside the Group</b>	<b>42 (a)</b>		<b>1,895.06</b>	<b>1,928.28</b>
<b>3 Minority interest</b>			<b>1,730.88</b>	<b>177.93</b>
<b>4 Non-current liabilities</b>				
(a) Long-term borrowings	5	56,005.81		23,141.37
(b) Other long-term liabilities	6	12,742.85		14,046.38
(c) Long-term provisions	7	4,934.86		1,301.82
			<b>73,683.52</b>	<b>38,489.57</b>
<b>5 Current liabilities</b>				
(a) Short-term borrowings	8	15,125.54		7,596.21
(b) Trade payables	9	52,268.10		34,631.73
(c) Other current liabilities	10	59,618.68		34,594.68
(d) Short-term provisions	11	4,539.24		3,254.31
			<b>1,31,551.56</b>	<b>80,076.93</b>
			<b>2,49,932.22</b>	<b>1,62,915.16</b>
<b>TOTAL</b>				
<b>II ASSETS</b>				
<b>1 Non-current assets</b>				
(a) Fixed assets				
(i) Tangible assets	12A	34,476.49		34,051.52
(ii) Intangible assets	12B	2,527.29		1,363.94
(iii) Capital work-in-progress		415.53		214.09
(iv) Intangible assets under development		2,514.98		1,135.40
				<b>39,934.29</b>
(b) Goodwill on consolidation		50,769.64		1,333.64
(c) Non-current investments	13	32.77		6,759.84
(d) Deferred tax assets (net)	39	2,160.58		460.48
(e) Long-term loans and advances	14	10,871.32		11,063.70
(f) Other non-current assets	15	19,970.94		14,066.66
			<b>1,23,739.54</b>	<b>70,449.27</b>
<b>2 Current assets</b>				
(a) Current investments	16	968.13		5,146.34
(b) Inventories	17	36,525.05		31,346.53
(c) Trade receivables	18	56,311.69		35,746.39
(d) Cash and cash equivalents	19	21,173.71		14,166.86
(e) Short-term loans and advances	20	10,031.30		5,705.05
(f) Other current assets	21	1,182.80		354.72
			<b>1,26,192.68</b>	<b>92,465.89</b>
			<b>2,49,932.22</b>	<b>1,62,915.16</b>
<b>TOTAL</b>				

### See accompanying notes forming part of the consolidated financial statements 1 to 55

In terms of our report attached

**For DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants

**RAJESH K. HIRANANDANI**  
Partner  
Mumbai, 27th May, 2014

**PANKAJ KHATTAR**  
Company Secretary

SHAPOOR P. MISTRY  
ASHOK BARAT

Chairman  
Managing Director

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AMEETA CHATTERJEE  
K. DASARATHARAMAN  
Mumbai, 27th May, 2014

Directors

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

Particulars	Note No.	₹ in Lakhs	Year ended	Year ended
			31st March, 2014	31st March, 2013
			₹ in Lakhs	₹ in Lakhs
<b>I</b> Revenue from operations (gross)	<b>22</b>	3,09,306.65		2,02,601.72
Less: Excise duty		2,539.18		2,672.11
Revenue from operations (net)			<b>3,06,767.47</b>	1,99,929.61
<b>II</b> Other income	<b>23</b>		<b>6,462.18</b>	3,109.13
<b>III Total revenue (I + II)</b>			<b>3,13,229.65</b>	2,03,038.74
<b>IV Expenses:</b>				
Cost of materials consumed	<b>24</b>	56,250.20		52,323.60
Purchases of stock-in-trade (traded goods)		51,287.98		40,065.25
Changes in inventories of finished goods, work-in-progress and stock-in-trade	<b>25</b>	(6,053.55)		(9,160.87)
Employee benefits expense	<b>26</b>	50,732.14		30,565.66
Finance costs	<b>27</b>	7,901.49		3,196.99
Depreciation and amortisation expense	<b>28</b>	5,412.97		4,466.18
Other expenses	<b>29</b>	1,39,193.65		76,524.81
<b>Total expenses</b>			<b>3,04,724.88</b>	1,97,981.62
<b>V Profit before exceptional items and tax (III - IV)</b>			<b>8,504.77</b>	5,057.12
<b>VI</b> Exceptional items - (Expense)/ Income	<b>30</b>		<b>(1,304.05)</b>	5,811.31
<b>VII Profit before tax (V + VI)</b>			<b>7,200.72</b>	10,868.43
<b>VIII Tax expense / (benefit):</b>				
(a) Current tax expense		2,373.73		2,783.13
(b) Less: MAT credit entitlement		(29.20)		(19.54)
(c) Excess provision for current tax relating to prior years		13.22		(66.38)
(d) Net current tax expense		2,357.75		2,697.21
(e) Deferred tax		(202.22)		(83.50)
			<b>2,155.53</b>	2,613.71
<b>IX Profit after tax before share of results of associates and minority interest (VII-VIII)</b>			<b>5,045.19</b>	8,254.72
<b>X</b> Share in profit of associates			-	162.14
<b>XI</b> Net minority interest in (profit)/losses of subsidiaries			<b>(1,038.74)</b>	138.21
<b>XII Profit for the year</b>			<b>4,006.45</b>	8,555.07
<b>XIII Earning per equity share:</b>	<b>38</b>			
Basic and diluted earnings per equity share (nominal value of share ₹ 10)			<b>₹30.09</b>	₹65.88

See accompanying notes forming part of the consolidated financial statements 1 to 55

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

**RAJESH K. HIRANANDANI**  
Partner  
Mumbai, 27th May, 2014

PANKAJ KHATTAR  
Company Secretary

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AMEETA CHATTERJEE  
K. DASARATHARAMAN  
Mumbai, 27th May, 2014

Directors

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

	Year ended 31st March, 2014 Note No. (₹ in Lakhs)	Year ended 31st March, 2013 (₹ in Lakhs)
<b>Profit before tax</b>	<b>7,200.72</b>	<b>10,868.43</b>
<b>Adjustments for -</b>		
Depreciation and amortisation expense	5,412.97	4,466.18
Provision for impairment on fixed assets (Ships) (See Note 43)	60.82	1,146.31
Provision for estimated losses on onerous contracts	60.50	264.00
Net gain on sale of investments	(583.94)	(114.89)
Interest on long-term investments	(2.12)	(28.55)
Interest on bank deposits	(857.65)	(517.18)
Interest on inter-corporate deposits	(70.58)	(83.82)
Finance costs	7,901.49	3,196.99
Dividend income	(79.24)	(82.15)
Profit on sale of fixed assets (net)	(74.10)	(67.28)
Provision for doubtful trade receivables / loans and advances	610.25	287.48
Bad trade receivables / advances written off	546.78	593.77
Credit balances / excess provision written back	(267.75)	(818.72)
Provision for diminution in the value of investments, no longer required written back	(75.39)	-
Provision for diminution in the value of investments	-	1.04
Unrealised exchange (gain) / loss [net] {including translation adjustment on reserves of foreign subsidiaries / joint ventures}	(5,357.73)	(120.58)
Exceptional items		
- Sharing of expenses (See Note 54)	1,162.01	-
- Profit on sale of fixed assets (land and building)	-	(6,044.19)
- Impairment of goodwill on consolidation	-	178.04
- Change in the method of accounting for depreciation	-	38.08
	<b>8,386.32</b>	<b>2,294.53</b>
<b>Operating profit before working capital changes</b>	<b>15,587.04</b>	<b>13,162.96</b>
<b>Changes in working capital:</b>		
Adjustments for (increase) / decrease in operating assets:		
Inventories	(5,178.52)	(10,241.92)
Trade receivables	(21,515.82)	(12,127.50)
Short-term loans and advances	(3,823.93)	(780.24)
Long-term loans and advances	758.33	1,424.23
Other current assets	(423.75)	(68.58)
Other non current assets	(5,874.34)	(964.63)
	<b>(36,058.03)</b>	<b>(22,758.64)</b>
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	16,677.76	14,121.63
Other current liabilities	9,310.72	5,679.65
Other Long term liabilities	(1,303.51)	2,173.04
Short-term provisions	1,065.96	(275.82)
Long-term provisions	3,392.28	424.00
	<b>29,143.21</b>	<b>22,122.50</b>
	<b>(6,914.82)</b>	<b>(636.14)</b>
<b>Cash generated from operations</b>	<b>8,672.22</b>	<b>12,526.82</b>
Income taxes paid (net of refunds)	<b>(2,885.48)</b>	<b>(3,033.65)</b>
<b>(a) Net cash flow from operating activities</b>	<b>5,786.74</b>	<b>9,493.17</b>

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

	Year ended 31st March, 2014	Year ended 31st March, 2013
Note No.	(₹ in Lakhs)	(₹ in Lakhs)
<b>Cash flows from investing activities:</b>		
Capital expenditure on fixed assets including capital advances	(9,324.78)	(5,099.26)
Proceeds from sale of fixed assets	718.21	6,302.46
Purchase of non - current investments - others	-	(21.91)
Purchase of current investments	(11,901.07)	(30,833.81)
Proceeds from sale of current Investments	16,581.86	26,157.59
Proceeds from sale of non - current Investments - subsidiary	6,883.82	-
Purchase of non - current Investments - subsidiaries	(50,109.41)	-
Inter-corporate deposits placed with related parties (net)	(1.76)	(50.00)
Bank balances not considered as cash and cash equivalents matured	<b>15(b) &amp; 19(b)(2) &amp; (3)</b> 5,555.11	187.12
Bank balances not considered as cash and cash equivalents placed	<b>15(b) &amp; 19(b)</b> (30.14)	(5,778.07)
Interest received	575.87	509.88
Dividend received	79.24	82.15
Capital subsidy received	15.00	-
<b>(b) Net cash flow used in investing activities</b>	<b>(40,958.05)</b>	<b>(8,543.85)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from long-term borrowings	63,376.86	10,694.27
Proceeds from short-term borrowings	9,589.19	17,512.25
Repayment of long-term borrowings	(17,106.41)	(8,201.14)
Repayment of short-term borrowings	(8,992.99)	(20,786.92)
Net increase / (decrease) in cash credit	6,882.60	440.73
Finance costs	(6,264.59)	(2,817.17)
Proceeds from minority shareholders on issue of shares by subsidiary	501.34	99.98
Equity dividend paid including taxes (including taxes on intragroup dividends)	(287.07)	(370.99)
<b>(c) Net cash flow from / (used in) financing activities</b>	<b>47,698.93</b>	<b>(3,428.99)</b>
<b>(d) Net increase / (decrease) in cash and cash equivalents (a + b + c)</b>	<b>12,527.62</b>	<b>(2,479.67)</b>
<b>(e) Cash and cash equivalents as at the commencement of the year</b>	<b>7,994.35</b>	<b>10,474.07</b>
<b>(f) Effect of exchange differences on restatement of foreign currency cash and cash equivalents</b>	<b>(29.47)</b>	<b>(0.05)</b>
<b>(g) Cash and cash equivalents as at the end of the year (d + e + f)</b>	<b>20,492.50</b>	<b>7,994.35</b>
<b>(h) Cash and cash equivalents as per Balance Sheet</b>	<b>19(a) 20,492.50</b>	<b>7,994.35</b>

**Footnote :**

The above Cash Flow Statement has been prepared under the "Indirect Method" as set of in Accounting Standard (AS-3) "Cash Flow Statements" notified under the Companies (Accounting Standard) Rules, 2006.

**See accompanying notes forming part of the financial statements**

In terms of our report attached

**For DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants

**RAJESH K. HIRANANDANI**

Partner

Mumbai, 27th May, 2014

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Company Secretary

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K. DASARATHARAMAN  
Mumbai, 27th May, 2014

Directors

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

### 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) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act / 2013 Act, as applicable. 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 ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the Companies Act, 1956 Act / 2013 Act, as applicable.

(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:

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

(b) 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 2014, other than Euro Forbes Ltd., Forbes Lux International AG, Lux International AG, Forbes Lux Group AG Baar, Lux /SK/s.r.o., Lux Italia srl, Lux Schweiz AG, Lux (Deutschland) GmbH, Lux Service GmbH, Lux Norge A/S, Lux Oestreich GmbH, Lux CZ s.r.o, Lux Hungária Kereskedelmi Kft., Forbes Lux FZCO, AMC Cookware PTE Limited and Hogar Paraguay Electrodomésticos S.A., whose reporting dates are 31st December, 2013. Necessary adjustments have been made, for the effects of significant transactions and other events between the reporting dates of such financial statements and these consolidated financial statements.

(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, 2014

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 of Holding & Voting power either directly or indirectly through subsidiary (%)	
				For the year ended 31st March, 2014	For the year ended 31st March, 2013
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) Forbes Lux International AG and its subsidiaries : (w.e.f. 23rd May, 2013)		Switzerland	100.00	
	i) Lux International AG and its subsidiary : (w.e.f. 5th June, 2013)		Switzerland	100.00	-
	- Hogar Paraguay Electrodomésticos S.A (w.e.f. 5th June, 2013)		Paraguay	50.00	-
	ii) Forbes Lux Group AG Baar and its subsidiary : (w.e.f. 5th June, 2013)		Switzerland	100.00	-
	- Lux /SK/s.r.o (w.e.f. 5th June, 2013)		Slovakia	100.00	-
	iii) Lux Italia srl (w.e.f. 5th June, 2013)		Italy	100.00	-
	iv) Lux Schweiz AG (w.e.f. 5th June, 2013)		Switzerland	100.00	-
	v) Lux (Deutschland) GmbH and its subsidiaries (w.e.f. 5th June, 2013)		Germany	100.00	-
	- Lux Service GmbH (w.e.f. 5th June, 2013)		Germany	100.00	-
	- Lux Norge A/S (w.e.f. 5th June, 2013)		Norway	100.00	-
	- Lux Oestreich GmbH (w.e.f. 5th June, 2013)		Austria	100.00	-
	- Lux CZ s.r.o (w.e.f. 5th June, 2013)		Prague	100.00	-
	- Lux Hungária Kereskedelmi Kft. (w.e.f. 5th June, 2013)		Hungary	100.00	-
	(c) Euro Forbes International Pte. Limited		Singapore	100.00	100.00
	(d) Forbes Facility Services Private Limited		India	100.00	100.00
	(e) E4 Development & Coaching Limited		India	75.00	75.00
	(f) Forbes Enviro Solutions Limited		India	100.00	100.00
	(g) Waterwings Equipment Private Limited		India	100.00	100.00
	(h) Radiant Energy Systems Private Limited		India	100.00	100.00
	(i) EFL Mauritius Limited and its subsidiary:		Mauritius	100.00	100.00
	-EuroForbes Mauritius Limited (upto 20th December, 2013)		Mauritius	100.00	100.00
	(j) Euro Forbes Financial services Limited		India	100.00	100.00
	(k) Euro Forbes Limited and its subsidiary:		Dubai	100.00	100.00
	-Forbes Lux FZCO		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	3	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 (See Note 46):		Singapore	100.00	100.00
	- Forbesline Shipping Services LLC (w.e.f. 10th January 2013)	4	Dubai	49.00	49.00
5	Forbes Bumi Armada Offshore Limited		India	50.001	50.001

### Footnotes:

- 1 The financial statements of the Company and subsidiary at sr. no. 2(b) are audited by Deloitte Haskins & Sells LLP and Deloitte Haskins & Sells respectively. The financial statements of all other subsidiaries are audited by other auditors.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

2 During the year 2013-14 Eureka Forbes Limited through its Subsidiaries acquired 75% stake in Lux International AG, Switzerland thereby taking the total holding to 100%. The Consolidated Financial Statements of the Company include the figures of Consolidated Lux Group. The impact of the acquisition on the consolidated financial statements is as under:

Particulars	2013-14 (₹ in Lakhs)
<b>I ASSETS</b>	
<b>1 Non-current assets</b>	
(a) Fixed assets	
- Tangible assets	1,789.90
- Intangible assets	1,612.23
(b) Goodwill on consolidation	49,436.00
(c) Deferred Tax Asset	1,814.79
(d) Other non-current assets	2,824.15
	<u>57,477.07</u>
<b>2 Current assets</b>	
(a) Current investments	6.80
(b) Inventories	6,179.31
(c) Trade receivables	10,128.36
(d) Cash and bank balances	3,344.12
(e) Short-term loans and advances	4,322.88
(f) Other current assets	-
	<u>23,981.47</u>
<b>II LIABILITIES</b>	
<b>A Minority interest</b>	305.06
<b>B Non-current liabilities</b>	
(a) Long-term borrowings	9,038.29
(b) Deferred tax liabilities (net)	316.91
(c) Other long term liabilities	30.59
(d) Long-term provisions	4,366.21
	<u>13,752.00</u>
<b>C Current liabilities</b>	
(a) Short-term borrowings	4,640.64
(b) Trade payables	3,431.63
(c) Other current liabilities	5,684.83
(d) Short-term provisions	1,173.33
	<u>14,930.43</u>
<b>III REVENUE</b>	
(a) Revenue from operations (net)	31,295.24
(b) Other income	1,088.00
	<u>32,383.24</u>
<b>IV EXPENSES</b>	
(a) Purchases of stock-in-trade	14,246.89
(b) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(6,179.31)
(c) Employee benefits expense	13,766.85
(d) Finance cost	1,442.34
(e) Depreciation and amortisation expense	742.61
(f) Other expenses	7,307.20
	<u>31,326.58</u>

3 Forbes Edumetry Limited, a subsidiary, has incurred substantial losses and the accumulated losses of the company exceed the paid up capital of the company by more than two times. 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. This situation indicates the existence of a material uncertainty that may cast a significant doubt on the Company's ability to discharge its liabilities in the normal course of business and therefore to continue as a going concern. The Company is in the process of exploring the various alternatives and would initiate appropriate steps. Under these circumstances, the accounts of the Company have been prepared on a Going Concern basis.

4 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 twenty subsidiaries (previous year: seven 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 Foreign Currency 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.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

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 of Holding & Voting power either directly or indirectly through subsidiary (%)	
				For the year ended 31st March, 2014	For the year ended 31st March, 2013
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	1	India	50.00	50.00
4	Forbes G4S Solutions Private Limited [Refer Note 2B(xii)]	1	India	50.00	50.00
5	Aquaignis Technologies Private Limited	1	India	50.00	50.00
6	Nypro Forbes Products Limited	2	India	50.00	50.00
7	Edumetry Inc.		USA	50.00	50.00
8	SCI Forbes Limited		India	25.00	25.00
9	AMC Cookware PTE Limited (w.e.f. 5th June, 2013)	3	South Africa	50.00	-
10	Eurolife Regen Private Limited (w.e.f. 20th December, 2013) [Refer Note 2B(xii)]	1	India	50.00	-

### Footnotes:

- 1 Jointly controlled entities of Eureka Forbes Limited.
- 2 Jointly controlled entities of Forbes Campbell Finance Limited.
- 3 Jointly controlled entities of Lux International AG
- 4 The company has ceased business operations, hence the assets and liabilities have been stated at net realizable value. The accounts are not prepared on going concern basis.

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 :

	2013-2014 ₹ in lakhs	2012-13 ₹ in lakhs
<b>I ASSETS</b>		
<b>A Non-current assets</b>		
a Fixed assets		
(i) Tangible assets	11,254.58	11,304.03
(ii) Intangible assets	375.91	6.92
(iii) Capital work-in-progress	12.69	0.00
(iv) Intangible assets under development	3.60	0.00
b Non-current investments	0.00	0.00
c Deferred tax assets (net)	29.17	0.29
d Long-term loans and advances	165.46	205.03
e Other non-current assets	902.12	643.91
	<u>12,743.53</u>	<u>12,160.18</u>
<b>B Current assets</b>		
a Inventories	2,245.24	678.86
b Trade receivables	3,289.45	446.75
c Cash and bank balances	357.87	148.96
d Short-term loans and advances	488.96	305.21
e Other current assets	37.13	40.81
	<u>6,418.65</u>	<u>1,620.59</u>
<b>II LIABILITIES</b>		
<b>A Non-current liabilities</b>		
a Long-term borrowings	265.14	333.16
b Other long term liabilities	539.97	178.82
c Long-term provisions	19.95	18.86
	<u>825.06</u>	<u>530.84</u>

	2013-2014 ₹ in lakhs	2012-13 ₹ in lakhs
<b>B Current liabilities</b>		
a Short-term borrowings	818.98	673.86
b Trade payables	1,160.85	1,152.54
c Other current liabilities	7,555.62	5,798.78
d Short-term provisions	0.15	9.43
	<u>9,535.60</u>	<u>7,634.61</u>
<b>III REVENUE</b>		
a Revenue from operations (net)	7,680.38	3,600.11
b Other income	341.98	108.51
	<u>3,779.66</u>	<u>3,708.62</u>
<b>IV EXPENSES</b>		
a Cost of materials consumed	5,273.66	3,942.51
b Purchases of stock-in-trade	78.94	125.11
c Changes in inventories of finished goods, work-in-progress and stock-in-trade	(72.31)	19.92
d Employee benefits expense	2,623.87	1,080.20
e Finance costs	906.70	498.84
f Depreciation and amortisation expense	962.38	966.49
g Other expenses	2,174.34	2,626.20
	<u>11,947.58</u>	<u>9,259.27</u>
h Exceptional Items	(1.20)	-
i Tax expense:		
(i) Current tax expense for current year	154.10	42.77
(ii) Less: MAT credit entitlement	(29.20)	(19.54)
(iii) (Excess) / short provision for current tax relating to prior years	-	(14.11)
(iv) Net current tax expense	124.90	9.12
(v) Deferred Tax	-	(35.47)
	<u>124.90</u>	<u>(26.35)</u>

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014**

Name of the Joint Venture Company	2013-14		2012-13	
	Contingent Liabilities	Capital and other Commitments	Contingent Liabilities	Capital and other Commitments
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
Forbes Aquatech Ltd.	77.84	-	77.84	-
Forbes Concept Hospitality Services Private Limited	26.96	-	-	-
Infinite Water Solutions Private Limited	-	2.43	-	-
Aquaignis Technologies Private Limited	-	6.77	-	-
Nypro Forbes Products Limited	62.76	-	57.15	-
SCI Forbes Limited	48.85	-	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 of Holding & Voting power either directly or indirectly through subsidiary (%)	
		For the year ended 31st March, 2014	For the year ended 31st March, 2013
The Svadeshi Mills Company Limited	1	23.00	23.00
Euro P2P Direct (Thailand) Co. Limited	2	49.00	49.00
Forbes Lux Group AG, BAAR	3	-	25.00
Lux International AG	3	-	25.00
Nuevo Consultancy Services Limited		49.00	49.00

Footnotes :-

- 1 In the absence of the financial statements being available, these consolidated financial statements do not include the effect, if any, of equity accounting for investment in this associate; the investment in this associate have been fully provided for.
- 2 The entity is an associate of Eureka Forbes Limited.
- 3 The entities have become subsidiaries of Eureka Forbes Limited in the current year.

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014**

(₹ In Lakhs)

The details of investment in associates are as under: -						
Particulars	The Svadeshi Mills Company Limited	Euro P2P Direct (Thailand) Co. Limited	Forbes Lux Group AG, BAAR	Lux International AG	Nuevo Consultancy Services Limited	Total
Number of equity shares	1,769,430	4,802	-	-	58,849	
	<i>1,769,430</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	-	-	5.88	210.30
	<i>177.75</i>	<i>26.67</i>	<i>92.98</i>	<i>6,149.86</i>	<i>5.88</i>	<i>6,453.14</i>
Post acquisition share in profits / (Losses) / provision for diminution in value of investments	(177.75)	(26.67)	-	-	(5.88)	(210.30)
	<i>(177.75)</i>	<i>(26.67)</i>	<i>(92.98)</i>	<i>554.49</i>	<i>(5.88)</i>	<i>251.21</i>
Carrying cost of equity	-	-	-	-	-	-
	-	-	-	<i>6,704.35</i>	-	<i>6,704.35</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 jointly controlled entities, Forbes G4S Solutions Private Limited and Eurolife Regen Private Ltd whose financial statements/ financial information reflect total asset of ₹ 149.07 lakhs as at 31st March, 2014, total revenue of ₹ Nil and net cash flows amounting to ₹ 142.89 lakhs for the year ended on that date, as considered in the consolidated financial statements.

**C. FIXED ASSETS AND DEPRECIATION/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. The cost comprises acquisition and implementation cost of software for internal use (including software coding, installation, testing and certain data conversion).

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.

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

**Capital work-in-progress**

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

**Intangible Assets under development**

Expenditure on development eligible for capitalisation is carried as intangible assets under development where such assets are not yet ready for their intended use.

**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 in the previous year, adjustment on account of Foreign Exchange translation and revaluation of opening block of fixed assets.

**DEPRECIATION AND AMORTISATION :**

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

**I THE COMPANY : (24.52 % of Total Depreciation, Previous Year 29.25%)**

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



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

Class of Assets	Estimated Useful Life
(i) All fixed assets other than those specified in items (ii) to (vi) 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
(vi) Assets taken on finance lease	Lower of period of lease and useful life based on Schedule XIV rates

### 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) (51.90% of total depreciation, *Previous Year 37.97%*)
- (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), SCI Forbes Limited (ships), Volkart Fleming Shipping and Services Limited and Forbes Edumentry Limited. (14.12% of total depreciation, *Previous Year 19.14%*)
- (iii) Depreciation has been provided based on estimated useful life of fixed assets on straight line method by Forbes Container Line Pte. Limited, Forbes Technosys Limited (computer, data processing equipments and vehicles), SCI Forbes Limited (other than ship), Forbes Bumi Armada Offshore Limited (computer and mobile instruments), Forbes Bumi Armada Limited (computer) and Nypro Forbes Products Limited on plant and machinery. (6.90% of total depreciation, *Previous Year 6.54%*)
- (iv) Leasehold improvement is amortised on straight line basis over the period of the lease (0.05%, *Previous Year Nil*)
- (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, software by Nypro Forbes Products Limited, Forbes Container Line Pte Limited and Forbes Bumi Armada Offshore Limited are amortised over the period of 3 years (2.51% of total depreciation, *Previous Year 7.10%*)

### 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.

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 Foreign Currency 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 :- (9.71% of Total Inventory, *Previous Year 10.82%*).**

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

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

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	Moving 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, 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.

### II. Subsidiaries / Jointly Controlled Entities:

Inventories of Forbes Technosys Limited are valued on the same basis as that of the Company (5.03 % of total inventory, *Previous Year* 3.67%). 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. (71.31 % of total Inventory, *Previous Year* 64.76%). Provision is made for obsolete / slow moving inventories.

Inventories of Aquamall Water Solutions Limited, Forbes Aquatech Limited, Infinite Water Solutions Limited, Forbes Bumi Armada Offshore Limited and Nypro Forbes Product Limited, are valued at lower of cost or net realisable value. Cost is determined using Weighted Average Method. (13.95% of total Inventory, *Previous Year* 20.74%).

### I. EARNINGS PER SHARE:

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

### J. REVENUE RECOGNITION:

#### 1. Sale of products

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

#### 2. Income from Recharge Sales

Revenue on sale of recharge recognised when the pins are downloaded by the customer.

#### 3. 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 as per terms of contract.

(iii) Income from other services is recognised as and when the services are performed.

#### 4. Interest

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

#### 5. 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.



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

### 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, 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

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

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. GOVERNMENT GRANT:

Government grants are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants will be received. Grants received from Government in the nature of promoter's contribution towards fixed capital investment are recognised as capital reserve and treated as part of shareholder's funds.

### S. 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.

### T. 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.

### 3. Share capital

#### Authorised:

Equity shares of ₹ 10 each

	As at 31st March, 2014 ₹ in Lakhs	As at 31st March, 2013 ₹ in Lakhs
Number of shares	Number of shares	Number of shares
1,50,00,000	1,500.00	1,50,00,000
<b>1,50,00,000</b>	<b>1,500.00</b>	<b>1,50,00,000</b>

#### Issued, subscribed and fully paid:

Equity shares of ₹ 10 each

[excludes 166,398 (Previous year 166,398) 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
<b>1,27,32,218</b>	<b>1,273.22</b>	<b>1,27,32,218</b>	<b>1,273.22</b>

#### (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

93,59,293 (Previous year: 92,95,293) equity shares are held by the holding company, Shapoorji Pallonji & Company 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, 2014		As at 31st March, 2013	
	Number of equity shares held	% holding	Number of equity shares held	% holding
Shapoorji Pallonji & Company Limited	93,59,293	73.51	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, 2014**

	As at 31st March, 2014	As at 31st March, 2013		As at 31st March, 2014	As at 31st March, 2013
	₹ in Lakhs	₹ in Lakhs		₹ in Lakhs	₹ in Lakhs
<b>4. Reserves and Surplus</b>			<b>(h) General reserve:</b>		
<b>(a) Capital Reserve (including government grants):</b>			Balance as per last balance sheet	41,771.55	41,049.17
Balance as per last balance sheet	188.25	188.25	Add: Transferred from consolidated statement of profit and loss	1,013.50	797.00
Add: Government grants received during the year (see Note 53)	15.00	-	Less: Proposed dividend	-	63.66
	<u>203.25</u>	<u>188.25</u>	Less: Dividend distribution tax	-	10.96
				<u>42,785.05</u>	<u>41,771.55</u>
<b>(b) Capital Contribution Reserve:</b>			<b>(i) Foreign Currency Translation Reserve:</b>		
Balance as per last balance sheet	-	-	Balance as per last balance sheet	326.55	466.35
Add: Additions for the year	493.53	-	Add: Opening Reserve Adjustment	170.95	-
	<u>493.53</u>	<u>-</u>	Less: Effect of foreign exchange rate variations during the year	(6,778.40)	(139.80)
				<u>(6,280.90)</u>	<u>326.55</u>
<b>(c) Securities Premium:</b>			<b>(j) Capital Reserve on Consolidation:</b>		
Balance as per last balance sheet	161.76	161.76	Balance as per last balance sheet	1,253.76	1,253.76
<b>(d) Foreign Currency Monetary Item Translation Difference Account</b>			<b>(k) Surplus / (deficit) in statement of profit and loss:</b>		
Balance as per last balance sheet	-	-	Balance as per last balance sheet	(5,345.52)	(10,213.55)
Add: Exchange Gain / (Loss) during the year (see Note 48)	1,071.25	-	Add: Profit for the year	4,006.45	8,555.07
Less: Amortisation / Utilization during the year (Net)	(71.15)	-		(1,339.07)	(1,658.48)
	<u>1,000.10</u>	<u>-</u>	Add: Opening Reserve Adjustment	309.20	-
<b>(e) Legal Reserve :</b>			Less: Dividend on preference shares issued by subsidiary companies outside the group (including tax thereon)	175.63	167.29
Balance as per last balance sheet	-	-	Less: Tax on Intra group dividends	212.45	222.75
Add: Transferred from Surplus	0.88	-	Less: Transferred to:		
	<u>0.88</u>	<u>-</u>	(i) Debenture redemption reserve	-	2,500.00
<b>(f) Tonnage Tax Reserve:</b>			(ii) Legal Reserve	0.88	-
Balance as per last balance sheet	112.88	112.88	(iii) General Reserve	1,013.50	797.00
<b>(g) Debenture Redemption Reserve:</b>				<u>(2,432.32)</u>	<u>(5,345.52)</u>
Balance as per last balance sheet	2,500.00	-		<u>39,797.98</u>	<u>40,969.23</u>
Add: Transferred from surplus in consolidated statement of profit and loss	-	2,500.00			
	<u>2,500.00</u>	<u>2,500.00</u>			

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014**

Non - current portion		Current maturities	
As at 31st March, 2014 ₹ in Lakhs	As at 31st March, 2013 ₹ in Lakhs	As at 31st March, 2014 ₹ in Lakhs	As at 31st March, 2013 ₹ in Lakhs

**5. Long-term borrowings**

(a) Redeemable Non-convertible Debentures - Secured	10,000.00	10,000.00	-	-
(b) Term loans - Secured				
<b>From Banks</b>				
(i) Federal Bank Limited - Secured by first exclusive charge by way of Equitable Mortgage of 11 flats along with part basement and part residual and garages in "Volkart House", Mumbai	2,000.00	-	1,000.00	-
(ii) 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	-	-	-	3,000.00
(iii) HSBC Bank - Secured by a stand by Letter of Credit from Bank of America, issued on behalf of Nypro Inc.	-	-	-	98.23
(iv) HSBC Bank and Societe Generale bank -(a) Secured by first mortgage / pari passu charge on the immovable properties situated at Andhra Pradesh , Gujarat , Kerala , Madhya Pradesh , Maharashtra , Orissa , Rajasthan , Tamil Nadu , Uttar Pradesh and West Bengal.(b) Charge over all fixed assets (excluding movable assets for the employee benefits ) of the company . Negative lien on all other assets except suitable carve outs for working capital facilities and pledge over brands owned by the company.(c) Secured by 75000 nominal shares in Lux International AG - pledged to the HSBC / Societe General Bank consortium to secure the 15.0 million EURO loan granted to the company	30,617.30	-	3,970.29	-
(v) New India Co- operative Bank Limited - Secured by an exclusive first charge / hypothecation of the equipment, accessories and spares acquired.	-	-	-	68.00
(vi) Export Import Bank of India - Secured by an exclusive charge by way of hypothecation of the specific movable fixed assets of the Company.	242.16	311.34	69.19	69.19
(vii) Consortium of NATIXIS Bank and HSBC Bank [See Note 45] - Secured by hypothecation of the four chemical tankers purchased by the Company. Further, all rights, titles, interest and benefits in and under swap contracts and balances of the Debt Service Reserve Account, Retention Account and Earning Account have also been assigned in favour of the lender. The Company is also required to maintain security requirement of not less than 120% of the loan outstanding at any time following the delivery of the vessel.	-	-	5,124.51	5,238.52
(viii) Axis Bank - Secured by 1st charge, present and future, on all stocks, book debts and receivables of the Company.	2,725.22	12,031.58	13,590.37	-
(ix) Foreign Currenct Term Loan - Secured by a stand by Letter of Credit from Bank of America, issued on behalf of Nypro Inc.	-	-	-	58.87
(x) Bank Debts - Secured by the pledge of total assets in Lux Hungary up to a maximum amount of HUF 1500 million same as in previous years . The loan of AMC is secured by the pledge of total assets of ZAR 10 million same as in previous year.	211.56	-	-	-
<b>From Others:</b>				
Tata Capital Financial Services Ltd. - Secured by first and exclusive charge by way of hypothecation on the assets acquired through facility.	257.32	415.46	158.14	141.07
	46,053.56	22,758.38	23,912.50	8,673.88
(c) Others - Unsecured	9,608.82	-	-	-
(d) Finance lease obligation - Secured [see Note 37(a)] Secured by Computer Hardware financed.	78.29	49.83	69.56	37.31
(e) Deferred payment liabilities				
(i) Secured by machineries purchased therein.	-	94.49	283.13	217.82
(ii) Unsecured	-	-	-	20.73
(f) Loans and advances from joint venturers and minority shareholders (Unsecured)	265.14	238.67	-	-
	56,005.81	23,141.37	24,265.19	8,949.74
<b>Less: Amount disclosed under "Other current liabilities" (see Note 10)</b>	-	-	(24,265.19)	(8,949.74)
	56,005.81	23,141.37	-	-

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014**

	As at 31st March, 2014	As at 31st March, 2013		As at 31st March, 2014	As at 31st March, 2013
	₹ in Lakhs	₹ in Lakhs		₹ in Lakhs	₹ in Lakhs
<b>6. Other Long - term liabilities</b>			<b>10. Other current liabilities</b>		
(a) Trade payables	1,743.26	4,804.59	(a) Current maturities of long-term debt and deferred payment liabilities [see Note 5 and 45]	24,195.63	8,912.43
(b) Others:			(b) Current maturities of finance lease obligation (secured) (see Note 5)	69.56	37.31
(i) Income received in advance (Unearned income)	7,787.45	6,293.30	(c) Interest accrued but not due on borrowings	133.89	48.09
(ii) Trade / Security deposits	1,172.27	1,059.50	(d) Interest accrued and due on borrowings	395.30	0.57
(iii) Interest free trade deposits	2,039.87	1,888.99	(e) Income received in advance (unearned revenue)	21,074.39	17,079.40
	<u>12,742.85</u>	<u>14,046.38</u>	(f) Unclaimed dividends *	7.00	13.35
<b>7. Long-term provisions</b>			(g) Unclaimed matured deposits and interest accrued thereon *	4.63	6.60
(a) Provision for employee benefits			(h) Other payables:		
(i) Compensated absences	510.91	494.78	(i) Statutory remittances	4,082.64	3,139.81
(ii) Gratuity (see Note 34)	3,249.47	109.49	(ii) Payables on purchase of fixed assets	9.31	16.54
(iii) Other post retirement benefits (see Note 34)	308.91	296.04	(iii) Trade / Security deposits	3,460.10	3,471.37
	<u>4,069.29</u>	<u>900.31</u>	(iv) Payables to Shipping Principals	830.62	236.75
(b) Provision for Warranty (see Note 33)	350.89	-	(v) Customers' credit balances and advances for supplies and services to be rendered	2,441.41	1,181.75
(c) Provision for disputed statutory demands (see Note 33)	246.38	385.02	(vi) Excess Share application money received and due for refund - outside the group	54.62	4.62
(d) Provision for Premium payable on redemption of debentures	257.25	16.49	(vii) Others	2,859.58	446.09
(e) Provision - Others	11.05	-		<u>59,618.68</u>	<u>34,594.68</u>
	<u>4,934.86</u>	<u>1,301.82</u>			
<b>8. Short-term borrowings</b>			* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund		
(a) Secured borrowings from banks:			<b>11. Short - term provisions</b>		
(i) Buyers credit	149.76	1,920.47	(a) Provision for employee benefits		
(ii) Cash credit and packing credit (repayable on demand)	11,547.04	4,615.87	(i) Compensated absences	758.65	166.76
(iii) Working capital rupee term loan	-	317.06	(ii) Gratuity (see Note 34)	148.84	347.38
(iv) Short term loan	-	167.81	(iii) Other post retirement benefits (see Note 34)	93.96	93.36
	<u>11,696.80</u>	<u>7,021.21</u>		<u>1,001.45</u>	<u>607.50</u>
(b) Unsecured borrowings :			(b) Others		
(i) From Banks	1,353.74	-	(i) Tax provisions less payments including Fringe Benefit tax (other than deferred tax)	968.70	921.21
(ii) Loans from related parties - Repayable on demand (see Note 36)	75.00	75.00	(ii) Provision for wealth tax less payments	39.97	30.00
(iii) Commercial papers [maximum amount outstanding during the year ₹ 4,000 Lakhs (Previous year: ₹ 8,000 Lakhs)]	1,000.00	-	(iii) Provision for dividend on cumulative preference shares issued by subsidiary companies outside the group	360.33	431.51
(iv) Others	1,000.00	500.00	(iv) Provision for tax on dividend on cumulative preference shares issued by subsidiary companies outside the group and Intra group dividends	47.46	33.86
	<u>3,428.74</u>	<u>575.00</u>	(v) Provision for Warranty (see Note 33)	991.99	771.61
	<u>15,125.54</u>	<u>7,596.21</u>	(vi) Provision for proposed dividend	-	63.66
<b>9. Trade Payables</b>			(vii) Provision for tax on proposed dividend	203.95	10.96
(a) Micro and Small enterprises	2,483.55	1,893.90	(viii) Provision for disputed statutory demands (see Note 33)	120.00	120.00
(b) Others	49,784.55	32,737.83	(ix) Provision for estimated losses on onerous contracts (see Note 33)	324.50	264.00
	<u>52,268.10</u>	<u>34,631.73</u>	(x) Provision for Restructuring and Others	480.89	-
				<u>3,537.79</u>	<u>2,646.81</u>
				<u>4,539.24</u>	<u>3,254.31</u>



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

₹ in Lakhs

Description of Assets	GROSS BLOCK (at cost)					DEPRECIATION / AMORTISATION					IMPAIRMENT		NET BLOCK		
	As at 31st March, 2013	Opening Adjustments during the year [See Note 2C]	Additions during the year	Deductions during the year	Other Adjustments	As at 31st March, 2014	Upto 31st March, 2013	Opening Adjustments [See Note 2 (c)]	For the year	On deduction during the year	Other Adjustments [See Note 30(a)(i)]	Upto 31st March, 2014	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2014
<b>A. Tangible assets</b>															
1 Land:															
Freehold	567.20 (563.62)	- (3.58)	-	3.50	-	563.70 (567.20)	-	-	-	-	-	-	-	-	563.70 (567.20)
Leasehold	913.24 (913.24)	-	-	-	-	913.24 (913.24)	256.92 (223.17)	33.97 (33.75)	-	-	290.89 (256.92)	-	-	-	622.35 (656.32)
2 Leasehold Improvements															
Buildings [see Footnote 1 and Note 37(b)]	17,412.97 (17,306.06)	- (111.11)	1,527.85	827.78	-	18,113.04 (17,412.97)	5,211.91 (4,581.55)	- (633.31)	408.90 (2.95)	-	5,399.33 (5,211.91)	0.16	-	-	12,713.55 (12,201.06)
4 Plant and equipment:															
Owned (see Footnote 2)	19,034.75 (16,909.16)	13.60 (2.22)	1,118.53 (2,166.40)	433.72 (43.03)	-	19,733.16 (19,034.75)	11,406.32 (9,881.70)	7.52 (3.52)	1,612.30 (1,552.70)	308.25 (31.60)	12,717.89 (11,406.32)	1.26	-	-	7,014.01 (7,628.43)
Given on operating lease [see Note 37(c)]	376.96 (352.35)	-	675.37	-	-	1,052.33 (376.96)	200.99 (145.43)	-	184.11 (57.21)	-	385.10 (200.99)	-	-	-	667.23 (175.97)
5 Furniture and fixtures	1,428.84 (1,361.32)	0.33 (0.49)	699.23 (104.07)	507.74 (37.04)	-	1,620.66 (1,428.84)	932.55 (861.11)	(1.17) (0.41)	295.33 (94.54)	632.40 (23.51)	0.13 (932.55)	-	-	-	1,026.22 (496.29)
6 Vehicles	4,263.79 (3,911.35)	-	918.31	507.21	-	4,674.89 (4,263.79)	2,173.90 (1,879.38)	-	591.05 (564.79)	335.79 (270.27)	2,429.16 (2,173.90)	-	-	-	2,245.73 (2,089.89)
7 Office equipment	4,501.27 (4,363.30)	2.11 (3.96)	558.73 (313.57)	227.71 (179.56)	-	4,834.40 (4,501.27)	3,619.76 (3,397.82)	2.38 (3.92)	471.61 (380.47)	192.69 (162.45)	3,902.06 (3,619.76)	0.38	-	-	931.96 (881.51)
Owned	212.32 (212.78)	-	-	90.16 (0.46)	-	122.16 (212.32)	128.32 (75.30)	-	38.01 (53.09)	90.16 (0.07)	76.17 (128.32)	-	-	-	45.99 (84)
Taken on finance lease [see Note 37(a)]	12,441.32 (12,441.32)	-	-	-	-	12,441.32 (12,441.32)	2,024.16 (1,385.52)	-	582.73 (638.64)	-	2,606.89 (2,024.16)	1,205.33 (1,146.31)	-	-	8,629.10 (9,270.85)
8 Shipping Vessels	61,152.66 (58,334.50)	16.04 (6.67)	5,517.64 (3,491.02)	2,597.82 (679.53)	-	64,088.52 (61,152.66)	25,954.83 (22,430.98)	8.73 (7.85)	4,408.40 (4,008.50)	1,968.19 (492.50)	28,404.90 (25,954.83)	1,207.13 (1,146.31)	-	-	34,476.49 (34,051.52)
<i>Previous Year</i>															
<b>B. Intangible assets</b>															
1 Intellectual Property / Distribution Rights	449.88 (449.88)	-	-	-	-	449.88 (449.88)	322.52 (322.52)	-	-	-	322.52 (322.52)	127.36 (127.36)	-	-	-
2 Computer software	2,089.89 (1,960.16)	2.37 (1.91)	33.81 (128.07)	-	-	2,126.07 (2,089.89)	1,478.31 (1,129.77)	2.68 (1.91)	318.71 (346.88)	0.42 (0.25)	1,800.12 (1,478.31)	-	-	-	325.95 (605.78)
3 Brand Patent and License Fees	3,253.52 (2,419.43)	-	2,149.30	98.55	-	5,304.27 (3,253.52)	2,501.16 (2,352.28)	-	685.86 (148.88)	84.09	3,102.93 (2,501.16)	-	-	-	2,201.34 (758.16)
<i>Previous Year</i>	5,793.29 (4,829.47)	2.37 (1.91)	2,183.11 (962.16)	98.55 (0.25)	-	7,880.22 (5,793.29)	4,301.99 (3,804.57)	2.68 (1.91)	1,004.57 (495.76)	84.09 (0.25)	5,225.57 (4,301.99)	127.36 (127.36)	-	-	2,527.29 (1,363.94)

**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 (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, 2014**

	As at 31st March, 2014	As at 31st March, 2013		As at 31st March, 2014	As at 31st March, 2013
	₹ in Lakhs	₹ in Lakhs		₹ in Lakhs	₹ in Lakhs
<b>13. Non - current investments</b>			<b>14. Long-term loans and advances</b>		
<b>(a) Investments in Associates (Unquoted) [see Note 2B (xi)]</b>			(unsecured, considered good unless otherwise stated)		
Cost of investments (Including adjustment on account of foreign currency translation)	210.30	6,453.14	(a) Capital advances	238.71	208.37
Add: Adjustment for post acquisition share of profit (net) of Associates (Equity Method)	(210.30)	251.21	(b) Security deposits		
Net Carrying Value		6,704.35	(i) Unsecured, considered good	1,935.83	1,653.55
			(ii) Doubtful	8.50	8.50
				1,944.33	1,662.05
			Less: Provision for doubtful deposits	8.50	8.50
<b>(b) Investments in other entities (at cost)</b>				1,935.83	1,653.55
(i) Quoted Equity Shares 8,913 (Previous year: 8,913) equity shares of ₹ 10 each fully paid up in Reliance Power Limited [At cost less provision for other than temporary diminution in value ₹ 18.77 Lakhs (Previous year: NIL)]	6.30	29.02	(c) Loans and advances to related parties (see Note 36)		
(ii) Unquoted			(i) Unsecured, considered good	9.11	9.13
- Equity Shares 5,500 (Previous year: 5,500) equity shares of ₹ 10 each in New India Co-operative Bank Limited	0.55	0.55	(ii) Secured, considered doubtful	4,716.78	4,716.78
10 (Previous year: 10) equity shares of ₹ 500 each in Tuticorin Chamber of Commerce [At cost less provision for other than temporary diminution in value ₹ 0.05 Lakhs (Previous year ₹ 0.05 Lakhs)]	-	-	(ii) Unsecured, considered doubtful	76.14	75.62
1,000 (Previous year: 1,000) Equity Shares of ₹ 10 each in Simar Port Private Limited	0.10	0.10		4,802.03	4,801.53
250 (Previous Year: 250) equity shares of ₹ 10 each in Carmel Properties Pvt Ltd	0.03	0.03	Less: Provision for doubtful loans and advances	4,792.92	4,792.40
- Debentures 3,089 (Previous Year : 3,089) irredeemable debentures of ₹ 100 each in Carmel Properties Pvt Limited	3.89	3.89		9.11	9.13
	4.57	4.57	(d) Loans and advances to employees	145.30	163.69
<b>(c) Other Investments (at cost)</b>			(e) Prepaid expenses	161.81	171.31
Property -Land	21.90	21.90	(f) Advance income tax including fringe benefit tax (net of provisions)	6,288.58	5,732.60
	32.77	6,759.84	(g) MAT credit	54.53	25.33
			(h) Advance wealth tax (net of provisions)	58.16	-
			(i) Balances with statutory / government authorities		
			(i) Unsecured, considered good	1,960.68	3,008.13
			(ii) Doubtful	46.69	46.69
				2,007.37	3,054.82
			Less: Provision for doubtful balances	46.69	46.69
				1,960.68	3,008.13
			(j) Others	18.61	91.59
				10,871.32	11,063.70
Footnotes:					
1. Aggregate amount of unquoted investments	26.47	6,730.82			
2. Aggregate amount of quoted investments	6.30	29.02			
3. Market value of quoted Investments	6.30	13.38			



**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014**

	As at 31st March, 2014	As at 31st March, 2013		As at 31st March, 2014	As at 31st March, 2013
	₹ in Lakhs	₹ in Lakhs		₹ in Lakhs	₹ in Lakhs
<b>15. Other Non Current assets</b> (unsecured, considered good unless otherwise stated)			<b>17. Inventories (valued at lower of cost and net realizable value)</b>		
(a) Long - term trade receivables: (including trade receivables on deferred credit terms)			(a) Raw materials and components	6,778.77	7,388.21
(i) Considered good	14,000.99	8,946.81	Goods in transit	604.67	885.33
(ii) Doubtful	1,263.16	468.54		<b>7,383.44</b>	8,273.54
	15,264.15	9,415.35	(b) Work-in-progress		700.04
Less: Provision for doubtful trade receivables	1,263.16	468.54	(c) Finished goods		7,517.20
	<b>14,000.99</b>	8,946.81	(d) Stock-in-trade (in respect of goods acquired for trading)	19,754.68	19,919.90
(b) Balances held as margin money and in long term deposit with bank with maturity period of more than 12 months (see Footnote)		526.10	Goods in Transit	686.85	597.16
(c) Unamortised expense (ancillary cost of arranging borrowings)		220.07		<b>20,441.53</b>	20,517.06
(d) Advance to dealers		5,108.69	(e) Stores, spares and loose tools		305.05
(e) Interest accrued		115.09	(f) Real estate development work-in-progress		177.79
		<b>19,970.94</b>		<b>36,525.05</b>	70.98
				<b>31,346.53</b>	
<b>Footnote:</b>			<b>18. Trade receivables</b>		
Includes ₹ 308.27 Lakhs held under lien as debt service reserve with Natixis Bank (Previous Year ₹ 337.08 Lakhs held under lien as debt service reserve with Natixis bank and cash collateral with State Bank of India, Paris).			(a) Trade receivables outstanding for a period exceeding six months from the date they are due for payment:		
			(i) Unsecured, considered good	11,350.82	6,259.20
			(ii) Doubtful	616.45	409.55
				11,967.27	6,668.75
			Less: Provision for doubtful trade receivables	616.45	409.55
				<b>11,350.82</b>	6,259.20
<b>16. Current Investments</b>			(b) Other trade receivables:		
a) Quoted Equity Shares: Investments in Equity Instruments [Net of diminution in the value of investments ₹ 4.89 Lakhs (Previous year ₹ 6.08 Lakhs)]		10.54	(i) Unsecured, considered good	44,960.87	29,487.19
b) Mutual Funds (Unquoted) [Net of diminution in the value of investments ₹ 0.13 Lakh (Previous year ₹ 0.13 Lakh)]		957.59	(ii) Doubtful	1,701.87	10.82
		968.13		46,662.74	29,498.01
			Less: Provision for doubtful trade receivables	1,701.87	10.82
				<b>44,960.87</b>	29,487.19
				<b>56,311.69</b>	35,746.39

**Footnotes:**

1) Aggregate value of unquoted investments	957.59	5,136.99
2) Aggregate amount of quoted investments	10.54	9.35
3) Aggregate market value of quoted investments	10.54	9.35
4) Aggregate provision for diminution (write down) in the value of current investments	5.02	6.21

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014**

	As at 31st March, 2014	As at 31st March, 2013		As at 31st March, 2014	As at 31st March, 2013
	₹ in Lakhs	₹ in Lakhs		₹ in Lakhs	₹ in Lakhs
<b>19. Cash and cash equivalents</b>				<b>740.09</b>	<b>595.58</b>
<b>(a) Balances that meet the definition of Cash and Cash Equivalents as per AS 3 Cash Flow Statement</b>			(b) Security deposits	<b>638.04</b>	<b>487.49</b>
1. Cash on hand		273.29	(c) Loans and advances to employees		
2. Cheques, drafts on hand	390.77	880.72	(i) Unsecured, considered good	38.55	221.39
3. Balances with banks:			(ii) Doubtful	0.82	0.60
(A) In current accounts	15,818.26	6,236.19	Less: Provision for doubtful loans and advances	39.37	221.99
(B) In EEFC Accounts	3,168.43	4.15		0.82	0.60
(C) In deposit accounts (with original maturity upto 3 months)	0.61	600.00	(d) Prepaid expenses	<b>1,493.45</b>	<b>914.02</b>
	<u>18,987.30</u>	<u>6,840.34</u>	(e) Balances with statutory / government authorities	<b>1,268.42</b>	<b>739.51</b>
	<b>20,492.50</b>	<b>7,994.35</b>	(f) Advances for supply of goods and services		
<b>(b) Other bank balances</b>			(i) Unsecured, considered good	5,841.51	2,707.16
1. In Earmarked Accounts:			(ii) Doubtful	64.64	15.47
- Unclaimed dividends	7.01	25.85	Less: Provision for doubtful advances	5,906.15	2,722.63
- Interest accrued on unclaimed matured deposits	3.58	4.12		64.64	15.47
	<u>10.59</u>	<u>29.97</u>	(g) Other Loans and Advances		
2. (A) In deposit accounts with original maturity of more than 3 months but less than 12 months (See footnote)	100.78	5,703.47	(i) Unsecured, considered good	11.24	39.90
(B) Balances held as margin money with original maturity of more than 3 months but less than 12 months	340.61	198.92	(ii) Doubtful	-	11.81
	<u>441.39</u>	<u>5,902.39</u>	Less: Provision for doubtful loans and advances	-	11.81
3. (A) In deposit accounts with original maturity of more than 12 months	164.62	207.56		<u>11.24</u>	<u>39.90</u>
(B) Balances held as margin money with original maturity of more than 12 months	64.61	32.59		<b>10,031.30</b>	<b>5,705.05</b>
	<u>229.23</u>	<u>240.15</u>	<b>21. Other current assets</b>		
	<b>681.21</b>	<b>6,172.51</b>	(unsecured, considered good unless otherwise stated)		
	<u>21,173.71</u>	<u>14,166.86</u>	(a) Unbilled revenue	<b>61.18</b>	<b>88.49</b>
			(b) Accruals:		
			(i) Interest accrued on deposits with bank	<b>267.32</b>	<b>98.65</b>
			(ii) Interest accrued on investments	<b>0.39</b>	<b>0.01</b>
			(iii) Interest accrued on loans to related parties	<b>133.98</b>	<b>62.74</b>
			(c) Others:		
			(i) Contractually reimbursable expenses		
			(I) Unsecured, considered good	102.23	3.66
			(II) Doubtful	3.29	43.09
			Less: Provision for doubtful debts	105.52	46.75
				3.29	43.09
				<b>102.23</b>	<b>3.66</b>
			(ii) Export Incentives	<b>73.73</b>	<b>39.74</b>
			(d) Unamortised expense (ancillary cost of arranging borrowings)	<b>32.77</b>	<b>39.05</b>
			(e) Other receivables	<b>511.20</b>	<b>22.38</b>
				<u>1,182.80</u>	<u>354.72</u>
				<b>1,182.80</b>	<b>354.72</b>

**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. Thus the bank has appropriated the above balance from the Debt Services Reserve account (Also Refer Note 15 - Footnote)

**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	740.09	595.58
(ii) Doubtful	1.11	1.11
	<u>741.20</u>	<u>596.69</u>
Less: Provision for doubtful loans and advances	1.11	1.11

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014**

	Year ended 31st March, 2014	Year ended 31st March, 2013		Year ended 31st March, 2014	Year ended 31st March, 2013
	₹ in Lakhs	₹ in Lakhs		₹ in Lakhs	₹ in Lakhs
<b>22. Revenue from operations</b>					
(a) Sale of products	<b>1,85,861.66</b>	<i>1,46,773.00</i>	(b) Dividend income:		
(b) Sale of services			(i) from long term investments	0.05	<i>0.07</i>
(i) Charter hire income	47,815.73	<i>1,280.38</i>	(ii) from current investments	<u>79.19</u>	<i>82.08</i>
(ii) Ground rent from container freight stations maintained by the Company	1,301.74	<i>1,196.09</i>		<b>79.24</b>	<i>82.15</i>
(iii) Multimodal transport operations and allied services	27,146.23	<i>17,703.98</i>	(c) Net gain on sale of investments		
(iv) Maintenance services	29,326.67	<i>23,646.72</i>	(i) Current	502.58	<i>114.89</i>
(v) Cleaning services	7,129.80	<i>6,525.60</i>	(ii) Long-term	<u>81.36</u>	<i>-</i>
(vi) Transaction charges	300.60	<i>203.97</i>		<b>583.94</b>	<i>114.89</i>
(vii) Commission on mobile recharge	3,384.66	<i>88.62</i>	(d) Net gain on foreign currency transactions and translation (other than considered as finance costs)	<b>2,037.29</b>	<i>278.48</i>
(viii) Mobilisation Services	2,223.33	<i>1,976.21</i>	(e) Other non-operating income		
(ix) Processing Charges	95.24	<i>137.88</i>	(i) Profit on sale of fixed assets	116.75	<i>82.55</i>
(x) Others	<u>732.56</u>	<u>798.22</u>	(ii) Credit balances /excess provision written back	267.75	<i>818.72</i>
	<b>1,19,456.56</b>	<i>53,557.67</i>	(iii) Provision for diminution in the value of investments, no longer required written back	75.39	<i>-</i>
(c) Other operating revenues:			(iv) Rent income	588.55	<i>567.67</i>
(i) Rent and amenity charges on leased properties	1,136.54	<i>1,098.93</i>	(v) Miscellaneous income	<u>1,610.98</u>	<i>524.22</i>
(ii) Rental income from leased data processing equipment [see Note 37(c)]	200.40	<i>135.98</i>		<b>2,659.42</b>	<i>1,993.16</i>
(iii) Interest on Instalments and other penal charges recovered	2,004.16	<i>697.50</i>		<b>6,462.18</b>	<i>3,109.13</i>
(iv) Export Incentives	37.66	<i>39.73</i>			
(v) Others	<u>609.67</u>	<u>298.91</u>			
	<b>3,988.43</b>	<i>2,271.05</i>			
	<b>3,09,306.65</b>	<i>2,02,601.72</i>	<b>24. Cost of materials consumed</b>		
<b>23. Other income</b>			Opening stock of raw materials and components	<b>8,273.54</b>	<i>7,198.01</i>
(a) Interest income			Add: Purchases	<u>55,360.10</u>	<i>53,403.13</i>
(i) on long-term investments	2.12	<i>28.55</i>		<b>63,633.64</b>	<i>60,601.14</i>
(ii) on bank deposits	857.65	<i>517.18</i>	Less: Closing stock of raw materials and components	<u>7,383.44</u>	<i>8,273.54</i>
(iii) on inter corporate deposits	70.58	<i>83.82</i>		<b>56,250.20</b>	<i>52,323.60</i>
(iv) from customers and others	4.07	<i>4.17</i>	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.		
(v) Others					
- Income tax refund	167.65	<i>6.51</i>			
- on loan to employees and others	<u>0.22</u>	<u>0.22</u>			
	<b>1,102.29</b>	<i>640.45</i>			

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014**

	Year ended 31st March, 2014	Year ended 31st March, 2013		Year ended 31st March, 2014	Year ended 31st March, 2013
	₹ in Lakhs	₹ in Lakhs		₹ in Lakhs	₹ in Lakhs
<b>25. Changes in inventories of finished goods, work-in-progress and stock-in-trade</b>			<b>29. Other expenses</b>		
(a) Inventories at the end of the year:			(a) Consumption of stores and spare parts	1,641.08	1,099.06
(i) Finished goods	7,517.20	1,611.67	(b) Increase / (Decrease) on excise duty on inventory	22.38	(4.39)
(ii) Work-in-progress	700.04	583.30	(c) Processing charges	1,221.94	1,197.24
(iii) Stock-in-trade	20,441.53	20,517.06	(d) Power and fuel	1,367.83	1,322.42
(iv) Real estate development work in progress	177.79	70.98	(e) Operating costs for shipping and logistics division		
	<b>28,836.56</b>	<b>22,783.01</b>	(i) Charter hire charges	38,882.72	-
(b) Inventories at the beginning of the year:			(ii) Equipment hire charges	238.91	380.55
(i) Finished goods	1,611.67	1,422.94	(iii) Transportation, freight, handling and other charges	21,674.59	14,438.12
(ii) Work-in-progress	583.30	666.02	(iv) Vessel operating expenses	132.17	40.91
(iii) Stock-in-trade	20,517.06	11,533.18		<b>60,928.39</b>	<b>14,859.58</b>
(iv) Real estate development work in progress	70.98	-	(f) Rent	3,140.07	1,698.44
	<b>22,783.01</b>	<b>13,622.14</b>	(g) Repairs to		
Net Increase	<b>(6,053.55)</b>	<b>(9,160.87)</b>	(i) Buildings	256.74	255.87
			(ii) Machinery	589.59	598.29
			(iii) Others	1,761.49	992.21
				<b>2,607.82</b>	<b>1,846.37</b>
<b>26. Employee benefits expense</b>			(h) Insurance	792.56	558.45
(a) Salaries and wages	47,769.92	27,662.75	(i) Crew and other related expenses	68.93	69.10
(b) Contribution to provident and other funds	1,841.43	1,899.05	(j) Rates and taxes (excluding taxes on income)	1,471.04	1,107.80
(c) Staff welfare expense	1,120.79	1,003.86	(k) Brokerage, commission, discount and other selling expenses	11,040.38	6,693.45
	<b>50,732.14</b>	<b>30,565.66</b>	(l) Printing and Stationery	782.46	561.16
			(m) Communication	1,491.66	1,318.19
			(n) Advertisement	6,322.52	5,036.89
<b>27. Finance costs</b>			(o) Legal and professional charges [including commission to other than wholetime directors of subsidiary companies ₹ 165.84 Lakhs (Previous Year ₹ 172.87 Lakhs)]	3,972.80	1,988.96
(a) Interest expense on			(p) Travelling and conveyance	3,008.08	2,823.28
(i) Borrowings	5,137.28	2,318.64	(q) Payments to the auditor (net of service tax input credit, where applicable):		
(ii) Trade payables	8.77	9.32	(i) As auditors - statutory audit	272.54	87.41
(iii) Delayed payment of taxes	127.90	3.50	(ii) For taxation matters *	10.25	8.42
	<b>5,273.95</b>	<b>2,331.46</b>	(iii) For company law matters	0.35	0.35
(b) Other borrowing costs	1,795.54	524.82	(iv) For other services *	20.54	29.79
(c) Net loss on foreign currency transactions and translation	832.00	340.71	(v) For reimbursement of expenses	4.07	2.56
	<b>7,901.49</b>	<b>3,196.99</b>		<b>307.75</b>	<b>128.53</b>
<b>28. Depreciation and amortisation expense</b>					
(a) Depreciation of tangible assets (see Note 12A)	4,408.40	3,970.42			
(b) Amortization of intangible assets (see Note 12B)	1,004.57	495.76			
	<b>5,412.97</b>	<b>4,466.18</b>			

\* Excludes fee for taxation matters of ₹ 17.80 Lakhs (Previous Year ₹ 16.45 Lakhs), and fees for other services ₹ Nil (Previous year ₹ 6.75 Lakhs) paid to a firm in which some of the partners of the audit firm are partners.

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014**

	Year ended 31st March, 2014	Year ended 31st March, 2013	As at 31st March, 2014	As at 31st March, 2013
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
<b>29. Other expenses (contd...)</b>				
(r) Bad trade receivables / advances written off	588.26	1,368.49		
Less: Provision held	41.48	774.72		
	<b>546.78</b>	<b>593.77</b>		
(s) Service Charges	<b>15,562.21</b>	<b>14,514.37</b>		
(t) Managed Assets Service Provider's (MASP) charges	<b>422.56</b>	386.69		
(u) Freight and forwarding charges	<b>4,278.00</b>	3,273.39		
(v) Royalty expenses	<b>32.87</b>	38.87		
(w) Outsourced Contract expenses	-	94.68		
(x) Real estate development charges	<b>106.81</b>	70.98		
(y) Vehicle expenses and maintenance	<b>2,360.42</b>	2,186.04		
(z) Information technology expenses	<b>2,660.59</b>	2,315.87		
(aa) Conference expenses	<b>1,352.17</b>	1,003.78		
(ab) Loss on sale / write off of fixed assets	<b>42.65</b>	15.27		
(ac) Net loss on foreign currency transactions and translation (other than considered as finance cost)	<b>174.07</b>	73.71		
(ad) Mobilisation expenses	<b>2,167.50</b>	1,902.60		
(ae) Provision for doubtful trade receivables / loans and advances	<b>610.25</b>	287.48		
(af) Provision for diminution in the value of investments	-	1.04		
(ag) Provision for estimated losses on onerous contracts	<b>60.50</b>	264.00		
(ah) Provision for impairment on fixed assets (Ships) (See Note 43)	<b>60.82</b>	1,146.31		
(ai) Miscellaneous expenses	<b>8,567.76</b>	6,051.43		
	<b>1,39,193.65</b>	<b>76,524.81</b>		
<b>30. Exceptional items - (Expense) / Income</b>				
(a) Prior period adjustments :				
(i) Prior period Charge due to Revision of useful life of Assets	(1.55)	-		
(ii) Effect of difference between audited and unaudited statement of profit and loss of a jointly controlled entity for the previous year	54.32	(0.43)		
(iii) Effect of expenses and income of subsidiary not consolidated last year	(8.31)	(3.33)		
	<b>44.46</b>	<b>(3.76)</b>		
(b) Profit on sale of fixed assets (land and building)	-	6,044.19		
(c) Impairment of goodwill on consolidation	-	(178.04)		
(d) Change in the method of accounting for depreciation	-	(38.08)		
(e) Termination benefits and one time settlement with employees	<b>(186.50)</b>	(13.00)		
(f) Sharing of expenses (See Note 54)	<b>(1,162.01)</b>	-		
	<b>(1,304.05)</b>	<b>5,811.31</b>		
<b>31. Contingent liabilities:</b>				
(a) Claims against the Company not acknowledged as debts				
1 Taxes in dispute:-				
(i) Excise demand	<b>6,536.04</b>	6,775.77		
(ii) Sales tax	<b>5,073.50</b>	4,791.34		
(iii) Income-tax	<b>2,494.04</b>	2,711.49		
(iv) Service-tax	<b>706.67</b>	254.21		
(v) Entry-tax	<b>38.45</b>	76.90		
(vi) Customs duty	<b>2.70</b>	-		
(vii) Wealth tax	<b>36.12</b>	36.12		
(viii) Property tax	<b>551.61</b>	551.60		
(ix) Default Bank Interest	<b>42.44</b>	-		
(x) Maharashtra Cess Act	Not Assessed	Not Assessed		
2 Labour matters in dispute	<b>6.00</b>	16.50		
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	<b>188.29</b>	188.29		
4 Customer claims	<b>2,582.93</b>	2,404.32		
5 Supplier claims	<b>15.00</b>	15.00		
6 Other legal matters	<b>33.30</b>	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	<b>14,193.93</b>	6,620.00		
(ii) Mortgage of land	<b>13.00</b>	13.00		
Note:				
In respect of item mentioned above, till the matters are finally decided, the timing of outflow of economic benefits cannot be ascertained.				
<b>32. Capital and other commitments</b>				
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 412.48 Lakhs (Previous year: ₹ 712.87 Lakhs; ) [net of advance paid aggregating ₹ 238.71 Lakhs; (Previous year: ₹ 208.37 Lakhs)].				
(b) For Service performance ₹ 516.62 Lakhs (Previous Year ₹ 535.66 Lakhs)				
(c) For product performance ₹ 1,577.62 Lakhs (Previous Year ₹ 1,008.80 Lakhs)				
(d) For commitments relating to lease arrangements, please see note 37(a) and for derivative contracts, see Note 42A				

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

### 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, 2013	Additions	Utilisation	Reversal (withdrawn as no longer required)	As at 31st March, 2014
Provision for warranty	771.61 <i>654.76</i>	1,430.39 <i>771.61</i>	879.09 <i>565.85</i>	(19.97) <i>88.91</i>	1,342.88 <i>771.61</i>
Provision for estimated losses on onerous contracts	264.00 <i>-</i>	60.50 <i>264.00</i>	- <i>-</i>	- <i>-</i>	324.50 <i>264.00</i>
Provision for disputed statutory demands	505.02 <i>505.02</i>	- <i>-</i>	138.64 <i>-</i>	- <i>-</i>	366.38 <i>505.02</i>
Total	<b>1,540.63</b>	<b>1,490.89</b>	<b>1,017.73</b>	<b>(19.97)</b>	<b>2,033.76</b>
<i>Previous Year</i>	<i>1,159.78</i>	<i>1,035.61</i>	<i>565.85</i>	<i>88.91</i>	<i>1,540.63</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, 2014 ₹ in Lakhs	Year ended 31st March, 2013 ₹ in Lakhs
Provident fund	<b>921.63</b>	<i>805.35</i>
Superannuation fund	<b>214.89</b>	<i>199.64</i>
Total contribution	<b>1,136.52</b>	<i>1,004.99</i>

#### 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 ₹10.54 Lakhs (*Previous year: ₹ 10.77*) as at 31st March, 2014 and the same is recognised to the statement 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:-

	31st March, 2014	31st March, 2013
Remaining terms of maturity (in years)	<b>14</b>	<i>14</i>
Expected guarantee interest rate	<b>8.75%</b>	<i>8.25%</i>
Discount rate for the remaining term to maturity of interest portfolio	<b>9.32%</b>	<i>8.15%</i>

Details of defined benefit plans are as follows:

(₹ in Lakhs)

	31st March, 2014			31st March, 2013		
	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	12,928.77	97.83	401.67	2,135.08	84.39	389.40
Fair value of plan assets	9,714.74	-	-	1,836.37	-	-
<b>Net Liability in the balance sheet</b>	<b>3,214.03</b>	<b>97.83</b>	<b>401.67</b>	<b>298.71</b>	<b>84.39</b>	<b>389.40</b>



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

(₹ in Lakhs)

	31st March, 2014			31st March, 2013		
	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)
<b>Defined benefit commitments:</b>						
<b>Opening balance as at 1st April</b>	2,135.08	84.39	389.40	1,848.41	30.70	367.22
Transfer from non-funded to funded	-	-	-	-	-	-
Acquisition of Subsidiary	12,191.24	-	-	-	-	-
Interest expense	553.06	6.90	32.13	158.10	2.56	32.14
Current service cost	203.77	15.37	4.53	140.96	10.58	4.64
Paid benefits	(1,216.86)	(12.67)	(53.97)	(208.32)	(3.94)	(56.67)
Actuarial (gain) / loss	(479.57)	3.84	29.58	198.17	44.49	42.07
Currency Translation Adjustment	(457.95)	-	-	-	-	-
Adjustment based on Actuary valuation	-	-	-	(2.24)	-	-
<b>Closing balance as at 31st March</b>	<b>12,928.77</b>	<b>97.83</b>	<b>401.67</b>	<b>2,135.08</b>	<b>84.39</b>	<b>389.40</b>
<b>Plan Assets</b>						
<b>Opening balance as at 1st April</b>	1,836.37	-	-	1,491.21	-	-
Acquisition of Subsidiary	7,897.25	-	-	-	-	-
Expected return on scheme assets	242.74	-	-	138.83	-	-
Contributions by the group	1,116.03	-	-	368.50	-	-
Paid funds	(1,165.03)	-	-	(208.32)	-	-
Actuarial gain / (loss)	123.83	-	-	5.49	-	-
Transfer Received	-	-	-	40.66	-	-
Currency Translation Adjustment	(336.45)	-	-	-	-	-
<b>Closing balance as at 31st March</b>	<b>9,714.74</b>	<b>-</b>	<b>-</b>	<b>1,836.37</b>	<b>-</b>	<b>-</b>
<b>Return on Plan Assets</b>						
Expected return on plan assets	242.74	-	-	138.83	-	-
Actuarial gain / (loss)	123.83	-	-	5.49	-	-
Actual return on plan assets	<b>366.57</b>	<b>-</b>	<b>-</b>	<b>144.32</b>	<b>-</b>	<b>-</b>
<b>Expenses on defined benefit plan:</b>						
Current service costs	203.77	15.37	4.53	140.96	10.58	4.64
Interest expense	553.06	6.90	32.13	158.10	2.56	32.13
Expected return on investment	(242.74)	-	-	(138.83)	-	-
Net actuarial (gain) / loss	(603.40)	3.84	29.58	192.68	44.49	42.06
<b>Expenses charged to the Statement of profit and loss</b>	<b>(89.31)</b>	<b>26.11</b>	<b>66.24</b>	<b>352.91</b>	<b>57.63</b>	<b>78.83</b>

**Investment details**

Funds managed by Insurer  
Public Sector Unit Bonds  
Private sector unit bonds  
State/Central Guaranteed Securities  
Special deposit schemes  
Others (excluding Bank Balances)

	31st March, 2014	31st March, 2013
	<b>88.07%</b>	39.39%
	<b>4.54%</b>	12.38%
	<b>6.30%</b>	32.19%
	<b>0.00%</b>	8.56%
	<b>0.42%</b>	3.54%
	<b>0.66%</b>	3.95%
	<b>100.00%</b>	100.00%



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

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, 2014	31st March, 2013
Rate for discounting liabilities	8.85% to 9.38%	8.00% to 8.25%
Expected salary increase rate	3.50% to 10.00%	3.50% to 6.00%
Expected return on scheme assets	8.70% to 8.85%	8.00%
Mortality rates	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate

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, 2014	31st March, 2013
Rate for discounting liabilities	9.32%	8.25%

### Experience adjustment:

#### Gratuity

₹ in Lakhs

	2013-14	2012-13	2011-12	2010-11	2009-10
Defined benefit obligation	12,928.77	2,135.08	1,834.04	1,776.79	1,819.24
Plan asset	9,714.74	1,836.37	1,488.41	1,381.04	1,440.79
Deficit in plan asset	3,214.03	298.71	345.63	395.75	378.45
Experience adjustment on plan assets (loss) / gain	123.83	5.49	11.66	(9.99)	21.73
Experience adjustment on plan liabilities loss / (gain)	26.38	159.12	50.56	145.25	5.21

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 2014-15 is ₹ 58.70 lakhs (*Previous year: amount not ascertainable*).

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.

#### Other Post Retirement Benefits

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 ₹ 12.05 Lakhs (*Previous year: ₹ 2.21 Lakhs*) is recognised to the statement of profit and loss based on actuarial valuation.

The Company has charged amounts aggregating ₹ 78.29 Lakhs; (*Previous year: ₹ 76.62 Lakhs*) to the statement of profit and loss based on actuarial valuation [Present value of future obligation as at 31st March, 2014 ₹ 384.17 Lakhs; (*Previous year: ₹ 359.84 Lakhs*)] and paid ₹ 53.96 Lakhs (*Previous year: ₹ 55.64 Lakhs*), towards the post retirement arrangements to former Managing Directors and other Directors.

### 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', 'Energy Solution' 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.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

(₹ in Lakhs)

Particulars	Engineering		Health, Hygiene & Safety products and its services		Shipping and logistics services		Real estate		IT enabled services		Energy Solution		Others		Total	
	31st March, 2014	31st March, 2013	31st March, 2014	31st March, 2013	31st March, 2014	31st March, 2013	31st March, 2014	31st March, 2013	31st March, 2014	31st March, 2013	31st March, 2014	31st March, 2013	31st March, 2014	31st March, 2013	31st March, 2014	31st March, 2013
External segment revenue	14,144.65	14,873.74	1,87,071.45	1,38,926.06	78,502.14	22,167.50	1,136.54	7,143.30	24,941.57	16,084.00	971.12	6,179.20	-	-	3,06,767.47	2,05,973.80
Add: Inter segment revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revenue from operations	14,144.65	14,873.74	1,87,071.45	1,38,926.06	78,502.14	22,167.50	1,136.54	7,143.30	24,941.57	16,084.00	971.12	6,179.20	-	-	3,06,767.47	2,05,973.80
Segment Results - Profit / (Loss) (including exceptional items related to segments)	684.16	992.63	10,127.80	8,018.49	3,895.17	(1,499.87)	854.24	7,009.40	758.90	597.95	(1,097.04)	(267.74)	(75.72)	(56.49)	15,147.51	14,794.37
Add: Unallocated income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,839.16	930.72
Less: Unallocated expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,721.99)	(1,659.67)
Add: Exceptional items other than related to segments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(162.47)	-
Profit before tax and finance costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15,102.21	14,065.42
Less: finance costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(7,901.49)	(3,196.99)
Profit before tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,200.72	10,868.43
Provision for taxation:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Current tax expense for current year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,373.73	2,783.13
MAT credit entitlement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(29.20)	(19.54)
(Excess) / short provision for current tax relating to prior years	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13.22	(66.38)
Deferred tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(202.22)	(83.50)
Profit after tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,045.19	8,254.72
Capital employed	9,768.30	10,288.53	1,76,281.15	87,784.15	27,284.24	18,602.96	3,484.09	3,306.94	16,826.66	8,792.77	2,719.82	6,399.65	8.50	71.00	2,36,372.76	1,33,246.00
Segment assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13,559.46	27,669.16
Unallocated corporate assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	9,768.30	10,288.53	1,76,281.15	87,784.15	27,284.24	18,602.96	3,484.09	3,306.94	16,826.66	8,792.77	2,719.82	6,399.65	8.50	71.00	2,36,372.76	1,33,246.00
Segment liabilities	3,550.64	2,951.90	98,027.47	59,729.25	17,515.41	9,764.71	4,253.18	4,212.54	5,294.66	3,318.72	1,365.49	1,674.78	10.85	43.60	1,30,017.70	81,695.50
Unallocated corporate liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,086.00	6,133.39
Total liabilities	3,550.64	2,951.90	98,027.47	59,729.25	17,515.41	9,764.71	4,253.18	4,212.54	5,294.66	3,318.72	1,365.49	1,674.78	10.85	43.60	1,30,017.70	81,695.50
Capital employed	6,217.66	7,336.63	78,253.68	28,054.90	9,768.83	8,838.25	(769.09)	(905.60)	11,532.00	5,474.05	1,354.33	4,724.87	(2.35)	27.40	1,15,828.52	75,086.27
Cost incurred to acquire segment assets including adjustments on account of capital work-in-progress	122.62	580.32	6,983.81	2,431.57	277.39	734.50	24.03	3.88	1,822.25	1,067.98	-	11.36	-	-	9,230.10	4,829.61
Unallocated cost incurred to acquire assets including adjustments on account of capital work-in-progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total capital expenditure	1,086.11	1,099.76	2,892.80	1,990.12	990.95	1,014.72	85.46	83.84	213.25	178.23	9.87	8.98	64.34	19.59	5,342.78	4,393.24
Segment depreciation / amortisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated corporate depreciation / amortisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total depreciation / amortisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-cash segment expenses other than depreciation / amortisation	43.95	0.54	781.02	1,021.09	263.88	1,209.20	-	40.21	152.75	1.33	60.50	264.00	1.74	-	1,303.84	2,536.37
Unallocated non-cash expenses other than depreciation / amortisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(25.48)	(27.65)
Total non-cash expenses other than depreciation / amortisation	43.95	0.54	781.02	1,021.09	263.88	1,209.20	-	40.21	152.75	1.33	60.50	264.00	1.74	-	1,303.84	2,536.37
Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cost incurred to acquire segment assets including adjustments on account of capital work-in-progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated cost incurred to acquire assets including adjustments on account of capital work-in-progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total non-cash expenses other than depreciation / amortisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revenue	2,52,480.71	1,91,244.38	54,286.76	14,729.42	-	-	-	-	-	-	-	-	-	-	3,06,767.47	2,05,973.80
Assets	1,32,306.11	1,17,482.22	1,04,066.65	17,763.78	9,014.76	4,829.61	215.34	-	13,559.46	8,792.77	2,719.82	6,399.65	8.50	71.00	2,36,372.76	1,33,246.00
Cost incurred to acquire segment assets including adjustments on account of capital work-in-progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated cost incurred to acquire assets including adjustments on account of capital work-in-progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total non-cash expenses other than depreciation / amortisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revenue	2,52,480.71	1,91,244.38	54,286.76	14,729.42	-	-	-	-	-	-	-	-	-	-	3,06,767.47	2,05,973.80
Assets	1,32,306.11	1,17,482.22	1,04,066.65	17,763.78	9,014.76	4,829.61	215.34	-	13,559.46	8,792.77	2,719.82	6,399.65	8.50	71.00	2,36,372.76	1,33,246.00
Cost incurred to acquire segment assets including adjustments on account of capital work-in-progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated cost incurred to acquire assets including adjustments on account of capital work-in-progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total non-cash expenses other than depreciation / amortisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

# Includes Profit on Sale of land aggregating ₹ 6,044.19 lakhs classified as an exceptional item.

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014**

**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 Euro P2P Direct (Thailand) Co. Limited
- 4 Nuevo Consultancy Services Limited

**(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 Infinite Water Solutions Pvt. Limited
- 6 Nypro Forbes Products Limited
- 7 SCIForbes Limited
- 8 Aquaignis Technologies Pvt. Limited
- 9 AMC Cookware Pte Ltd. (Joint Venture of Lux International AG) (w.e.f. 5th June, 2013)
- 10 Eurolife Regen Pvt Ltd (Joint Venture of Eureka Forbes Ltd.)

**(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

**36. Related party disclosures (contd.)**

(₹ in Lakhs)

**(b) Details of related party transactions during the year ended 31st March, 2014 and balances outstanding as at 31st March, 2014:**

		Parties in A above	Parties in B above	Parties in C above	Parties in D above	Parties in E above	Total
	Nature of Transaction						
	<b>Purchases</b>						
1	Goods and Materials	-	-	-	1,648.95	-	1,648.95
		-	-	-	3,496.52	-	3,496.52
2	Fixed Assets	-	-	-	1,950.91	-	1,950.91
		-	-	-	-	-	-
	<b>Sales</b>						
3	Goods and Materials	133.18	17.62	-	256.04	-	406.84
		138.31	9.38	-	241.85	-	389.54
4	Services Rendered	-	4.23	-	0.27	-	4.50
		2.07	14.10	-	-	-	16.17
	<b>Expenses</b>						
5	Rent	-	-	-	65.86	4.55	70.41
		-	13.92	-	-	-	13.92
6	Travelling and conveyance expenses	-	110.16	-	-	-	110.16
		-	104.36	-	-	-	104.36
7	Transportation, freight, handling and other charges	-	1.36	-	-	-	1.36
		-	4.55	-	-	-	4.55
8	Recovery of Expenses	-	-	0.42	0.13	-	0.55
		-	-	-	0.13	-	0.13
9	Diminution in Value of Investments	-	-	-	112.50	-	112.50
		-	-	-	1,672.50	-	1,672.50
10	Interest Paid	18.83	-	-	-	-	18.83
		19.16	-	-	-	-	19.16
11	Write offs of Investments	-	-	-	426.47	-	426.47
		-	-	-	-	-	-
12	Provision for doubtful loans and advances	-	-	-	0.52	-	0.52
		-	-	-	0.37	-	0.37
13	Bad trade receivables / advances written off	2.11	-	-	-	-	2.11
		-	-	-	-	-	-
14	Miscellaneous expenses	-	12.40	-	15.93	-	28.33
		-	-	-	61.20	-	61.20

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014**
**36. Related party disclosures (contd.)**

(₹ in Lakhs)

**(b) Details of related party transactions during the year ended 31st March, 2014 and balances outstanding as at 31st March, 2014:**

		Parties in A above	Parties in B above	Parties in C above	Parties in D above	Parties in E above	Total
	Nature of Transaction						
15	<b>Dividend Payment</b>	<b>46.48</b>	-	-	-	-	<b>46.48</b>
		<i>92.95</i>	-	-	-	-	<i>92.95</i>
	<b>Income</b>						
16	Rent and Other Service Charges	<b>23.35</b>	<b>60.54</b>	-	<b>29.63</b>	-	<b>113.52</b>
		<i>111.26</i>	<i>54.21</i>	-	<i>20.06</i>	-	<i>185.53</i>
17	Interest Received	-	-	-	<b>72.02</b>	-	<b>72.02</b>
		-	-	-	<i>83.82</i>	-	<i>83.82</i>
18	Miscellaneous Income	<b>1.89</b>	<b>0.50</b>	-	<b>50.32</b>	-	<b>52.71</b>
		<i>7.26</i>	<i>0.88</i>	-	<i>4.38</i>	-	<i>12.52</i>
	<b>Other Receipts</b>						
19	Other Reimbursements	<b>0.33</b>	<b>4.91</b>	-	<b>52.94</b>	-	<b>58.18</b>
		-	<i>6.12</i>	-	<i>61.58</i>	-	<i>67.70</i>
	<b>Finance</b>						
20	Inter-corporate deposits given	-	-	-	<b>201.76</b>	-	<b>201.76</b>
		-	-	-	<i>50.37</i>	-	<i>50.37</i>
21	Inter-corporate deposits taken	<b>300.00</b>	-	-	-	-	<b>300.00</b>
		<i>2,500.00</i>	-	-	-	-	<i>2,500.00</i>
22	Repayment of deposits taken	<b>300.00</b>	-	-	-	-	<b>300.00</b>
		<i>2,500.00</i>	-	-	<i>11.07</i>	-	<i>2,511.07</i>
23	Repayment of deposits given	-	-	-	<b>50.00</b>	-	<b>50.00</b>
		-	-	-	<i>125.00</i>	-	<i>125.00</i>
	<b>Outstandings</b>						
24	Trade Payables	<b>0.12</b>	<b>5.48</b>	-	<b>648.78</b>	-	<b>654.38</b>
		-	<i>7.01</i>	-	<i>471.26</i>	-	<i>478.27</i>
25	Interest Accrued	<b>8.39</b>	-	-	<b>134.94</b>	-	<b>143.33</b>
		-	-	-	<i>62.75</i>	-	<i>62.75</i>
26	Trade Receivables	<b>37.43</b>	<b>2.09</b>	<b>20.15</b>	<b>7.52</b>	-	<b>67.19</b>
		<i>49.02</i>	<i>7.63</i>	<i>20.15</i>	<i>54.35</i>	-	<i>131.15</i>
27	Long Term Loans and Advances	-	<b>9.11</b>	<b>4,756.77</b>	<b>36.01</b>	-	<b>4,801.89</b>
		-	<i>9.11</i>	<i>4,756.77</i>	<i>76.03</i>	-	<i>4,841.91</i>
28	Short Term Loans and Advances	-	<b>18.86</b>	<b>1.61</b>	<b>17.34</b>	-	<b>37.81</b>
		<i>7.31</i>	<i>26.50</i>	<i>1.11</i>	<i>12.47</i>	-	<i>47.39</i>
29	Provision for Doubtful Loans and Advances	-	-	<b>4,757.88</b>	<b>36.15</b>	-	<b>4,794.03</b>
		-	-	<i>4,757.88</i>	<i>35.64</i>	-	<i>4,793.52</i>
30	Provision for Doubtful Trade Receivables	-	-	<b>20.15</b>	-	-	<b>20.15</b>
		<i>2.11</i>	-	<i>20.15</i>	-	-	<i>22.26</i>
31	Deposits Payable	<b>75.00</b>	-	-	<b>3.76</b>	-	<b>78.76</b>
		<i>75.00</i>	-	-	<i>3.76</i>	-	<i>78.76</i>
32	Inter-corporate Deposits Receivable	-	-	-	<b>701.76</b>	-	<b>701.76</b>
		-	-	-	<i>550.00</i>	-	<i>550.00</i>
33	Guarantees Taken	<b>2,990.53</b>	-	-	-	-	<b>2,990.53</b>
		<i>2,725.25</i>	-	-	-	-	<i>2,725.25</i>
34	Remuneration	-	-	-	-	<b>469.62</b>	<b>469.62</b>
		-	-	-	-	<i>467.37</i>	<i>467.37</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, 2014**

Nature of Transaction	(₹ in Lakhs)																	
	A	B	B	B	C	C	D	D	D	D	D	D	D	E				
	Shapoorji Group & Company Limited	Forval International Services Limited	Gokak Textiles Limited	Shapoorji Group Private Limited	SP Fabricators Private Limited	The Svadeshi Mills Company Limited	Navro Company Services Limited	Aquaalmis Technologies Pvt. Ltd. (Joint Venture of Forbeka Forbes Ltd.)	Edumetry Inc	Regent (Joint Venture of Forbeka Forbes Ltd.)	Eurolife Regent (Joint Venture of Forbeka Forbes Ltd.)	Forbeka Aquatech Limited (Joint Venture of Forbeka Forbes Limited.)	Infinite Water Systems Limited (Joint Venture of Forbeka Forbes Limited.)	Nipro Products Limited	SCJ Forbeka Limited	Managing Director, Forbeka Barak	Managing Director, Forbeka Barak	
<b>Nature of Transaction</b>																		
<b>Purchases</b>																		
1 Goods and Materials	-	-	-	-	-	-	-	-	-	-	-	2,218.45	1,648.95	-	-	-	-	-
2 Fixed Assets	-	-	-	-	-	-	-	-	-	-	-	1,950.91	1,278.09	-	-	-	-	-
<b>Sales</b>																		
3 Goods and Materials	133.18	-	-	-	-	-	-	-	-	-	-	250.16	-	-	-	-	-	-
4 Services Rendered	136.31	-	-	-	2.64	-	-	-	-	-	247.74	-	-	-	-	-	-	-
2.07	-	-	-	-	5.33	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Expenses</b>																		
5 Rent	-	13.92	-	-	-	-	-	-	-	-	-	65.86	-	-	-	-	-	-
6 Travelling and conveyance expenses	-	108.17	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7 Transportation, freight, handling and other charges	-	104.26	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8 Recovery of Expenses	-	1.22	0.14	-	-	-	-	-	-	-	-	0.13	-	-	0.13	-	-	-
9 Diminution in Value of Investments	-	0.91	3.64	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10 Interest Paid	18.83	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11 Write offs of Investments	19.16	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12 Provision for doubtful loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13 Bad trade receivables / advances written off	2.11	-	-	-	-	-	-	-	0.52	-	-	-	-	-	-	-	-	-
14 Miscellaneous expenses	-	12.40	-	-	-	-	-	-	0.37	-	-	46.30	15.64	-	-	-	-	-
74.70	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Dividend Payment</b>																		
15	46.48	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
92.93	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Income</b>																		
16 Rent and Other Service Charges	23.35	21.33	-	-	-	-	-	-	-	-	-	-	13.33	-	-	-	-	-
17 Interest Received	111.26	19.14	-	-	-	-	-	-	-	-	-	-	-	72.02	-	-	-	-
18 Miscellaneous Income	-	-	-	-	-	-	-	-	-	-	-	14.09	-	69.72	-	-	-	-
7.26	-	-	-	-	-	-	-	-	-	-	-	50.14	-	-	-	-	-	-
4.38	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Other Receipts</b>																		
19 Other Reimbursements	-	-	-	-	-	-	-	-	-	-	6.50	20.42	24.00	-	-	-	-	-
10.76	-	-	-	-	-	-	-	-	-	-	28.63	17.61	-	-	-	-	-	-
<b>Finance</b>																		
20 Inter-corporate deposits given	-	-	-	-	-	-	-	-	-	-	-	-	-	51.76	-	-	-	-
30.00	-	-	-	-	-	-	-	-	-	-	-	-	-	30.00	-	-	-	-
21 Inter-corporate deposits taken	2,700.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
300.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
22 Repayment of deposits taken	2,700.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
50.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23 Repayment of deposits given	-	-	-	-	-	-	-	-	-	-	-	-	-	-	50.00	-	-	-
<b>Outstandings</b>																		
24 Trade Payables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
347.35	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
25 Interest Accrued	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
203.86	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
26 Trade Receivables	37.43	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
49.02	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27 Long Term Loans and Advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
53.90	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
28 Short Term Loans and Advances	7.31	-	15.11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23.92	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29 Provision for Doubtful Loans and Advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4,391.78	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4,391.78	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30 Provision for Doubtful Trade Receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.15	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.15	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31 Deposits Payable	75.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
75.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32 Inter-corporate Deposits Receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2,990.53	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2,725.25	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
33 Guarantees Taken	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Remuneration</b>																		
34	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
121.09	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
348.52	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
718.83	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Figures in italics are in respect of the previous year.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

### 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 ₹ 122.16 Lakhs; (*Previous year: ₹ 212.32 Lakhs*) and ₹ 76.17 Lakhs; (*Previous year: ₹ 128.32 Lakhs*) respectively.
- (ii) Depreciation recognised in the statement of profit and loss is ₹ 38.01 Lakhs; (*Previous year: ₹ 53.09 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:

Period	₹ In Lakhs			
	As at 31st March, 2014		As at 31st March, 2013	
	MLP	PV of MLP	MLP	PV of MLP
Not later than one year	77.00	69.56	41.87	37.31
Later than one year but not later than five years	81.45	78.29	53.74	49.83
Later than five years	-	-	-	-
<b>TOTAL</b>	<b>158.45</b>	<b>147.85</b>	<b>95.61</b>	<b>87.14</b>
Less: Amounts representing finance charges	(10.60)	-	(8.47)	-
Present value of minimum lease payments	<b>147.85</b>	<b>147.85</b>	<b>87.14</b>	<b>87.14</b>

#### (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		Products	
	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2014	As at 31st March, 2013
	₹ In Lakhs	₹ In Lakhs	₹ In Lakhs	₹ In Lakhs	₹ In Lakhs	₹ In Lakhs
Gross carrying amount	2,419.95	2,440.76	35.66	35.66	513.63	-
Less: Accumulated depreciation	1,177.14	1,094.94	25.62	21.31	110.04	-
Net carrying amount	<b>1,242.81</b>	<b>1,345.82</b>	<b>10.04</b>	<b>14.35</b>	<b>403.59</b>	-
Depreciation for the year	<b>65.51</b>	<b>107.91</b>	<b>4.31</b>	<b>6.15</b>	<b>110.04</b>	-

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

Period	As at 31st March, 2014 ₹ In Lakhs	As at 31st March, 2013 ₹ In Lakhs
Not later than one year	464.05	398.00
Later than one year but not later than five years	54.11	392.67
Later than five years	-	-
<b>TOTAL</b>	<b>518.16</b>	<b>790.67</b>

- (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, 2014

- (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, 2014 ₹ In Lakhs	As at 31st March, 2013 ₹ In Lakhs
Not later than one year	514.35	182.71
Later than one year but not later than five years	43.18	168.16
Later than five years	-	-
<b>TOTAL</b>	<b>557.53</b>	<b>350.87</b>

### 38. Earnings per share

Earnings per share is computed as under:

S.No.	Particulars	Remarks	For the year ended 31st March, 2014	For the year ended 31st March, 2013
1.	Profit for the year after adjustment of share in Associates and Minority Interest (₹ In Lakhs)		4,006.45	8,555.07
	Less : Dividend on preference shares issued by subsidiary companies outside the group (including tax thereon)		(175.63)	(167.29)
	Profit for the year attributable to Equity Shareholder's	A	3,830.82	8,387.78
2.	Weighted average number of equity shares outstanding during the year	B	12,732,218	12,732,218
3.	<b>Earning per share (Nominal value of share ₹ 10)- (Basic &amp; Diluted) (₹)</b>	C=A/B	<b>30.09</b>	<b>65.88</b>

### 39. Deferred tax

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

Nature of Timing Difference	(Liabilities) / Assets As at 31st March, 2013 ₹ in Lakhs (A)	(Charge) / credit for the year ₹ in Lakhs (B)	(Liabilities) / Assets As at 31st March, 2014 ₹ in Lakhs (C) = (A) + (B)
Related to fixed assets	(1,145.91)	90.03	(1,055.88)
Voluntary retirement scheme	57.84	11.00	68.84
Provisions for doubtful debts and advances	141.17	59.95	201.12
Provisions and liabilities to be allowed on payment basis	280.38	(69.67)	210.71
Unabsorbed depreciation	666.52	(91.31)	575.21
Group Share of DTA	460.48	1,700.10	2,160.58
	<u>460.48</u>	<u>1,700.10</u>	<u>2,160.58</u>

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, 2014**

**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:**

(₹ in Lakhs)											
Sr. No.	Particulars	Reporting Currency	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
1	Eureka Forbes Limited	INR	372.80	18,083.78	95,194.51	76,737.93	456.80	144,690.80	2,691.41	755.12	1,936.29
		INR	372.80	16,147.48	77,368.11	60,847.83	425.57	128,640.98	4,529.73	1,036.94	3,492.79
2	Aquamall Water Solutions Limited	INR	400.02	23,103.29	43,197.87	19,694.57	292.79	52,136.55	5,332.74	1,122.40	4,210.34
		INR	400.02	19,296.84	25,094.10	5,397.24	85.95	46,180.50	5,139.64	1,030.00	4,109.64
3	Aquadiagnostics Water Research & Technology Centre Limited	INR	200.00	(192.30)	112.82	105.12	-	71.91	(6.15)	-	(6.15)
		INR	8.00	(186.15)	96.98	275.13	-	54.83	(28.55)	-	(28.55)
4	Euro Forbes International Pte. Limited	SGD	237.23	(139.76)	99.57	2.10	-	-	(10.78)	-	(10.78)
		SGD	219.06	(119.09)	102.69	2.73	-	-	(10.41)	-	(10.41)
5	Forbes Facility Services Private Limited	INR	100.00	(10.11)	2,612.82	2,522.93	-	7,117.73	80.00	3.56	76.43
		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	(83.58)	52.03	35.61	-	68.75	5.39	0.06	5.33
		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	(2.03)	3.18	0.21	-	-	(0.28)	-	(0.28)
		INR	5.00	(1.75)	3.71	0.46	-	-	(0.33)	-	(0.33)
8	WaterWings Equipments Private Limited	INR	5.00	42.81	585.53	537.73	-	1,690.69	(62.39)	(1.70)	(60.70)
		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	163.00	618.51	448.26	0.87	1,019.21	82.91	26.95	55.96
		INR	7.25	107.04	570.63	456.34	0.87	991.49	116.59	37.66	78.93
10	EFL Mauritius Limited	EURO	23,601.37	1,318.79	25,277.91	357.76	-	1,150.98	1,126.64	115.86	1,010.78
		EURO	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	(1.59)	3.71	0.30	-	-	(0.19)	-	(0.19)
		INR	5.00	(1.40)	4.58	0.98	-	-	(0.28)	-	(0.28)
12	Euro Forbes Mauritius Limited	EURO	-	-	-	-	-	-	(5.49)	-	(5.49)
		EURO	-	(14.56)	1.51	16.07	-	-	(4.66)	-	(4.66)
13	Euro Forbes Ltd. Dubai	US\$	48.82	(554.87)	2,011.56	2,517.61	-	271.15	(193.33)	-	(193.33)
		US\$	44.41	(328.88)	1,686.68	1,971.16	-	-	(190.69)	-	(190.69)
14	Forbes Lux FZCO Ltd.	US\$	201.55	(1,922.37)	18,693.98	20,414.80	-	3,289.41	(717.28)	-	(717.28)
		US\$	177.53	(1,061.48)	16,534.89	17,418.84	-	3,098.77	(231.17)	-	(231.17)
15	Forbes Lux International AG, BAAR	CHF	17,550.53	(485.35)	64,586.94	47,521.76	61,166.36	1,186.91	(979.34)	-	(979.34)
16	Lux International AG	CHF	5,202.73	9,352.47	17,196.48	2,641.29	11,287.76	-	2,513.79	(2.90)	2,516.69
17	Forbes Lux Group AG	CHF	693.70	263.44	1,445.42	488.28	446.79	-	204.80	23.54	181.26
18	Lux Italia srl	EURO	93.54	57.83	420.09	268.72	-	1,028.97	(266.29)	22.44	(288.73)
19	Lux Schweiz AG	EURO	69.73	130.96	480.47	279.78	-	900.02	20.34	3.21	17.13
20	Lux (Deutschland) GmbH (See Note vi)	EURO	6,082.81	(4,212.81)	15,347.77	13,477.77	8,291.26	9,949.17	(3,282.00)	219.67	(3,501.67)
21	Lux /SK/s.r.o.	EURO	113.10	(139.46)	215.15	241.51	598.49	598.49	(159.09)	(3.21)	(155.88)
22	Lux Service GmbH (See Note vi)		-	-	-	-	-	-	-	-	-
23	Lux Norge A/S	EURO	101.20	328.25	1,665.06	1,235.61	6.80	2,647.04	(24.94)	(332.82)	307.87
24	Lux Oesterreich GmbH	EURO	425.19	180.28	2,656.61	2,051.13	-	3,439.45	186.75	16.03	170.72
25	Lux CZ s.r.o.	EURO	620.78	(341.00)	761.95	482.17	-	1,235.85	(695.71)	(34.35)	(661.36)

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014**

(₹ in Lakhs)											
Sr. No.	Particulars	Reporting Currency	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
26	Lux Hungária Kereskedelmi Kft.	EURO	85.89	2,973.80	6,276.70	3,217.01	-	5,004.69	(226.23)	249.37	(475.60)
27	Hogar Paraguay Electrodomésticos S.A.	EURO	684.56	232.16	3,369.23	2,452.51	-	2,943.71	146.29	105.79	40.50
28	Forbes Campbell Finance Limited	INR	386.41	(468.22)	1,841.13	1,922.94	1,201.38	0.83	(860.51)	-	(860.51)
		<i>INR</i>	<i>386.41</i>	<i>405.51</i>	<i>1,964.71</i>	<i>1,172.78</i>	<i>496.53</i>	<i>1.66</i>	<i>(489.31)</i>	-	<i>(489.31)</i>
29	Forbes Bumi Armada Limited	INR	550.00	100.75	666.84	16.08	647.37	-	49.01	2.08	46.92
		<i>INR</i>	<i>550.00</i>	<i>53.83</i>	<i>618.42</i>	<i>14.59</i>	<i>75.00</i>	-	<i>31.04</i>	<i>9.59</i>	<i>21.45</i>
30	Forbes Technosys Limited	INR	5,389.72	(1,884.75)	17,130.65	13,625.69	-	24,945.77	158.45	-	158.45
		<i>INR</i>	<i>4,389.72</i>	<i>(2,043.20)</i>	<i>9,052.88</i>	<i>6,706.36</i>	-	<i>16,684.44</i>	<i>26.45</i>	-	<i>26.45</i>
31	Forbes Campbell Services Limited	INR	5.00	1.22	8.39	2.17	-	43.77	0.57	0.15	0.42
		<i>INR</i>	<i>5.00</i>	<i>1.18</i>	<i>8.58</i>	<i>2.40</i>	-	<i>49.01</i>	<i>0.42</i>	<i>0.22</i>	<i>0.20</i>
32	Forbes Edumetry Limited	INR	288.00	(691.77)	0.52	404.29	-	36.36	(30.29)	-	(30.29)
		<i>INR</i>	<i>288.00</i>	<i>(661.48)</i>	<i>66.86</i>	<i>440.33</i>	-	-	<i>(14.40)</i>	-	<i>(14.40)</i>
33	Volkart Flemming Shipping & Services Limited	INR	50.39	334.81	680.47	295.28	3.91	138.68	9.79	3.38	6.40
		<i>INR</i>	<i>50.39</i>	<i>328.40</i>	<i>676.93</i>	<i>298.14</i>	<i>3.91</i>	<i>138.68</i>	<i>(29.20)</i>	<i>3.90</i>	<i>(33.82)</i>
34	Forbes Container Line Pte. Limited	SGD	1,305.45	(112.29)	2,323.33	1,130.17	-	14,208.47	(665.19)	-	(665.19)
		<i>SGD</i>	<i>1,307.16</i>	<i>(853.07)</i>	<i>1,073.90</i>	<i>619.81</i>	-	<i>7,948.45</i>	<i>(152.07)</i>	-	<i>(152.07)</i>
35	Forbes Bumi Armada Offshore Limited	INR	1,000.00	1,254.97	11,265.35	9,010.37	3,037.46	48,176.79	2,326.34	(669.16)	1,657.17
		<i>INR</i>	<i>210.00</i>	<i>(402.20)</i>	<i>2,364.25</i>	<i>2,556.45</i>	<i>21.91</i>	<i>1,976.21</i>	<i>(290.42)</i>	-	<i>(290.42)</i>
36	Forbesline Shipping Services LLC	AED	48.80	8.89	595.29	537.60	-	440.04	28.95	-	28.95
		<i>AED</i>	<i>30.25</i>	<i>(20.85)</i>	<i>9.40</i>	-	-	-	<i>(20.85)</i>	-	<i>(20.85)</i>

**Notes:**

- (i) Figures in italics are in respect of the previous year
- (ii) For converting the figures given in foreign currency appearing in the accounts of the subsidiary companies into equivalent INR, following exchange rates are used for 1 INR

Sr. No.	Currency	As at 31 March, 2014	As at 31 March, 2013	As at 31 December, 2014	As at 31 December, 2013
1	USD	59.76	54.36	61.71	54.36
2	AED	16.27	14.79	16.82	14.79
3	CHF	67.36	57.21	69.37	57.21
4	SGD	47.45	43.81	48.69	43.81
5	EURO	82.18	69.66	85.04	69.66

- (iii) The Consolidated financial statements are in compliance with applicable Accounting Standards in India.
- (iv) In compliance with the requirements of Clause 32 of the Listing Agreement, the consolidated financial statements are duly audited by the auditors.
- (v) Full accounts of the aforesaid subsidiaries are available for inspection at the Registered office of the Company and on request same will be made available to the shareholders of the holding company and subsidiary companies.
- (vi) As per the pooling arrangement permitted by German laws all figures of Lux Service Germany merged with Lux Deutschland.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

### 41. 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, 2014

Currency	Buy / Sell	Cross Currency	As at 31st March, 2014		As at 31st March, 2013	
			₹ in Lakhs	FC in Lakhs	₹ in Lakhs	FC in Lakhs
US Dollar	Buy	₹	2,987.90	US\$ 50.00	849.44	US\$ 15.58

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, 2014			As at 31st March, 2013		
	₹ in Lakhs	FC in Lakhs		₹ in Lakhs	FC in Lakhs	
a) Trade Payables	802.56	US\$	13.39	2,972.73	US\$	54.54
		EURO	0.14	508.50	EURO	7.30
	1.03	CHF	0.02	-	CHF	-
	1,261.40	SGD	26.59	4.81	SGD	0.11
	7.66	MYR	0.42	2.22	MYR	0.14
b) Trade Receivables	223.75	US\$	3.74	353.61	US\$	6.50
	68.29	GBP	0.69	84.35	GBP	1.02
	999.01	SGD	21.06	29.13	SGD	0.66
	0.37	EURO	0.00	6.04	EURO	0.09
c) Short - term Borrowings						
Buyers Credit	149.76	US\$	2.51	1,078.30	US\$	19.84
d) Interest Payable						
Buyers Credit	0.56	US\$	0.01	0.11	US\$	0.00
e) Advances Given						
i) For import of goods	152.81	US\$	2.56	30.27	US\$	0.56
	0.06	EURO	0.00	2.28	EURO	0.03
ii) For capital goods	-	US\$	-	8.80	US\$	0.16
f) Advances Received						
from customers	7.55	US\$	0.13	48.99	US\$	0.90
g) Balance with banks	10.67	US\$	0.18	10.50	US\$	0.19
h) Loans Payable	85.68	US\$	1.43	96.11	US\$	1.77
i) Interest Accrued on Borrowings	0.72	US\$	0.01	0.13	US\$	0.00
j) Security Deposit furnished	1.76	US\$	0.03	1.66	US\$	0.03
k) Investment in Equity Shares	-	CHF	-	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, 2014

- 42 (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.
- 43 The Board of Directors of SCI Forbes Limited; a joint venture entity in accordance with the provisions of AS 28 - Impairment of Assets, has reviewed the company's fleet comprising of four chemical tankers for indications of impairment. The market value of the said vessels is lower than its carrying value by approximately ₹ 2,965 Lakhs (March 31, 2013: ₹ 13,200 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 is of the view that the 'value in use' and consequently the recoverable amount in respect of the four vessels is lower than their carrying values by ₹ 236.10 Lakhs (March 31, 2013: ₹ 4,585.24 Lakhs) [Share of Forbes Group : ₹ 59.02 Lakhs (Previous Year ₹ 1,146.31 Lakhs)] which has been recognised as the impairment loss during the year.
- 44 Forbes Lux FZCO has long overdue balances of US\$ 265.68 Lakhs (equivalent to ₹ 16,412.12 Lakhs) [Previous Year : US\$ 252.55 Lakhs (equivalent to ₹ 13,811.94 Lakhs)] carried under the head non-current assets, against which a provision of US\$ 16.54 Lakhs (equivalent to ₹ 1,021.95 Lakhs) [Previous Year : US\$ 10.54 Lakhs (equivalent to ₹ 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 immediate parent Company Eureka Forbes Limited. As of 31st December, 2013 Forbes Lux FZCO has deficiency of shareholders equity funds amounting to US\$ 27.88 Lakhs (equivalent to ₹ 1,722.49 Lakhs) [Previous Year : US\$ 16.26 Lakhs (equivalent to ₹ 1,004.51 Lakhs)] without considering impairment in the value of other financial assets and that the losses significantly exceeds the Company's share capital. The continuation of Forbes Lux FZCO's operation is dependant upon the continued financial support from the parent company i.e. Eureka Forbes Ltd to fulfil the obligation of the Forbes Lux FZCO to repay its loan from the banker of US\$ 220 Lakhs ( ₹ 13,590.39 Lakhs) [Previous Year : US\$ 220 Lakhs (equivalent to ₹ 12,031.58 Lakhs)] which is due for full repayment in June 2014. The financial statements have been prepared on the basis that Forbes Lux FZCO will continue as a going concern.
- 45 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 03.05.2013 from the lenders wherein they have demanded immediate payment under clause 10.3.1 of the loan agreement of the total amount of outstanding being the aggregate amount of outstanding loan towards unpaid principal, interests including default interest and swap liabilities, if any. The lenders through their agents Natixis have notified the Company 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), clause 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. The total amount outstanding as on March 31, 2014 is US\$ 355.84 Lakhs (equivalent to ₹ 21,282.83 Lakhs) [Share of Forbes Group US\$ 96.38 lakhs (equivalent to ₹ 5,124.51 lakhs)], [March 31, 2013: US\$ 385.51 Lakhs (equivalent to ₹ 20,954.08 Lakhs)] [Share of Forbes Group US\$ 96.38 lakhs (equivalent to ₹ 5,238.52 lakhs)]. The Company has applied to the Reserve Bank of India on February 12, 2014 to refinance the above recalled loan by way of a fresh external commercial borrowing and repay the existing lenders. Reserve Bank of India has given an in principle approval for a fresh external commercial borrowing from Axis Bank, which will be utilised to repay the existing lenders. One of the JV partners in SCI Forbes Limited, a joint venture company, had 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. Consequent thereto, the JV partners have entered into a Memorandum of Agreement on the February 12, 2014 for a buy out of the interest of SCI Limited by the Shapoorji Pallonji Group. Consequent to the steps taken by the Company during the year, the financial statements have been prepared on a going concern basis.
- 46 The auditors of a subsidiary Group, viz. Forbes Container Line Pte Limited Group has qualified their report to the financials statements relating to control accounts of SGD 7.29 Lakhs (equivalent to ₹ 346.12 Lakhs). The control accounts comprise the receivables and payables control accounts recorded by the subsidiary of the Company. These controls accounts record the freight revenue billed but not yet collected by the subsidiary from customers and the freight expenses incurred by the subsidiary but not yet paid to the suppliers. The subsidiary acts as an agent on behalf of the Company and the revenue collected and expenses paid by the subsidiary is on behalf of the Company. As at 31st March, 2014, the receivables and payables control accounts are SGD 2.56 Lakhs (equivalent to ₹ 121.51 Lakhs) and SGD 4.73 Lakhs (equivalent to ₹ 224.61 Lakhs) respectively. These amounts represent transactions which have been recorded by the subsidiary, but which have not been matched and reconciled with the respective receivables from customers and payable to suppliers in the subsidiary's financial statements. In addition the Holding Company i.e. Forbes Container Line Pte Limited as a principal, has not recognized these amounts in its own financial statements, as either a receivable or payable to the subsidiary with a corresponding entry to revenue or expense in its statement of comprehensive income. The auditors have not been provided with the necessary information and explanations that they considered necessary nor were they able to carry out alternative audit

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

procedures to satisfy themselves as to the accuracy and completeness of these receivables. Any adjustments to these amounts may have a significant effect on the financial position and results of the Group and company for the financial year ended 31st March, 2014.

The company is under the process of detailed review and reconciliation. Management expects that the net effect on the Statement of Comprehensive Income would not be material on completion of exercise.

47 In the year 2009, Eureka Forbes Limited (the company) entered into a five year tenure agreement with IBM India Private Limited for outsourcing of the company's Information Technology infrastructure and Business transformation requirements. The desired benefits as laid down under the agreement were not being derived by the company even after completion of three years of the arrangement with IBM. Disputes have therefore arisen and with the termination of the agreement, the matter has been referred to Arbitration and the

49 Prior year adjustments : The functional currency of the Forbes Container Line Pte Limited is the United States dollar and the financial statements are presented in Singapore dollars due to the information requirements of management. During the current year ended 31st March 2014, management reviewed the exchange difference arising from translation of the Company's financial statements to presentation currency in prior years. The translation reserve of the Company as at 31st March 2014 has been overstated. Accordingly the balance sheet of the Company as at 31st March 2013 have been restated as follows:

(₹ in Lakhs)

Items	SGD	SGD	SGD	₹	₹	₹
	As previously restated	Restated	Net Impact	As previously restated	Restated	Net Impact
As at 31 March 2013						
Current liabilities	(14.15)	(13.55)	0.60	(671.26)	(642.75)	28.51
Non-Current liabilities	(21.19)	(18.64)	2.54	(1,005.27)	(884.59)	120.68
Total equity	(10.82)	(7.68)	(3.14)	(513.49)	(364.30)	(149.18)

50 In SCI Forbes Limited; a joint venture entity the balance in the unamortised loan arrangement expenses account as on March 31, 2014 of ₹ 1,016.17 Lakhs represents premium paid to Korea Export Insurance Corporation (KEIC) for the tenure of the loan. The underlying loan has been recalled by the lenders and the Company has made arrangements for refinancing the loan by way of fresh external commercial borrowing and repayment of the existing loan. In the opinion of the management, the premium paid to KEIC would be recoverable for the balance period on prepayment of the existing loan.

51 Nypro Forbes Products Limited, a joint venture entity has become a potentially sick company as per the provisions of The Sick Industrial Companies (Special Provisions) Act, 1985 (SICA). The Company intends to submit the report to the Board for Industrial and Financial Reconstruction (BIFR) as required under the SICA within the prescribed time frame.

52 Nypro Forbes Products Limited, a joint venture entity has obtained loans from its foreign group companies in the earlier years having outstanding, of ₹ 189.12 Lakhs (including interest) as on 31st March, 2014. The Company has initiated the procedures to comply with the necessary Reserve Bank of India requirements with respect to changes in terms of these loans.

53 During the year, Infinite Water Solutions Private Limited, a jointly controlled entity of Eureka Forbes Limited (EFL), has received ₹ 30 Lakhs [Share of Forbes Group ₹ 15 Lakhs] from Directorate of Industries, Uttarakhand under 15% Central Investment Subsidy Scheme, which is recognised under Capital Reserve.

arbitration proceedings have just commenced. In the opinion of the management, considering the claim of the company against claim by IBM, liability provision is not required in the books of accounts.

48 During the year, one of the subsidiary Aquamall Water Solutions Limited (AWSL) has elected to account for exchange differences arising on reporting of long-term foreign currency monetary items in accordance with Companies (Accounting Standards) Amendment Rules, 2009 pertaining to Accounting Standard 11 (AS-11) notified by Government of India on 31st March, 2009 (as amended on 29th December, 2011) and accordingly the fluctuation on long term foreign currency monetary item was transferred to 'Foreign Currency Monetary Item Translation Difference Account' to be amortised over the balance period of the long-term monetary items. Had AWSL followed the accounting of long-term foreign currency monetary items in line with parent Company's policy the profit before tax for the year of the group would be higher by ₹ 1,000.10 Lakhs.

54 In Forbes Bumi Armada Offshore Limited, a subsidiary, as per clause 11.6 of the scope of work annexed to the ONGC charter, diesel costs for the first 90 days of the operational period of the FPSO had to be provided by Armada D1. Diesel got consumed at offshore site during installation and commissioning of the FPSO. Therefore, during operations diesel was purchased from ONGC. For this ONGC has raised a debit note which is disputed by the Company. The Company has as a consequence modified their bareboat charter hire agreement and included a mechanism to incorporate sharing of diesel cost. The Company has however made a provision for diesel cost amounting to ₹ 1,162.01 lakhs in books which being one time expense has been shown as exceptional item in Statement of Profit & Loss Account.

55 Previous year figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

SHAPOOR P. MISTRY  
ASHOK BARAT

Chairman  
Managing Director

S.L. GOKLANEY  
T.R. DOONGAJI  
KAIWAN D. KALYANIWALLA  
D. SIVANANDHAN  
JIMMY J. PARAKH  
JAI L. MAVANI  
AMEETA CHATTERJEE  
K. DASARATHARAMAN

Directors

PANKAJ KHATTAR  
Company Secretary

Mumbai, 27th May, 2014







**Interactive Kiosk**



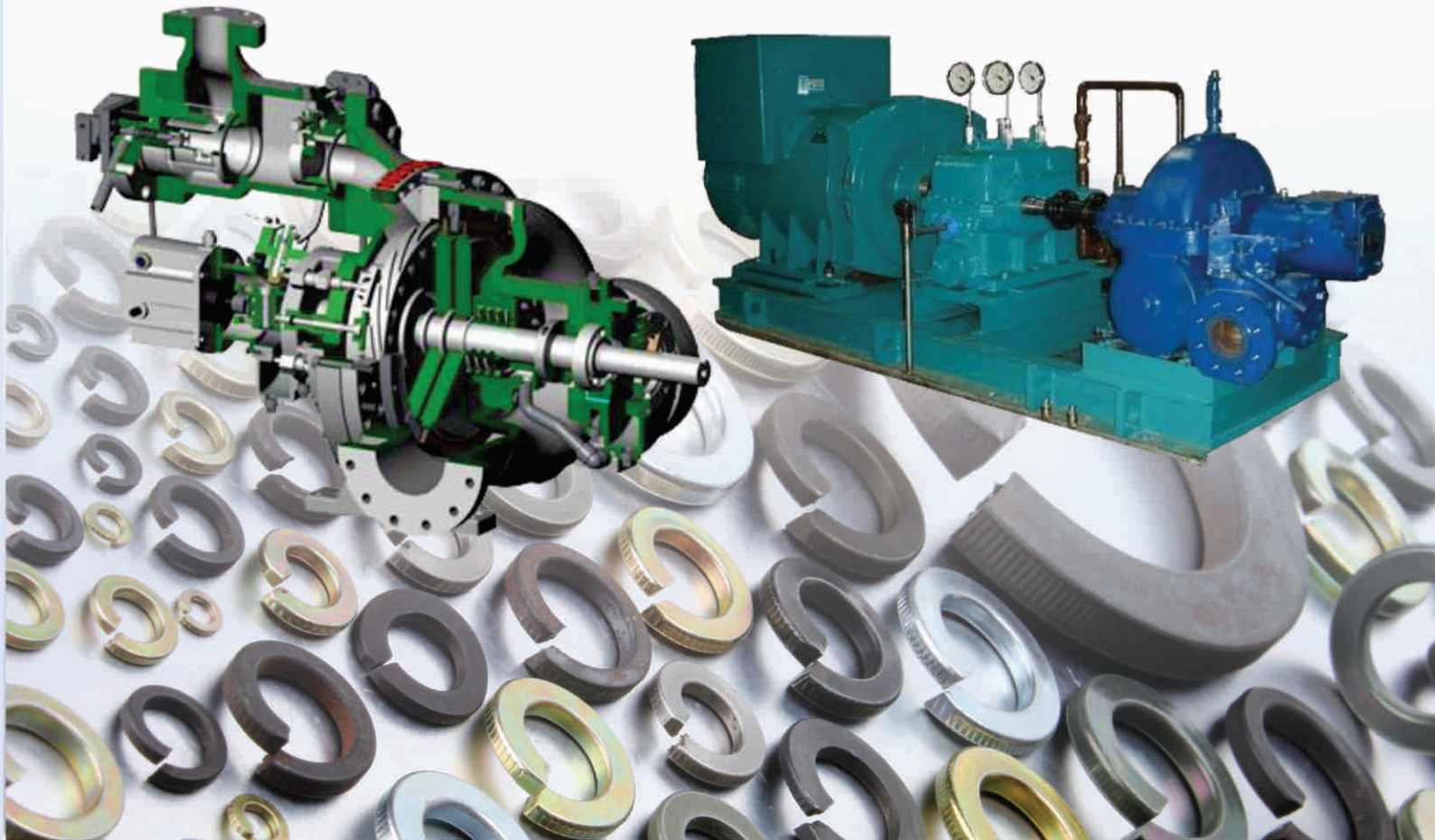
**Sikkabanker Plus -  
Note to Note &  
Note to Coin Changer**

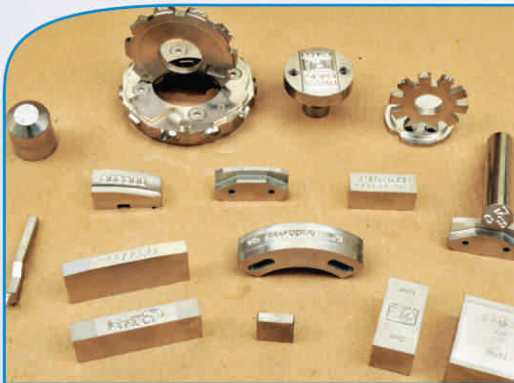


**ATM**

**Steam Turbine Internal Cut Out**

**Steam Turbine Generator Set**





## **FORBES & COMPANY LIMITED**

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