

May 30, 2019

General Manager,  
Department of Corporate Services,  
BSE Ltd.  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai 400 001

Security Code : 502865  
Security ID : FORBESCO

**Outcome of Board Meeting**

Dear Sir,

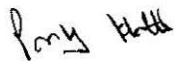
In compliance with the requirements of Regulations 30 & 33 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, we would like to inform you that the Board of Directors at its meeting held on May 30, 2019 has:-

- a. Approved the Audited Standalone & Consolidated Financial Results for the quarter and financial year ended March 31, 2019. A copy of the aforesaid Financial Results along with the Reports by Statutory Auditors of the Company and declaration with regard to Auditor's Report with unmodified opinion on Standalone and Consolidated Financial Results (Refer Annexure "A") is enclosed.
- b. Recommended, subject to approval of Shareholders, dividend of Rs. 2.50 (25%) per equity share for the year ended 31st March, 2019 and an additional Special Centenary Year Dividend of Rs. 2.50 (25%) per equity share, which if approved at the ensuing Annual General Meeting will be paid within the prescribed statutory timelines.
- c. Based on the recommendations of the Nomination and Remuneration Committee and subject to approval of the shareholders, approved the re-appointment of Mr. D Sivanandhan as an Independent Director for second term of five years from August 6, 2019.

The Board Meeting commenced at 12.30 P.M. and concluded at 4.30 P.M.

Kindly take the above information on your record.

Yours faithfully,  
For Forbes & Company Limited

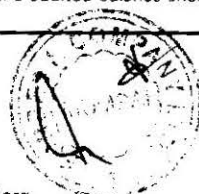


Pankaj Khattar  
Head Legal and Company Secretary

Encl:

**Statement of Standalone Financial Results for the quarter and year ended 31st March, 2019**
*(Rs. in Lakhs)*

| Particulars   | Quarter ended  |                |                 | Year ended     |                 |
|---|----------------|----------------|-----------------|----------------|-----------------|
|   | 31.03.2019     | 31.12.2018     | 31.03.2018      | 31.03.2019     | 31.03.2018      |
|   | (Refer Note 9) | (Unaudited)    | (Refer Note 9)  | (Audited)      | (Audited)       |
| <b>1 Income</b>   |                |                |                 |                |                 |
| Revenue from operations (Refer Notes 4 and 7 below)   | 5,800          | 5,586          | 10,014          | 22,728         | 29,744          |
| Other income  | 191            | 154            | 229             | 1,811          | 754             |
| <b>Total Income</b>   | <b>5,991</b>   | <b>5,740</b>   | <b>10,243</b>   | <b>24,539</b>  | <b>30,498</b>   |
| <b>2 Expenses</b>   |                |                |                 |                |                 |
| a) Real estate development costs  | 3,265          | 1,725          | 1,941           | 7,555          | 6,404           |
| b) Cost of materials consumed   | 2,440          | 2,154          | 2,102           | 8,709          | 6,792           |
| c) Excise duty  | -              | -              | -               | -              | 411             |
| d) Purchases of stock-in-trade  | -              | 14             | -               | 14             | 16              |
| e) Changes in inventories of finished goods, work-in-progress and stock-in-trade  | (3,688)        | (1,926)        | 288             | (8,413)        | (779)           |
| f) Employee benefits expense  | 986            | 1,200          | 1,095           | 4,482          | 4,260           |
| g) Finance costs  | 303            | 302            | 280             | 1,201          | 1,173           |
| h) Depreciation and amortisation expense  | 242            | 239            | 207             | 947            | 796             |
| i) Other expenses   | 2,101          | 1,975          | 1,992           | 8,034          | 6,818           |
| <b>Total expenses</b>   | <b>5,649</b>   | <b>5,683</b>   | <b>7,905</b>    | <b>22,529</b>  | <b>25,891</b>   |
| <b>3 Profit before exceptional items and tax</b>  | <b>342</b>     | <b>57</b>      | <b>2,338</b>    | <b>2,010</b>   | <b>4,607</b>    |
| <b>4 Exceptional items (Net) (Refer Note 5 below)</b>   | <b>85</b>      | <b>(12)</b>    | <b>-</b>        | <b>(971)</b>   | <b>-</b>        |
| <b>5 Profit before tax</b>  | <b>427</b>     | <b>45</b>      | <b>2,338</b>    | <b>1,039</b>   | <b>4,607</b>    |
| <b>6 Tax expense</b>  |                |                |                 |                |                 |
| a) Current tax  | (310)          | 211            | 540             | 188            | 1,050           |
| b) Deferred tax   | 225            | (193)          | (479)           | (176)          | (533)           |
|   | (85)           | 18             | 61              | 12             | 517             |
| <b>7 Profit after tax</b>   | <b>512</b>     | <b>27</b>      | <b>2,277</b>    | <b>1,027</b>   | <b>4,090</b>    |
| <b>8 Other Comprehensive Income</b>   |                |                |                 |                |                 |
| (i) Items that will not be reclassified to Statement of Profit or Loss  |                |                |                 |                |                 |
| Remeasurement of the defined benefit plans  | (36)           | 4              | 1               | 1              | 4               |
| (ii) Income tax relating to items that will not be reclassified to Statement of Profit or Loss  |                |                |                 |                |                 |
| Deferred tax  | 6              | (1)            | (1)             | -              | (1)             |
| <b>Other Comprehensive Income (net of tax)</b>  | <b>(30)</b>    | <b>3</b>       | <b>-</b>        | <b>1</b>       | <b>3</b>        |
| <b>9 Total Comprehensive Income for the period / year</b>   | <b>482</b>     | <b>30</b>      | <b>2,277</b>    | <b>1,028</b>   | <b>4,093</b>    |
| <b>10 Paid-up equity share capital</b><br>(Face Value of Rs. 10 each)   | <b>1,290</b>   | <b>1,290</b>   | <b>1,290</b>    | <b>1,290</b>   | <b>1,290</b>    |
| <b>11 Other equity (excluding Revaluation Reserve)</b>  |                |                |                 | <b>22,122</b>  | <b>26,566</b>   |
| <b>12 Debenture Redemption Reserve</b>  |                |                |                 | <b>2,500</b>   | <b>2,500</b>    |
| <b>13 Basic and diluted earnings per equity share</b><br>(Quarter and year to date figures not annualised)  | <b>Rs.3.97</b> | <b>Rs.0.21</b> | <b>Rs.17.65</b> | <b>Rs.7.96</b> | <b>Rs.31.71</b> |
| <b>14 Net worth</b>   |                |                |                 | <b>23,412</b>  | <b>27,856</b>   |
| <b>15 Paid-up debt capital</b>  |                |                |                 | <b>3,995</b>   | <b>9,979</b>    |
| <b>16 Debt Equity Ratio</b>   |                |                |                 | <b>0.50</b>    | <b>0.36</b>     |
| <b>17 Debt Service Coverage Ratio</b>   |                |                |                 | <b>0.60</b>    | <b>4.23</b>     |
| <b>18 Interest Service Coverage Ratio</b>   |                |                |                 | <b>2.82</b>    | <b>4.51</b>     |
| <b>Paid-up debt capital = Listed Non Convertible Debentures (including current maturities)</b>  |                |                |                 |                |                 |
| <b>Debt Equity Ratio = Long Term Borrowings (including current maturities) / Total Equity</b>   |                |                |                 |                |                 |
| <b>Debt Service Coverage Ratio = Profit for the year before Exceptional Items, Interest, Depreciation and Amortisation Expenses and Tax / (Interest + Principle Repayment of Long Term Borrowings). Interest includes amounts pertaining to Real Estate business, which are considered as part of Real estate development costs.</b>  |                |                |                 |                |                 |
| <b>Interest Service Coverage Ratio = Profit for the year before Exceptional Items, Interest, Depreciation and Amortisation Expenses and Tax / (Interest Expense). Interest includes amounts pertaining to Real Estate business, which are considered as part of Real estate development costs.</b>  |                |                |                 |                |                 |
| <b>Net worth = The aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.</b> |                |                |                 |                |                 |
| <b>Total Equity = The aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account, after deducting the aggregate value of the accumulated losses, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.</b>  |                |                |                 |                |                 |

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**Reporting of Segment wise Revenue, Results, Assets and Liabilities**

Based on the evaluation of Ind AS 108 - Operating Segments, the management has identified two operating segments viz., Engineering and Real Estate.

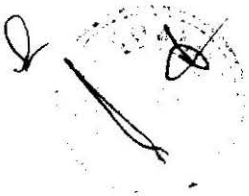
(Rs. in Lakhs)

|   | Quarter ended                |                           |                              | Year ended              |                         |
|---|------------------------------|---------------------------|------------------------------|-------------------------|-------------------------|
|   | 31.03.2019<br>(Refer Note 9) | 31.12.2018<br>(Unaudited) | 31.03.2018<br>(Refer Note 9) | 31.03.2019<br>(Audited) | 31.03.2018<br>(Audited) |
| <b>1 Segment Revenue</b>  |                              |                           |                              |                         |                         |
| (a) Engineering   | 5,345                        | 5,088                     | 5,309                        | 20,913                  | 18,597                  |
| (b) Real Estate   | 455                          | 499                       | 4,705                        | 1,817                   | 11,149                  |
| <b>Total</b>  | <b>5,800</b>                 | <b>5,587</b>              | <b>10,014</b>                | <b>22,730</b>           | <b>29,746</b>           |
| Less: Inter Segment Revenue   | -                            | 1                         | -                            | 2                       | 2                       |
| <b>Total revenue from operations (net)</b>  | <b>5,800</b>                 | <b>5,586</b>              | <b>10,014</b>                | <b>22,728</b>           | <b>29,744</b>           |
| <b>2 Segment Results [Profit before Tax and Interest from each Segment (including exceptional items related to segments)]</b> |                              |                           |                              |                         |                         |
| (a) Engineering   | 802                          | 549                       | 841                          | 2,658                   | 2,342                   |
| (b) Real Estate   | (113)                        | 87                        | 2,054                        | 358                     | 4,563                   |
| <b>Total segment results</b>  | <b>689</b>                   | <b>636</b>                | <b>2,895</b>                 | <b>3,016</b>            | <b>6,905</b>            |
| Less: Finance costs   | (303)                        | (302)                     | (280)                        | (1,201)                 | (1,173)                 |
| <b>Balance</b>  | <b>386</b>                   | <b>334</b>                | <b>2,615</b>                 | <b>1,815</b>            | <b>5,732</b>            |
| Add: Unallocable income / (expense) (net)   | 41                           | (289)                     | (277)                        | (776)                   | (1,125)                 |
| <b>Profit from ordinary activities before tax</b>   | <b>427</b>                   | <b>45</b>                 | <b>2,338</b>                 | <b>1,039</b>            | <b>4,607</b>            |
| <b>3 Segment Assets</b>   |                              |                           |                              |                         |                         |
| (a) Engineering   | 14,064                       | 13,114                    | 11,968                       | 14,064                  | 11,968                  |
| (b) Real Estate   | 28,121                       | 25,763                    | 13,789                       | 28,121                  | 13,789                  |
| (c) Unallocated   | 32,434                       | 32,093                    | 28,138                       | 32,434                  | 28,138                  |
| <b>Total Assets</b>   | <b>74,619</b>                | <b>70,970</b>             | <b>53,895</b>                | <b>74,619</b>           | <b>53,895</b>           |
| <b>4 Segment liabilities</b>  |                              |                           |                              |                         |                         |
| (a) Engineering   | 4,306                        | 3,925                     | 4,395                        | 4,306                   | 4,395                   |
| (b) Real Estate   | 32,619                       | 30,229                    | 8,495                        | 32,619                  | 8,495                   |
| (c) Unallocated   | 14,282                       | 13,887                    | 13,149                       | 14,282                  | 13,149                  |
| <b>Total Liabilities</b>  | <b>51,207</b>                | <b>48,041</b>             | <b>26,039</b>                | <b>51,207</b>           | <b>26,039</b>           |

**Notes on Segment Information:**

- Segment revenue, segment results, segment assets and segment liabilities include the respective amounts identifiable to each of the segments and amounts allocated on a reasonable basis.
- Details of product categories included in each segment comprises:
  - Engineering Segment includes manufacture/ trading in Precision Cutting Tools, Spring Lock Washers and Marking Systems. The Company caters to the needs of domestic and export markets.
  - Real Estate includes income from renting out investment properties and revenue from real estate development project.
  - Unallocable Corporate Assets mainly comprises of investments, tax receivables and other unallocable assets.
  - Unallocable Liabilities comprise borrowings, provisions and other unallocable liabilities.
- Other income allocable to respective segments has been considered as part of Segment Results.

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## Notes:

## 1. Standalone Statement of Assets and Liabilities

| Particulars   | (Rs. in Lakhs)                   |                                  |
|---|----------------------------------|----------------------------------|
|   | As at<br>31.03.2019<br>(Audited) | As at<br>31.03.2018<br>(Audited) |
| <b>Assets</b>   |                                  |                                  |
| <b>1 Non-current assets</b>   |                                  |                                  |
| a) Property, Plant and Equipment  | 5,091                            | 4,982                            |
| b) Capital work-in-progress   | 410                              | 106                              |
| c) Investment Property  | 2,560                            | 2,543                            |
| d) Other Intangible assets  | 225                              | 97                               |
| e) Intangible assets under development  | 23                               | 86                               |
| f) <b>Financial Assets:</b>   |                                  |                                  |
| i) Investments  | 24,291                           | 20,625                           |
| ii) Loans   | 134                              | 125                              |
| iii) Other financial assets   | 3                                | 1                                |
|   | <u>24,428</u>                    | <u>20,751</u>                    |
| g) <b>Tax assets</b>  |                                  |                                  |
| i) Deferred tax assets (net)  | 4,992                            | 2,126                            |
| ii) Income tax assets (net)   | 1,304                            | 2,113                            |
|   | <u>6,296</u>                     | <u>4,239</u>                     |
| h) Other non-current assets   | <u>1,123</u>                     | <u>804</u>                       |
| <b>Total Non-current assets</b>   | <u>40,156</u>                    | <u>33,608</u>                    |
| <b>2 Current assets</b>   |                                  |                                  |
| a) Inventories  | 28,309                           | 8,790                            |
| b) <b>Financial Assets:</b>   |                                  |                                  |
| i) Trade receivables  | 4,113                            | 3,862                            |
| ii) Cash and cash equivalents   | 824                              | 2,168                            |
| iii) Bank balances other than (ii) above  | 165                              | 118                              |
| iv) Loans   | 23                               | 40                               |
| v) Other financial assets   | 332                              | 4,774                            |
|   | <u>5,457</u>                     | <u>10,962</u>                    |
| c) Other current assets   | 693                              | 532                              |
|   | <u>6,150</u>                     | <u>11,494</u>                    |
| Assets classified as held for sale  | 4                                | 2                                |
| <b>Total Current assets</b>   | <u>34,463</u>                    | <u>20,286</u>                    |
| <b>Total Assets</b>   | <u>74,619</u>                    | <u>53,894</u>                    |
| <b>Equity and Liabilities</b>   |                                  |                                  |
| <b>Equity</b>   |                                  |                                  |
| a) Equity share capital   | 1,290                            | 1,290                            |
| b) Other equity   | 22,122                           | 26,566                           |
| <b>Total Equity</b>   | <u>23,412</u>                    | <u>27,856</u>                    |
| <b>Liabilities</b>  |                                  |                                  |
| <b>1 Non-current liabilities</b>  |                                  |                                  |
| a) <b>Financial liabilities:</b>  |                                  |                                  |
| i) Borrowings   | 6,226                            | 8,208                            |
| ii) Other financial liabilities   | 230                              | 515                              |
|   | <u>6,456</u>                     | <u>8,723</u>                     |
| b) Provisions   | 561                              | 1,343                            |
| <b>Total Non-current liabilities</b>  | <u>7,017</u>                     | <u>10,066</u>                    |
| <b>2 Current liabilities</b>  |                                  |                                  |
| a) <b>Financial liabilities:</b>  |                                  |                                  |
| i) Borrowings   | 5,313                            | 6,891                            |
| ii) Trade payables  |                                  |                                  |
| a) total outstanding dues of micro enterprises and small enterprises; and                 | 439                              | 365                              |
| b) total outstanding dues of creditors other than micro enterprises and small enterprises | 4,149                            | 3,421                            |
| iii) Other financial liabilities  | 6,630                            | 2,545                            |
|   | <u>16,531</u>                    | <u>13,222</u>                    |
| b) Other current liabilities  | 27,097                           | 1,765                            |
| c) Provisions   | 500                              | 468                              |
| d) Current tax liabilities (net)  | 62                               | 517                              |
| <b>Total Current Liabilities</b>  | <u>44,190</u>                    | <u>15,972</u>                    |
| <b>Total Liabilities</b>  | <u>51,207</u>                    | <u>26,038</u>                    |
| <b>Total Equity and Liabilities</b>   | <u>74,619</u>                    | <u>53,894</u>                    |

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2. These results for the quarter and year ended 31<sup>st</sup> March, 2019 were reviewed by the Audit Committee and approved at the meeting of the Board of Directors held on Thursday 30<sup>th</sup> May, 2019. The above results for the year ended 31<sup>st</sup> March, 2019 have been audited by the statutory auditors of the Company in terms of Regulation 33 and Regulation 52 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
3. The above financial results of the Company have been prepared in accordance with Indian Accounting Standard ("Ind AS") as prescribed and Section 133 of Companies Act, 2013 read with the relevant rules issued thereunder and other accounting principles generally accepted in India.
4. As per Indian Accounting Standard 18 / 115 on Revenue and Schedule III of the Companies Act, 2013, Revenue from Operations for the period 1<sup>st</sup> July, 2017 to 31<sup>st</sup> March, 2018 does not include Goods and Service Tax (GST), however Revenue from Operations till the period ended 30<sup>th</sup> June, 2017 includes Excise Duty. In view of the aforesaid restructuring of indirect taxes, Revenue from Operations for the year ended 31<sup>st</sup> March, 2018 are not comparable with the current year.
5. Exceptional items:

|      |                                       | Quarter ended  |             |                | Year ended   |            |
|------|---------------------------------------|----------------|-------------|----------------|--------------|------------|
|      |                                       | 31.03.2019     | 31.12.2018  | 31.03.2018     | 31.03.2019   | 31.03.2018 |
|      |                                       | (Refer Note 9) | (Unaudited) | (Refer Note 9) | (Audited)    | (Audited)  |
| (i)  | Expected outflow for disputed matters | -              | (12)        | -              | (1,056)      | -          |
| (ii) | Gain on transfer of interest          | 85             | -           | -              | 85           | -          |
|      | <b>TOTAL</b>                          | <b>85</b>      | <b>(12)</b> | <b>-</b>       | <b>(971)</b> | <b>-</b>   |

- (i) The Company had received Rs. 1,017 Lakhs in the year ended 31<sup>st</sup> March, 2016 from the Hon'ble Debt Recovery Tribunal, Mumbai towards principal and interest towards loan given to Coromandel Garments Limited (presently under liquidation).

The Company had made a provision of Rs. 365 Lakhs in earlier years which was reversed on receipt of Rs. 1,017 Lakhs from Coromandel Garments Limited and accounted the balance as interest income during the year ended 31<sup>st</sup> March, 2016. The Management, basis the belief that it was a remote future possibility that Rs. 1,017 Lakhs would become refundable upon the final outcome of this matter, accounted for the receipt as explained above.

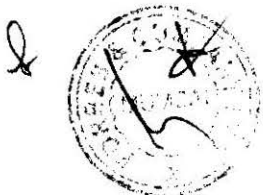
In July 2018, in a separate proceeding the Hon'ble High Court, Mumbai directed the Company to refund the aforesaid amount of Rs. 1,017 Lakhs with interest. Consequently, the Company refunded Rs. 1,056 Lakhs [including interest calculated from the date of the order till the date of payment aggregating Rs. 39 Lakhs] and recorded this as an exceptional expense. The Company has subsequently been directed by the Hon'ble High Court to pay interest from the date the amount was received by the Company, which has been appealed against by the Company.

The Company has separately filed its Affidavit of Claim for Rs. 325 Lakhs along with interest at the bank rate with the Official Liquidator. However, since this filing was beyond the time period of filing affidavit, the Company was directed by the Official Liquidator to file for condonation of delay with the High Court. The Hon'ble High Court vide Order dated 8<sup>th</sup> April, 2019 condoned the delay in filing of the claim before the Official Liquidator and directed the Official Liquidator to adjudicate the claim within a period of six months.

- (ii) The real estate development operations under "Project Vicinia" was being executed at a plot of land situated at Chandivali, Mumbai as per the terms of the development agreement between the Company and Videocon Realty and Infrastructure Limited ("VRIL") forming part of the consent terms filed with the Hon'ble Bombay High Court in 2011 for the then existing dispute. Subject to compliance with the terms of the said development agreement, VRIL was entitled to 50% of the saleable area and 50% of the rights in the permissible Floor Space Index in Project Vicinia.

During the current year, considering delays in making critical payments by VRIL, to protect the interests of all stakeholders including the Company and purchasers of individual flats, the Company terminated the aforesaid development agreement. Consequently the matter was referred to arbitration and vide the arbitration award dated 25<sup>th</sup> February, 2019 the Company was directed to pay an amount of Rs. 15,300 Lakhs to VRIL for restitution and that on payment of aforesaid amount, VRIL would have no interest, rights, title or any claim in respect of Project Vicinia.

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Additionally, the Company entered into a Business Transfer Agreement ("BTA") with Paikar Real Estates Private Limited (hereinafter known as "PREPL"), (a fellow subsidiary) dated 27<sup>th</sup> February, 2019 to transfer 50% interest in the aforesaid real estate development project (which the Company got through restitution), by way of slump sale on an as-is-where-is basis as a going concern for an aggregate consideration of Rs. 15,500 Lakhs. The board of directors and shareholders' approved this transaction with PREPL on 27<sup>th</sup> February, 2019 and 29<sup>th</sup> March, 2019 respectively. As per the terms of BTA, the Company did not have ability to control or rights to variable returns over VRIL's interest in the Project Vicinia which the Company got pursuant to the arbitration award.

Subsequently, on receipt of the consideration from PREPL, the Company made payment of Rs. 15,300 Lakhs to VRIL on 2<sup>nd</sup> March, 2019 as per terms stated in the arbitration award and consequently, VRIL's interest in the development agreement was transferred to PREPL.

The Company and PREPL are each independently entitled to 50% of the saleable area, 50% of the rights in the permissible Floor Space Index and for their own individual development and consequent sale of their respective individual flats for the specified land being developed.

Pursuant to the aforesaid transaction, the Company incurred legal and administrative costs aggregating Rs. 115 Lakhs which have been netted off against the gain on the aforesaid transfer and reflected the net gain on this transaction, aggregating Rs. 85 Lakhs as an exceptional item during the year ended 31<sup>st</sup> March, 2019.

6. Details of Redeemable Non-Convertible Debentures are as follows :-

| S.No. | Particulars                                 | Previous Due Date (1 <sup>st</sup> October, 2018 to 31 <sup>st</sup> March, 2019) |                                | Next Due Date               |                             |
|-------|---|---|--------------------------------|-----------------------------|-----------------------------|
|       |   | Principal   | Interest                       | Principal                   | Interest                    |
| 1     | 980FCL20<br>(Face Value Rs. 6,000 Lakhs)    | Refer Note (a)<br>below   | Refer Note (a)<br>below        | Refer Note (a)<br>below     | Refer Note (a)<br>below     |
| 2     | 910FORBES19<br>(Face Value Rs. 4,000 Lakhs) | -   | 21 <sup>st</sup> January, 2019 | 22 <sup>nd</sup> July, 2019 | 22 <sup>nd</sup> July, 2019 |

All the interests due and redemption of principal were paid on due dates.

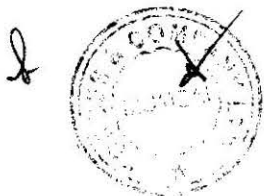
The Company has a credit rating of ICRA A+ (Negative) [previously ICRA AA- (Negative)].

Notes:

- The holders of Redeemable Non-Convertible Debentures have exercised the put option for redemption of the entire principal amount of the Redeemable Non-Convertible Debentures of the Company aggregating Rs. 6,000 Lakhs due on 10<sup>th</sup> September, 2018 which has been paid on due date during the quarter ended 30<sup>th</sup> September, 2018.
- The Redeemable Non-Convertible Debentures of the Company aggregating Rs. 4,000 Lakhs as at 31<sup>st</sup> March, 2019 are secured by mortgage of premises being the land and factory situated at Waluj, Aurangabad together with plant and machinery and other support facilities and the asset cover thereof exceeds 1.25 times of the principal amount of the said debentures.

- Ind AS 115 'Revenue from Contracts with Customers' is a new accounting standard notified by the Ministry of Corporate Affairs (MCA) on 28<sup>th</sup> March, 2018 and is effective from accounting period beginning on or after 1<sup>st</sup> April, 2018 and replaces the existing revenue recognition standards. The application of Ind AS 115 has bearing on the Company's accounting for recognition of revenue from real estate development projects. This revised standard has no significant impact on the engineering business of the Company.

The Company has applied the modified retrospective approach as on 1<sup>st</sup> April 2018. The Company has recorded an opening impact in retained earnings towards the reversal of profits aggregating Rs. 5,083 Lakhs (net of tax) on real estate projects under development (i.e. flats under construction) for contracts not completed as on 1<sup>st</sup> April, 2018. Accordingly, the comparatives have not been restated and hence, the current period figures are not comparable with the previous period figures.



Contd ...

Had the company continued application of earlier standards instead of Ind AS 115, the following line items would be higher by amounts as disclosed below:

| Financial Statement Line Item   | (Rs. in Lakhs) |            |            |
|---|----------------|------------|------------|
|   | Quarter ended  |            | Year ended |
|   | 31.03.2019     | 31.12.2018 | 31.03.2019 |
| Revenue   | 4,535          | 1,412      | 8,880      |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | 2,661          | 815        | 5,196      |
| Profit Before Tax   | 1,874          | 597        | 3,684      |
| Net profit after tax  | 1,179          | 423        | 2,371      |

Additionally, as at 31<sup>st</sup> March, 2019, real estate work-in-progress included in inventory is higher by Rs. 16,359 Lakhs and advances from customers included in other current liabilities is higher by Rs. 24,266 Lakhs and unbilled revenue included in other financial assets is lower by Rs. 3,558 Lakhs.

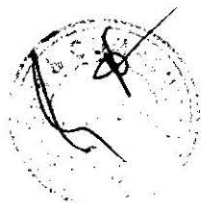
Also, the basic and diluted earnings per share (EPS) for the current period would be impacted as follows:

| Particulars                                 | Quarter ended |            | Year ended |
|---|---------------|------------|------------|
|   | 31.03.2019    | 31.12.2018 | 31.03.2019 |
| EPS pre Ind AS 115 impact (not annualized)  | 13.11         | 3.49       | 26.34      |
| EPS post Ind AS 115 impact (not annualized) | 3.97          | 0.21       | 7.96       |

Further, certain indirect costs (e.g. Selling expenses, commission & brokerage, Advertisement and sales promotion, depreciation and other administrative expenses) pertaining to real estate development project for the period ended 31<sup>st</sup> March, 2019 aggregating Rs. 1,201 Lakhs (quarter ended 31<sup>st</sup> March, 2019 of Rs. 480 Lakhs and quarter ended 31<sup>st</sup> December, 2018 of Rs. 346 Lakhs) are being recognized as an expense in the Statement of Profit and Loss as and when incurred.

8. The Board of Directors of the Company, subject to approval of shareholders, have approved dividend of Rs. 2.50 (25%) per equity share for the year ended 31<sup>st</sup> March, 2019 and an additional Special Centenary Year Dividend of Rs. 2.50 (25%) per equity share.
9. The figures of the quarter ended 31<sup>st</sup> March, 2019 and 31<sup>st</sup> March, 2018 are balancing figures between the audited figures in respect of the full financial year ended on 31<sup>st</sup> March, 2019 and 31<sup>st</sup> March, 2018 as reported in these financial results and the unaudited published year to date figures up to third quarter ended on 31<sup>st</sup> December, 2018 and 31<sup>st</sup> December, 2017 respectively, which were subjected to Limited Review by the Statutory Auditors.
10. Figures for the previous periods are re-classified / re-arranged / regrouped, wherever necessary, to correspond with the current period's classification / disclosure.

Mumbai,  
30<sup>th</sup> May, 2019



For Forbes & Company Limited

*Mahesh Tahilyani*

(Mahesh Tahilyani)  
Managing Director

DIN: 01423084

*J*

May 30, 2019

General Manager,  
Department of Corporate Services,  
BSE Ltd.  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai 400 001

Security Code : 502865  
Security ID : FORBESCO

**Declaration with respect to Audit Report with unmodified opinion to the Audited Standalone and Consolidated Financial Results for the quarter/year ended March 31, 2019.**

Dear Sir,

We hereby declare that with respect to Audited Standalone and Consolidated Financial Results for the quarter and Financial Year ended March 31, 2019, approved by the Board of Directors of the Company at their meeting held on May 30, 2019, the Statutory Auditors, Price Waterhouse Chartered Accountants LLP have not expressed any modified opinion(s) in their Standalone and Consolidated Audit Reports.

The above declaration is made pursuant to the Regulation 33(3) (d) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.

Kindly take the above information on your record.

Yours faithfully

For Forbes & Company Limited

  
Pankaj Khattar  
Head Legal and Company Secretary



# Price Waterhouse Chartered Accountants LLP

## Independent Auditors' Report

To the Members of Forbes & Company Limited

### Report on the audit of the Standalone Financial Statements

#### Opinion

1. We have audited the accompanying standalone financial statements of Forbes & Company Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

#### Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Price Waterhouse Chartered Accountants LLP, 252, Veer Savarkar Marg, Shivaji Park, Dadar (West)  
Mumbai - 400 028  
T: +91 (22) 66691500, F: +91 (22) 66547804 / 07

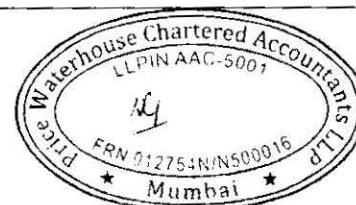
Registered office and Head office, Sucheta Bhawan, 11A Vishnu Digambar Marg, New Delhi 110 002

Price Waterhouse (a Partnership Firm) converted into Price Waterhouse Chartered Accountants LLP (a Limited Liability Partnership with LLP identity no. LLPIN AAC-5001) with effect from July 25, 2014. Post its conversion to Price Waterhouse Chartered Accountants LLP, its ICAI registration number is 012754N/N500016 (ICAI registration number before conversion was 012754N).

# Price Waterhouse Chartered Accountants LLP

Independent Auditors' Report  
To the Members of Forbes & Company Limited  
Report on the audit of the Standalone Financial Statements  
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| Key audit matter  | How our audit addressed the key audit matter  |
|---|---|
| <p><b>(a) Impairment risk of investment in and receivables from a wholly owned subsidiary and (b) Financial exposure relating to guarantee given to the same subsidiary (Refer Notes 8, 9, 11, 39 and 40 to the standalone financial statements)</b></p> <p>The Company has investment aggregating Rs. 7,934.82 Lakhs in Forbes Technosys Limited (FTL), a wholly owned subsidiary and also has financial exposure by way of outstanding receivables aggregating Rs. 337.85 Lakhs and financial guarantees to FTL amounting to Rs. 17,920 Lakhs.</p> <p>During the year ended March 31, 2019, FTL has earned total comprehensive income aggregating Rs. 3.26 Lakhs and FTL's current liabilities exceeded its current assets by Rs. 4,937.76 Lakhs. This is an indicator of potential impairment of the investments, outstanding receivables and financial exposure relating to financial guarantees given.</p> <p>The management has estimated that FTL's net recoverable value is sufficient to cover the cumulative carrying value of total exposure in FTL comprising investments, outstanding receivables and liability, if any, towards financial guarantees, basis valuation performed by the management's expert who is an independent professional valuer.</p> <p>The recoverable value of the investment has been determined using the discounted cash flow method, transaction multiple method and market multiple method, which involved significant estimates and judgement, including earning growth rate, cost escalation/savings, discount rate, terminal growth rate, transaction multiples etc. and is highly dependent on the management expert's inputs and assumptions, and is hence considered as a Key Audit Matter.</p> | <p>Our procedures in relation to management's assessment of impairment risk and financial exposure included the following:</p> <ul style="list-style-type: none"> <li>• Evaluating and validating the design and operating effectiveness of the controls over determination of recoverable value of investments and receivable (including valuation model, assumptions and judgements);</li> <li>• Assessing the accuracy and reasonableness of the input data provided by the Management by way of agreeing with approved budgets;</li> <li>• Analysis of past trends by comparing the historical results vis-à-vis corresponding budgets;</li> <li>• Evaluating management expert's independence, competence, capabilities and objectivity;</li> <li>• Assessing along with the auditors' experts the reasonableness of the Company's process regarding impairment assessment and assumptions used in the impairment model;</li> <li>• Developing independent expectations regarding the impairment testing based on our understanding of the business, external industry trends and the subsidiary's historic business activity;</li> <li>• Evaluating the Company's impairment testing results against our expectations;</li> <li>• Performing sensitivity analysis and evaluating whether any reasonably foreseeable change in assumptions could lead to impairment; and</li> <li>• Testing the mathematical accuracy of the underlying calculations.</li> </ul> <p>Based on the above procedures performed, the management's assessment in respect of impairment risk of investment in and receivables from a wholly owned subsidiary, and financial exposure relating to guarantee is considered to be reasonable.</p> |



# Price Waterhouse Chartered Accountants LLP

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| Key audit matter  | How our audit addressed the key audit matter  |
|---|---|
| <p><b>First time implementation of Revenue recognition standard (Ind-AS 115) for Real Estate Development Activities (Refer Notes 25 and 52 to the standalone financial statements)</b></p> <p>Consequent to the implementation of Ind-AS 115, effective April 1, 2018, there has been change in the Company's policy for revenue recognition in respect of its real estate development projects.</p> <p>The determination of the period over which revenue from real estate development activities should be recognized, the timing of transfer of control to the customer; and determination of whether the Company has an enforceable right to payment as per requirements of Ind-AS 115 involves significant judgement by the Management.</p> <p>Revenue recognition for real estate development activities is considered as a key audit matter considering significance of amounts involved, substantial transitional impact due to implementation of Ind-AS 115 along with related disclosures and involvement of management judgement in establishing enforceable right to payment for performance completed to date.</p> | <p>Our audit procedures included obtaining a listing of contracts with customers from the Management, and carrying out a combination of testing of internal financial controls with reference to financial statements for revenue recognition over real estate projects and test of details on a sample of transactions, which included:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of the process and testing key controls followed by the management over revenue recognition for real estate development projects including controls surrounding implementation of Ind-AS 115;</li> <li>• Evaluating existence and completeness of the list of contracts with customers, and examining the mathematical accuracy including impact of transitional adjustments as on April 1, 2018;</li> <li>• Obtaining evidence regarding the transfer of control considering the criteria as per Ind-AS 115 for ensuring existence of enforceability of payment for work completed to date; and</li> <li>• Testing the accuracy and completeness of disclosures in the standalone financial statements including those relating to the change in the accounting policy for revenue recognition as per the requirements of the applicable Indian Accounting Standards.</li> </ul> <p>Based on the above audit procedures performed, we did not come across any significant exceptions with regard to the first time implementation of Ind-AS 115 in respect of real estate development activities.</p> |



# Price Waterhouse Chartered Accountants LLP

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| Key audit matter   | How our audit addressed the key audit matter   |
|--|--|
| <p><b>Assessment of Provisions and Contingent Liabilities</b></p> <p>Refer to Notes 19A and 39 to the standalone financial statements.</p> <p>As at March 31, 2019, in respect of certain direct, indirect tax matters and other litigations, the Company had recognised provisions aggregating Rs. 277.98 Lakhs and disclosed contingent liabilities aggregating Rs. 12,432.50 Lakhs.</p> <p>The Company undergoes assessment proceedings and related litigations with direct and indirect tax authorities and with certain other parties, during the normal course of business. There is a high level of management judgement required in estimating the level of provisioning and/or the disclosures required. The judgement of the Management is supported by advice from independent tax and legal consultants, as considered necessary by the management. Accordingly, unexpected adverse outcomes could significantly impact the Company's reported profit and Balance Sheet position.</p> <p>We considered the above area as the key audit matter due to associated uncertainty of the ultimate outcome and significant management judgement involved.</p> | <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Understanding and evaluating the process and controls designed and implemented by the management including testing relevant controls;</li> <li>• Obtaining the details of the related matters, inspecting the supporting evidences and assessing management's evaluation through discussions with management on both the probability of the ultimate outcome and the magnitude of financial impact;</li> <li>• Reading recent orders and/ or communication received from the tax authorities/ with certain other parties and management responses to such communication;</li> <li>• Where relevant, reading the most recent available independent tax / legal advice obtained by management and evaluation of the grounds presented therein;</li> <li>• Evaluating independence, objectivity and competence of the management's tax / legal consultants;</li> <li>• Obtaining direct written confirmations from the Company's legal/ tax consultants (internal/ external) to confirm the status of the assessments as well as had direct discussion with them as and when required.</li> <li>• Understanding the current status of the direct and indirect tax assessments/ litigations;</li> <li>• Together with the auditor's tax experts, assessed the likelihood of the potential financial exposures.</li> <li>• Assessing the adequacy of disclosures in the standalone financial statements.</li> </ul> <p>Based on the above procedures we did not identify any material exceptions relating to management's assessment of provisions and contingent liabilities.</p> |



# Price Waterhouse Chartered Accountants LLP

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## Other Information

5. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the board report and corporate governance report, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Responsibilities of management and those charged with governance for the financial statements

6. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
7. In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

## Auditor's responsibilities for the audit of the financial statements

8. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



# Price Waterhouse Chartered Accountants LLP

## Independent Auditors' Report

To the Members of Forbes & Company Limited

Report on the audit of the Standalone Financial Statements

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9. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
10. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
11. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
12. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



# Price Waterhouse Chartered Accountants LLP

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## Report on other legal and regulatory requirements

13. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure B", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
14. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and 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 (including other comprehensive income), the Statement of Changes in Equity and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act.
  - (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Notes 19A and 39 to the standalone financial statements;
    - ii. The Company has long-term contracts as at March 31, 2019 for which there were no material foreseeable losses. The Company did not have any derivative contracts as at March 31, 2019;



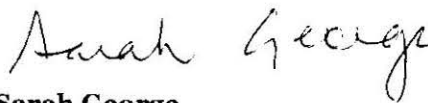
# Price Waterhouse Chartered Accountants LLP

**Independent Auditors' Report**  
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- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2019.

**For Price Waterhouse Chartered Accountants LLP**  
Firm Registration Number: 012754N/N500016  
Chartered Accountants



**Sarah George**  
Partner  
Membership Number: 045255

Place: Mumbai  
Date: May 30, 2019



Secretary,  
BSE Limited,  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai - 400 001.

Date: 30<sup>th</sup> May, 2019

Dear Sirs,

**Statement of Consolidated Financial Results for the year ended 31<sup>st</sup> March, 2019**

Rs. in Lakhs

| Particulars   | Year ended              |                         |
|---|-------------------------|-------------------------|
|   | 31.03.2019<br>(Audited) | 31.03.2018<br>(Audited) |
| <b>1 Income</b>   |                         |                         |
| a) Revenue from operations (Refer note 5 and 12)  | 2,85,342                | 2,82,771                |
| b) Other income   | 3,766                   | 3,004                   |
| <b>Total Income</b>   | <b>2,89,108</b>         | <b>2,85,775</b>         |
| <b>2 Expenses</b>   |                         |                         |
| a) Real estate development costs  | 7,555                   | 6,404                   |
| b) Cost of materials consumed   | 75,930                  | 67,605                  |
| c) Excise duty on sale of goods   | -                       | 521                     |
| d) Purchases of stock-in-trade  | 26,629                  | 36,669                  |
| e) Changes in inventories of finished goods, spares, work-in-progress and stock-in-trade                                    | (3,588)                 | (1,482)                 |
| f) Employee benefits expense  | 68,627                  | 68,964                  |
| g) Finance costs  | 8,938                   | 9,556                   |
| h) Depreciation and amortisation expense  | 7,705                   | 7,705                   |
| i) Other expenses   | 95,913                  | 91,186                  |
| <b>Total expenses</b>   | <b>2,87,709</b>         | <b>2,87,128</b>         |
| <b>3 Profit before exceptional items, Share of net profit of investment accounted for using equity method and tax (1-2)</b> | <b>1,399</b>            | <b>(1,353)</b>          |
| <b>4 Share of net Profit of Joint ventures and associates accounted for using equity method</b>                             | <b>722</b>              | <b>941</b>              |
| <b>5 Profit before exceptional items and tax (3+4)</b>  | <b>2,121</b>            | <b>(412)</b>            |
| <b>6 Exceptional Items - Income/ (Expenses) (Refer note 7)</b>  | <b>(971)</b>            | <b>-</b>                |
| <b>7 Profit/ (Loss) before tax (5+6)</b>  | <b>1,150</b>            | <b>(412)</b>            |
| <b>8 Tax expense</b>  |                         |                         |
| a) Current tax  | 2,637                   | 3,602                   |
| b) Deferred tax   | (1,189)                 | (793)                   |
|   | <b>1,448</b>            | <b>2,809</b>            |
| <b>9 Profit/ (Loss) after tax for the year (7-8)</b>  | <b>(298)</b>            | <b>(3,221)</b>          |
| <b>10 Other Comprehensive Income</b>  |                         |                         |
| <b>A (i) Items that will not be reclassified to profit or loss</b>  |                         |                         |
| a) Remeasurement of the defined benefit plans   | (63)                    | (35)                    |
| b) Equity instruments through other comprehensive income  | (89)                    | 100                     |
| c) Income Tax relating to the above items   | 54                      | (45)                    |
| <b>B (i) Items that may be reclassified to profit or loss</b>   |                         |                         |
| a) Exchange difference in translating the financial statements of foreign operation   | 395                     | 2,699                   |
|   | <b>297</b>              | <b>2,719</b>            |
| <b>11 Total Comprehensive Income (9+10)</b>   | <b>(1)</b>              | <b>(502)</b>            |
| <b>12 Profit for the year attributable to:-</b>   |                         |                         |
| (i) Owners of the Company   | 697                     | (1,944)                 |
| (ii) Non controlling interests  | (995)                   | (1,277)                 |
|   | <b>(298)</b>            | <b>(3,221)</b>          |
| <b>13 Other comprehensive income for the year attributable to:-</b>   |                         |                         |
| (i) Owners of the Company   | 293                     | 2,756                   |
| (ii) Non controlling interests  | 4                       | (37)                    |
|   | <b>297</b>              | <b>2,719</b>            |
| <b>14 Total comprehensive income for the year attributable to:-</b>   |                         |                         |
| (i) Owners of the Company   | 990                     | 812                     |
| (ii) Non controlling interests  | (991)                   | (1,314)                 |
|   | <b>(1)</b>              | <b>(502)</b>            |
| <b>Basic and diluted earnings per equity share attributable to owners of the Company</b>                                    | <b>5.47</b>             | <b>(15.27)</b>          |

See accompanying notes to the consolidated financial results.

Contd ...



**Reporting of Segment wise Revenue, Results, Assets, Liabilities and Capital Employed**

Based on the evaluation of Ind AS 108 - Operating Segments, the management has identified the following operating segments viz., Health, Hygiene, Safety Products and its services, Engineering, Shipping and Logistics Services, IT Enabled Services and Products and Real Estate.

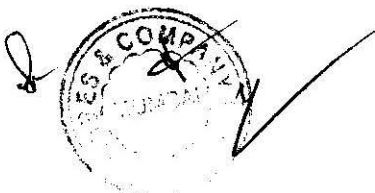
The Group has reclassified the segment disclosure as prescribed under Ind AS 108 and accordingly previous year disclosure has been restated.

Rs. In Lakhs

|   | Year ended      |                 |
|---|-----------------|-----------------|
|   | 31.03.2019      | 31.03.2018      |
|   | (Audited)       | (Audited)       |
| <b>1 Segment Revenue</b>  |                 |                 |
| (a) Health, Hygiene, Safety Products and its services   | 2,38,843        | 2,31,771        |
| (b) Engineering   | 20,913          | 18,597          |
| (c) Real Estate   | 1,919           | 11,247          |
| (d) IT Enabled Services and Products  | 12,385          | 13,161          |
| (e) Shipping and Logistics Services   | 11,414          | 8,103           |
| (f) Others  | 33              | 102             |
| <b>Total</b>  | <b>2,85,507</b> | <b>2,82,981</b> |
| Less: Inter Segment Revenue   | (165)           | (210)           |
| <b>Total income from operations (net)</b>   | <b>2,85,342</b> | <b>2,82,771</b> |
| <b>2 Segment Results [(Profit/(Loss) before Tax and Interest from each Segment (including exceptional items related to segments)]</b> |                 |                 |
| (a) Health, Hygiene, Safety Products and its services   | 5,754           | 2,940           |
| (b) Engineering   | 2,673           | 2,357           |
| (c) Real Estate   | 333             | 4,557           |
| (d) IT Enabled Services and Products  | 4,838           | 101             |
| (e) Shipping and Logistics Services   | 207             | 24              |
| (f) Others  | (31)            | (95)            |
| <b>Total segment results</b>  | <b>13,774</b>   | <b>9,884</b>    |
| Add: Share of profit of joint ventures  | 722             | 941             |
| Add/Less: Exceptional items other than related to segments (net)  | (971)           | -               |
| Less: Finance costs   | (8,938)         | (9,556)         |
| <b>Balance</b>  | <b>4,587</b>    | <b>1,269</b>    |
| Add: Unallocable income/(expense) (net)   | (3,437)         | (1,681)         |
| <b>Profit / (Loss) from ordinary activities before tax</b>  | <b>1,150</b>    | <b>(412)</b>    |
| <b>3 Segment Assets</b>   |                 |                 |
| (a) Health, Hygiene, Safety Products and its services   | 1,59,071        | 1,66,478        |
| (b) Engineering   | 14,064          | 11,968          |
| (c) Real Estate   | 28,454          | 14,105          |
| (d) IT Enabled Services and Products  | 22,385          | 20,324          |
| (e) Shipping and Logistics Services   | 40,425          | 42,206          |
| (f) Others  | 16              | 25              |
| (g) Unallocated   | 23,505          | 21,191          |
| <b>Total Assets</b>   | <b>2,87,920</b> | <b>2,76,297</b> |
| <b>4 Segment liabilities</b>  |                 |                 |
| (a) Health, Hygiene, Safety Products and its services   | 1,50,044        | 1,59,259        |
| (b) Engineering   | 4,297           | 4,395           |
| (c) Real Estate   | 32,665          | 8,537           |
| (d) IT Enabled Services and Products  | 3,465           | 2,956           |
| (e) Shipping and Logistics Services   | 27,420          | 27,246          |
| (f) Others  | 2               | 5               |
| (g) Unallocated   | 32,740          | 30,395          |
| <b>Total Liabilities</b>  | <b>2,50,633</b> | <b>2,32,793</b> |

Note : Other income allocable to respective segments has been considered as part of Segment Results.

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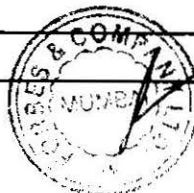


## 1. Consolidated Statements of Assets, Liabilities and Equity

| Particulars  | Rs. In Lakhs          |                       |
|--|-----------------------|-----------------------|
|  | As at                 | As at                 |
|  | 31.03.2019<br>Audited | 31.03.2018<br>Audited |
| <b>ASSETS</b>  |                       |                       |
| <b>1 Non-current assets</b>  |                       |                       |
| a) Property, Plant and Equipment   | 55,275                | 60,108                |
| b) Capital work-in-progress  | 410                   | 106                   |
| c) Investment Properties   | 2,565                 | 2,548                 |
| d) Goodwill  | 49,840                | 47,742                |
| e) Other Intangible assets   | 5,670                 | 3,543                 |
| f) Intangible assets under development   | 8,324                 | 9,339                 |
| g) Financial Assets:   |                       |                       |
| i) Investments   |                       |                       |
| a) Investments in joint ventures   | 7,850                 | 7,677                 |
| b) Other Investments   | 224                   | 334                   |
| ii) Trade receivables  | 5,301                 | 4,384                 |
| iii) Loans   | 3,326                 | 3,305                 |
| iv) Other financial assets   | 3,454                 | 1,495                 |
| h) Tax assets  |                       |                       |
| i) Deferred tax assets (net)   | 6,652                 | 2,615                 |
| ii) Income tax assets (net)  | 6,131                 | 6,988                 |
| i) Other non-current assets  | 6,427                 | 4,119                 |
| <b>Total Non-current assets</b>  | <b>1,61,449</b>       | <b>1,54,303</b>       |
| <b>2 Current assets</b>  |                       |                       |
| a) Inventories   | 59,653                | 43,611                |
| b) Financial Assets:   |                       |                       |
| i) Investments   | 2                     | 19                    |
| ii) Trade receivables  | 46,511                | 42,102                |
| iii) Cash and cash equivalents   | 7,056                 | 13,700                |
| iv) Bank balances other than (iii) above   | 433                   | 425                   |
| v) Loans   | 329                   | 447                   |
| vi) Other financial assets   | 1,133                 | 6,727                 |
| c) Other current assets  | 11,350                | 14,961                |
| Assets classified as held for sale   | 4                     | 2                     |
| <b>Total Current assets</b>  | <b>1,26,471</b>       | <b>1,21,994</b>       |
| <b>Total Assets</b>  | <b>2,87,920</b>       | <b>2,76,297</b>       |
| <b>EQUITY AND LIABILITIES</b>  |                       |                       |
| <b>Equity</b>  |                       |                       |
| a) Equity share capital  | 1,290                 | 1,290                 |
| b) Other equity  | 25,074                | 30,291                |
| Equity attributable to owners of the Company   | 26,364                | 31,581                |
| Non-controlling interests  | 10,923                | 11,923                |
| <b>Total Equity</b>  | <b>37,287</b>         | <b>43,504</b>         |
| <b>Liabilities</b>   |                       |                       |
| <b>1 Non-current liabilities</b>   |                       |                       |
| a) Financial liabilities:  |                       |                       |
| i) Borrowings  | 57,852                | 73,532                |
| ii) Other financial liabilities  | 4,668                 | 5,072                 |
| b) Provisions  | 1,049                 | 2,366                 |
| c) Deferred tax liabilities (net)  | 486                   | 354                   |
| d) Other non-current liabilities   | 12,036                | 10,930                |
| <b>Total Non-current liabilities</b>   | <b>76,091</b>         | <b>92,254</b>         |
| <b>2 Current liabilities</b>   |                       |                       |
| a) Financial liabilities:  |                       |                       |
| i) Borrowings  | 28,897                | 29,960                |
| ii) Trade payables   |                       |                       |
| total outstanding dues of micro enterprises and small enterprises; and                 | 1,895                 | 1,931                 |
| total outstanding dues of creditors other than micro enterprises and small enterprises | 39,134                | 37,978                |
| iii) Other financial liabilities   | 38,409                | 32,280                |
| b) Provisions  | 3,101                 | 2,344                 |
| c) Current tax liabilities (net)   | 500                   | 706                   |
| d) Other current liabilities   | 62,606                | 35,340                |
| <b>Total Current Liabilities</b>   | <b>1,74,542</b>       | <b>1,40,539</b>       |
| <b>Total Liabilities</b>   | <b>2,50,633</b>       | <b>2,32,793</b>       |
| <b>Total Equity and Liabilities</b>  | <b>2,87,920</b>       | <b>2,76,297</b>       |

See accompanying notes to the consolidated financial results.

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2. The above result of Forbes & Company Limited ("the Company") and its subsidiaries (together referred to as "Group") and its joint ventures and associates for the year ended 31<sup>st</sup> March, 2019 were reviewed by the Audit Committee and thereafter approved at the meeting of the Board of Directors held on Thursday 30<sup>th</sup> May, 2019. The above results for the year ended 31<sup>st</sup> March, 2018 have been audited by the statutory auditors of the Company in terms of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
3. Forbes Technosys Limited (FTL), a subsidiary has earned a net profit of Rs. 3 lakhs during the current year against the previous year net loss of Rs. 1,241 lacs and its current liabilities exceeded current assets by Rs. 4,958 lakhs as at 31<sup>st</sup> March, 2019. FTL has accumulated losses of Rs. 8,245 lakhs and the entity's net worth has been substantially eroded as at 31<sup>st</sup> March, 2019. The setback in recent past was temporary due to muted demand and stress in some of the key sectors that FTL has been traditionally dependent on, such as banking and telecom, subdued demand from banking sector. Heightened competition and entry of several local players in the e-payments space put pressures on margin as well. The Management believes that with new initiatives, product rationalization buoyed by consistent increasing demand observed in sectors other than BFSI, this entity is well poised to reap in the benefits.

Considering the improvements in demand and recent initiatives e.g. cost rationalization, new technology upgrades, and investments into new range of products, the management is of the view that the aforesaid situation was temporary in nature and is confident of inherent value and future prospects of this entity. The overall scenario looks positive and stable and the recent trends noticed in 2018-19 (e.g. cost rationalization, product portfolio diversification strategies etc.) are expected to continue in foreseeable future which would aid business recoupment. Accordingly, the financials of FTL have been prepared on going concern basis.

4. The above financial results of the Group have been prepared in accordance with Indian Accounting Standard ("Ind AS") as prescribed under Section 133 of Companies Act, 2013 read with the relevant rules issued thereunder and the other accounting principles generally accepted in India.
5. As per Indian Accounting Standard 18 / 115 on Revenue and Schedule III of the Companies Act, 2013, Revenue from Operations for the period 1<sup>st</sup> July, 2017 to 31<sup>st</sup> March, 2018 does not include Goods and Service Tax (GST), however Revenue from Operations till the period ended 30<sup>th</sup> June, 2017 includes Excise Duty. In view of the aforesaid restructuring of indirect taxes, Revenue from Operations for the year ended 31<sup>st</sup> March, 2018 are not comparable with the current year.
6. The Board of Directors of the Company, subject to approval of shareholders, have approved dividend of Rs. 2.50 (25%) per equity share for the year ended 31<sup>st</sup> March, 2019 and an additional Special Centenary Year Dividend of Rs. 2.50 (25%) per equity share.
7. Exceptional items:

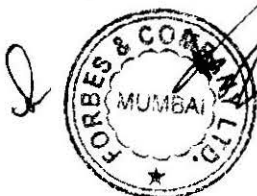
|              |                                       | <i>(Rs. in Lakhs)</i> |            |
|--------------|---------------------------------------|-----------------------|------------|
|              |                                       | Year ended            |            |
|              |                                       | 31.03.2019            | 31.03.2018 |
|              |                                       | (Audited)             | (Audited)  |
| (i)          | Expected outflow for disputed matters | (1,056)               | -          |
| (ii)         | Gain on transfer of interest          | 85                    | -          |
| <b>TOTAL</b> |                                       | <b>(971)</b>          | <b>-</b>   |

- (i) The Company had received Rs. 1,017 Lakhs in the year ended 31<sup>st</sup> March, 2016 from the Hon'ble Debt Recovery Tribunal, Mumbai towards principal and interest towards loan given to Coromandel Garments Limited (presently under liquidation).

The Company had made a provision of Rs. 365 Lakhs in earlier years which was reversed on receipt of Rs. 1,017 Lakhs from Coromandel Garments Limited and accounted the balance as interest income during the year ended 31<sup>st</sup> March, 2016. The Management, based on the belief that it was a remote future possibility that Rs. 1,017 Lakhs would become refundable upon the final outcome of this matter, accounted for the receipt as explained above.

In July 2018, in a separate proceeding the Hon'ble High Court, Mumbai directed the Company to refund the aforesaid amount of Rs. 1,017 Lakhs with interest. Consequently, the Company refunded Rs. 1,056 Lakhs [including interest calculated from the date of the order till the date of payment aggregating Rs. 39 Lakhs] and recorded this as an exceptional expense. The Company has subsequently been directed by the Hon'ble High Court to pay interest from the date the amount was received by the Company, which has been appealed against by the Company.

The Company has separately filed its Affidavit of Claim for Rs. 325 Lakhs along with interest at the bank rate with the Official Liquidator. However, since this filing was beyond the time period of filing affidavit, the Company was directed by the Official Liquidator to file for condonation of delay with the High Court. The Hon'ble High Court vide Order dated 8<sup>th</sup> April, 2019 condoned the delay in filing of the claim before the Official Liquidator and directed the Official Liquidator to adjudicate the claim within a period of six months.



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- (ii) The real estate development operations under "Project Vicinia" was being executed at a plot of land situated at Chandivali, Mumbai as per the terms of the development agreement between the Company and Videocon Realty and Infrastructure Limited ("VRIL") forming part of the consent terms filed with the Hon'ble Bombay High Court in 2011 for the then existing dispute. Subject to compliance with the terms of the said development agreement, VRIL was entitled to 50% of the saleable area and 50% of the rights in the permissible Floor Space Index in Project Vicinia.

During the current year, considering delays in making critical payments by VRIL, to protect the interests of all stakeholders including the Company and purchasers of individual flats, the Company terminated the aforesaid development agreement. Consequently the matter was referred to arbitration and vide the arbitration award dated 25<sup>th</sup> February, 2019 the Company was directed to pay an amount of Rs. 15,300 Lakhs to VRIL for restitution and that on payment of aforesaid amount, VRIL would have no interest, rights, title or any claim in respect of Project Vicinia.

Additionally, the Company entered into a Business Transfer Agreement ("BTA") with Paikar Real Estates Private Limited (hereinafter known as "PREPL"), (a fellow subsidiary) dated 27<sup>th</sup> February, 2019 to transfer 50% interest in the aforesaid real estate development project (which the Company got through restitution), by way of slump sale on an as-is-where-is basis as a going concern for an aggregate consideration of Rs. 15,500 Lakhs. The board of directors and shareholders approved this transaction with PREPL on 27<sup>th</sup> February, 2019 and 29<sup>th</sup> March, 2019 respectively. As per the terms of BTA, the Company did not have ability to control or rights to variable returns over VRIL's interest in the Project Vicinia which the Company got pursuant to the arbitration award.

Subsequently, on receipt of the consideration from PREPL, the Company made payment of Rs. 15,300 Lakhs to VRIL on 2<sup>nd</sup> March, 2019 as per terms stated in the arbitration award and consequently, VRIL's interest in the development agreement was transferred to PREPL.

The Company and PREPL are each independently entitled to 50% of the saleable area, 50% of the rights in the permissible Floor Space Index and for their own individual development and consequent sale of their respective individual flats for the specified land being developed.

Pursuant to the aforesaid transaction, the Company incurred legal and administrative costs aggregating Rs. 115 Lakhs which have been netted off against the gain on the aforesaid transfer and reflected the net gain on this transaction, aggregating Rs. 85 Lakhs as an exceptional item during the year ended 31<sup>st</sup> March, 2019.

#### 8. Standalone Information:

| Particulars             | <i>(Rs. in Lakhs)</i> |            |
|-------------------------|-----------------------|------------|
|                         | Year ended            |            |
|                         | 31.03.2019            | 31.03.2018 |
| Revenue from operations | 22,728                | 29,744     |
| Profit before tax       | 1,039                 | 4,607      |
| Profit after tax        | 1,027                 | 4,090      |

Investors can view the standalone results of the Company on the Company's website ([www.forbes.co.in](http://www.forbes.co.in)) or BSE website ([www.bseindia.com](http://www.bseindia.com)).

9. During the previous year, the Ministry of Corporate Affairs, Kolkata vide its orders dated 31<sup>st</sup> March, 2018 has approved the scheme of amalgamation between Aquamall Water Solutions Limited (AWSL) and Eureka Forbes Limited (EFL). The scheme was approved by the board of EFL on 18.01.2017 and AWSL on 19.01.2017 and the shareholders approved the scheme on 18.09.2017 and 16.09.2017 of the respective companies. The said order was filed with the Registrar of Companies, Kolkata on 31<sup>st</sup> March 2018 (i.e. the effective date).

Upon, the scheme coming into effect from the appointed date 1<sup>st</sup> April 2016, 100% of the undertaking of AWSL have been transferred to and vested in EFL from the appointed date.

As this is a business combination of entities under common control, the amalgamation has been accounted using 'pooling of interest' method (in accordance with the approved scheme) as laid down in appendix C of Ind AS 103, Business Combination. Accordingly, the figures for the previous year ended 31<sup>st</sup> March 2017 has been restated to give effect of the Merger.

#### 10. a. During the current year,

- Aquadiagnostics Water Research & Technology Centre Limited, a subsidiary of EFL's subsidiary, ceased to be subsidiary of EFL w.e.f. 25<sup>th</sup> June, 2018.
- Forbes G4S Solutions Private Limited, a joint venture of EFL, ceased to be a joint venture of EFL w.e.f. 10<sup>th</sup> May, 2018.
- Forbes International AG, a subsidiary of EFL's subsidiary Lux International AG, merged with Lux International AG w.e.f. 23<sup>rd</sup> March, 2018.
- Lux Aqua Czech s.r.o., a subsidiary of EFL's subsidiary Lux International AG ceased to be a subsidiary of EFL w.e.f. 30<sup>th</sup> April, 2018 on account of sale to third party
- Lux Aqua Hungary KFT a subsidiary of EFL's subsidiary Lux International AG ceased to be a subsidiary of EFL w.e.f. 30<sup>th</sup> April, 2018 on account of sale to third party

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- vi. Lux International Services Kft Hungary, a subsidiary of EFL's subsidiary Lux International AG - ceased to be subsidiary of EFL during the year.
- vii. Lux Professional International GmbH, a subsidiary of EFL's subsidiary Lux International AG, ceased to be subsidiary of EFL w.e.f. 23<sup>rd</sup> March 2018 (merged with Lux International AG)
- viii. Aqaignis Technologies Private Limited, a joint venture of EFL, became a wholly owned subsidiary of EFL w.e.f. 13<sup>th</sup> June, 2018.

b. During the previous year,

- i. Lux /SK/s.r.o., Slovakia, a subsidiary of EFL's subsidiary Forbes International AG (formerly Forbes Lux Group AG), ceased to be a subsidiary on account of liquidation.
- ii. Lux CZ s.r.o., Czech Republic, a subsidiary of EFL's subsidiary Lux Professional International GmbH, Switzerland, ceased to be a subsidiary on account of sale to third party.
- iii. Lux Waterline GmbH, Germany, a subsidiary of EFL's subsidiary Lux Professional International GmbH, Switzerland, merged with Lux Deutschland GmbH w.e.f 31<sup>st</sup> December, 2017.
- iv. Brightyclean (Spain) SL, Spain, a subsidiary of EFL's subsidiary Lux Professional International GmbH, Switzerland, ceased to be a subsidiary on account of sale to third party.
- v. Lux Professional GmbH, Germany, a subsidiary of EFL's subsidiary Lux Professional International GmbH, Switzerland, merged with Lux Deutschland GmbH w.e.f 31<sup>st</sup> December, 2017.
- vi. Lux Osterreich Professional GmbH, Austria, a subsidiary of EFL's subsidiary Lux Professional International GmbH, Switzerland, merged with Lux Osterreich GmbH w.e.f. 31<sup>st</sup> October, 2017.
- vii. Lux International Service Kft, Hungary, a subsidiary of EFL's subsidiary Lux International AG was incorporated w.e.f. 6<sup>th</sup> January, 2017.

11. Details of Redeemable Non-Convertible Debentures are as follows :-

a. Issued by Forbes & Company Limited (Parent):

| S.No. | Particulars                                 | Previous Due Date (1 <sup>st</sup> October, 2018 to 31 <sup>st</sup> March, 2019) |                                   | Next Due Date                  |                                |
|-------|---|---|-----------------------------------|--------------------------------|--------------------------------|
|       |   | Principal   | Interest                          | Principal                      | Interest                       |
| 1     | 980FCL20<br>(Face Value Rs. 6,000 Lakhs)    | Refer Note<br>(a) below   | Refer Note<br>(a) below           | Refer Note<br>(a) below        | Refer Note<br>(a) below        |
| 2     | 910FORBES19<br>(Face Value Rs. 4,000 Lakhs) | -   | 21 <sup>st</sup> January,<br>2019 | 22 <sup>nd</sup> July,<br>2019 | 22 <sup>nd</sup> July,<br>2019 |

All the interests due were paid on due dates.

The Company has a credit rating of ICRA A+ (Negative) [previously ICRA AA- (Negative)].

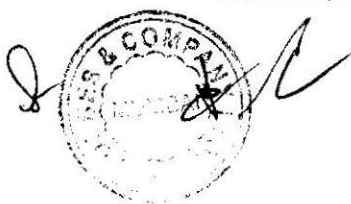
Notes:

- (a) The holders of Redeemable Non-Convertible Debentures have exercised the put option for redemption of the entire principal amount of the Redeemable Non-Convertible Debentures of the Company aggregating Rs. 6,000 Lakhs due on 10<sup>th</sup> September, 2018 which has been paid on due date during the quarter ended 30<sup>th</sup> September, 2018.
- (b) The Redeemable Non-Convertible Debentures of the Company aggregating Rs. 4,000 Lakhs as at 31<sup>st</sup> March, 2019 are secured by mortgage, of premises being the land and factory situated at Waluj, Aurangabad together with plant and machinery and other support facilities and the asset cover thereof exceeds 1.25 times of the principal amount of the said debentures.

b. Issued by Forbes Technosys Limited (a Subsidiary):

| S.No. | Particulars                                  | Previous Due Date (1 <sup>st</sup> October, 2018 to 31 <sup>st</sup> March, 2019) |                                   | Next Due Date                     |                                 |
|-------|--|---|-----------------------------------|-----------------------------------|---------------------------------|
|       |  | Principal   | Interest                          | Principal                         | Interest                        |
| 1     | INE465R08032<br>(Face Value Rs. 2,500 Lakhs) | -   | 20 <sup>th</sup> March,<br>2019   | 20 <sup>th</sup> March,<br>2020   | 20 <sup>th</sup> June,<br>2019  |
| 2     | INE465R08040<br>(Face Value Rs. 3,500 Lakhs) | -   | 18 <sup>th</sup> January,<br>2019 | 18 <sup>th</sup> October,<br>2020 | 18 <sup>th</sup> April,<br>2019 |

All the interests due were paid on due dates.



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Debenture Redemption Reserve has not been created for the aforesaid debentures as there are negative retained earnings in the subsidiary.

The Subsidiary has a credit rating of "[ICRA] A+ (SO)(negative)".

12. Ind AS 115 'Revenue from Contracts with Customers' is a new accounting standard notified by the Ministry of Corporate Affairs (MCA) on 28<sup>th</sup> March, 2018 and is effective from accounting period beginning on or after 1<sup>st</sup> April, 2018 and replaces the existing revenue recognition standards.

The Group has applied Ind AS 115 for the first time using the modified retrospective method of adoption with the date of initial application of 1<sup>st</sup> April, 2018 and recognised the cumulative effect of initially applying Ind AS 115 as an adjustment to the opening balances of retained earnings as at 1<sup>st</sup> April, 2018. Accordingly, revenue is measured as the amount of consideration the Group expects to receive in exchange for the goods or services when control of the goods or services and the benefits obtainable from them are transferred to the customer. The comparative information for the previous year has not been restated.

Impact of adoption of Ind AS 115 on the Group mainly comprises the following:

- Revenue from real estate development projects – control is said to be transferred at a point in time, since the criteria for satisfaction of performance obligations over a period of time are not met.
- Revenue from sale of products – is recognized at a point in time on transfer of control and completion of performance obligations.
- Service income (including installation) – are recognised as and when the services are performed as per the terms of agreement with respective parties.
- Unperformed services as at the reporting date are deferred and considered as contractual liability under Other Liabilities as at the year-end.
- Refund liabilities in respect of volume discounts, rebates and incentives provided to customers and right to return the product are reflected as Other Current Liabilities.

Accordingly, the Group has recorded an opening impact in retained earnings towards the reversal of profits aggregating Rs. 5,162 Lakhs (net of tax) on real estate projects under development (i.e. flats under construction) and other revenue contracts not completed as on 1<sup>st</sup> April, 2018.

Had the Group continued application of earlier standards instead of Ind AS 115, the below line items for the year ended 31<sup>st</sup> March 2019 would be higher/ (lower) by the following amounts:

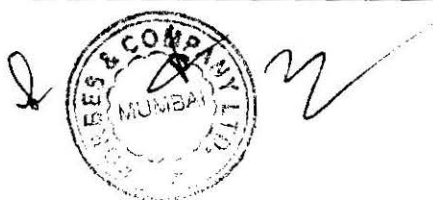
| Financial Statement Line Item   | Rs. in Lakhs |
|---|--------------|
| Revenue from Operations   | 9,881        |
| Changes in inventories of finished goods, spares, work-in-progress and stock-in-trade | 5,716        |
| Other Expenses  | 448          |
| <b>Profit Before Tax</b>  | <b>3,717</b> |
| Tax Expense   | 1,314        |
| <b>Profit After tax</b>   | <b>2,403</b> |

Additionally, the increase/ (decrease) in the year-end position as at 31<sup>st</sup> March, 2019 would have been as follows:

| Financial Statement Line Item | Rs. in Lakhs |
|-------------------------------|--------------|
| Deferred tax assets (net)     | (3,213)      |
| Income tax assets (net)       | (101)        |
| Inventories                   | (16,839)     |
| Trade receivables             | 528          |
| Other financial assets        | 3,558        |
| Other assets                  | (85)         |
| Other financial liabilities   | 934          |
| Other current liabilities     | (25,347)     |
| Current tax liabilities (net) | 697          |
| Other equity                  | 7,564        |

The basic and diluted earnings per share (EPS) for the year ended 31<sup>st</sup> March 2019 would be impacted as follows:

| Particulars                                 | Rs.   |
|---|-------|
| EPS pre Ind AS 115 impact (not annualized)  | 24.34 |
| EPS post Ind AS 115 impact (not annualized) | 5.47  |



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Further, certain indirect costs (e.g. Selling expenses, commission & brokerage, Advertisement and sales promotion, depreciation and other administrative expenses) pertaining to real estate development project for the year ended 31<sup>st</sup> March 2019 aggregating Rs. 1,201 Lakhs are being recognized as an expense in the Statement of Profit and Loss as and when incurred.

13. Figures for the previous periods are re-classified / re-arranged / regrouped, wherever necessary, to correspond with the current period's classification.

Mumbai,  
30<sup>th</sup> May, 2019



For Forbes & Company Limited

  
(Mahesh Tahilyani)  
Managing Director  
DIN: 01423084



# Price Waterhouse Chartered Accountants LLP

## Independent Auditors' Report

To the Members of Forbes & Company Limited

## Report on the Audit of the Consolidated Financial Statements

### Opinion

1. We have audited the accompanying consolidated financial statements of Forbes & Company Limited (hereinafter referred to as the 'Holding Company') and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), its associates and joint ventures (refer Note 2.2 to the attached consolidated financial statements), which comprise the consolidated Balance Sheet as at March 31, 2019, the consolidated Statement of Profit and Loss including Other Comprehensive Income, the consolidated Statement of Changes in Equity, the consolidated Cash Flows Statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as "the consolidated financial statements").
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates and joint ventures as at March 31, 2019, of consolidated total comprehensive income (comprising of loss and other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year then ended.

### Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, its associates and joint ventures in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 18 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



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Price Waterhouse (a Partnership Firm) converted into Price Waterhouse Chartered Accountants LLP (a Limited Liability Partnership with LLP number 011212AAC5001) with effect from July 25, 2014. Post its conversion to Price Waterhouse Chartered Accountants LLP, its ICAI registration number is 012754N/NS500015 (ICAI registration number before conversion was 012754N).

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| Key audit matter  | How our audit addressed the key audit matter  |
|---|---|
| <p><b>(a) Impairment risk of investment in and receivables from a wholly owned subsidiary and (b) Financial exposure relating to guarantee given to the same subsidiary (Refer Notes 8, 9, 11, 39 and 40 to the standalone financial statements)</b></p> <p>The Company has investment aggregating Rs. 7,934.82 Lakhs in Forbes Technosys Limited (FTL), a wholly owned subsidiary and also has financial exposure by way of outstanding receivables aggregating Rs. 337.85 Lakhs and financial guarantees to FTL amounting to Rs. 17,920 Lakhs.</p> <p>During the year ended March 31, 2019, FTL has earned total comprehensive income aggregating Rs. 3.26 Lakhs and FTL's current liabilities exceeded its current assets by Rs. 4,937.76 Lakhs. This is an indicator of potential impairment of the investments, outstanding receivables and financial exposure relating to financial guarantees given.</p> <p>The management has estimated that FTL's net recoverable value is sufficient to cover the cumulative carrying value of total exposure in FTL comprising investments, outstanding receivables and liability, if any, towards financial guarantees, basis valuation performed by the management's expert who is an independent professional valuer.</p> <p>The recoverable value of the investment has been determined using the discounted cash flow method, transaction multiple method and market multiple method, which involved significant estimates and judgement, including earning growth rate, cost escalation/savings, discount rate, terminal growth rate, transaction multiples etc. and is highly dependent on the management expert's inputs and assumptions, and is hence considered as a Key Audit Matter.</p> | <p>Our procedures in relation to management's assessment of impairment risk and financial exposure included the following:</p> <ul style="list-style-type: none"> <li>• Evaluating and validating the design and operating effectiveness of the controls over determination of recoverable value of investments and receivable (including valuation model, assumptions and judgements);</li> <li>• Assessing the accuracy and reasonableness of the input data provided by the Management by way of agreeing with approved budgets;</li> <li>• Analysis of past trends by comparing the historical results vis-à-vis corresponding budgets;</li> <li>• Evaluating management expert's independence, competence, capabilities and objectivity;</li> <li>• Assessing along with the auditors' experts the reasonableness of the Company's process regarding impairment assessment and assumptions used in the impairment model;</li> <li>• Developing independent expectations regarding the impairment testing based on our understanding of the business, external industry trends and the subsidiary's historic business activity;</li> <li>• Evaluating the Company's impairment testing results against our expectations;</li> <li>• Performing sensitivity analysis and evaluating whether any reasonably foreseeable change in assumptions could lead to impairment; and</li> <li>• Testing the mathematical accuracy of the underlying calculations.</li> </ul> <p>Based on the above procedures performed, the management's assessment in respect of impairment risk of investment in and receivables from a wholly owned subsidiary, and financial exposure relating to guarantee is considered to be reasonable.</p> |



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| <p><b>First time implementation of Revenue recognition standard (Ind-AS 115) for Real Estate Development Activities (Refer Notes 25 and 52 to the standalone financial statements)</b></p> <p>Consequent to the implementation of Ind-AS 115, effective April 1, 2018, there has been change in the Company's policy for revenue recognition in respect of its real estate development projects.</p> <p>The determination of the period over which revenue from real estate development activities should be recognized, the timing of transfer of control to the customer; and determination of whether the Company has an enforceable right to payment as per requirements of Ind-AS 115 involves significant judgement by the Management.</p> <p>Revenue recognition for real estate development activities is considered as a key audit matter considering significance of amounts involved, substantial transitional impact due to implementation of Ind-AS 115 along with related disclosures and involvement of management judgement in establishing enforceable right to payment for performance completed to date.</p> | <p>Our audit procedures included obtaining a listing of contracts with customers from the Management, and carrying out a combination of testing of internal financial controls with reference to financial statements for revenue recognition over real estate projects and test of details on a sample of transactions, which included:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of the process and testing key controls followed by the management over revenue recognition for real estate development projects including controls surrounding implementation of Ind-AS 115;</li> <li>• Evaluating existence and completeness of the list of contracts with customers, and examining the mathematical accuracy including impact of transitional adjustments as on April 1, 2018;</li> <li>• Obtaining evidence regarding the transfer of control considering the criteria as per Ind-AS 115 for ensuring existence of enforceability of payment for work completed to date; and</li> <li>• Testing the accuracy and completeness of disclosures in the standalone financial statements including those relating to the change in the accounting policy for revenue recognition as per the requirements of the applicable Indian Accounting Standards.</li> </ul> <p>Based on the above audit procedures performed, we did not come across any significant exceptions with regard to the first time implementation of Ind-AS 115 in respect of real estate development activities.</p> |



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| Key audit matter   | How our audit addressed the key audit matter   |
|--|--|
| <p><b>Assessment of Provisions and Contingent Liabilities</b></p> <p>Refer to Notes 19A and 39 to the standalone financial statements.</p> <p>As at March 31, 2019, in respect of certain direct, indirect tax matters and other litigations, the Company had recognised provisions aggregating Rs. 277.98 Lakhs and disclosed contingent liabilities aggregating Rs. 12,432.50 Lakhs.</p> <p>The Company undergoes assessment proceedings and related litigations with direct and indirect tax authorities and with certain other parties, during the normal course of business. There is a high level of management judgement required in estimating the level of provisioning and/or the disclosures required. The judgement of the Management is supported by advice from independent tax and legal consultants, as considered necessary by the management. Accordingly, unexpected adverse outcomes could significantly impact the Company's reported profit and Balance Sheet position.</p> <p>We considered the above area as the key audit matter due to associated uncertainty of the ultimate outcome and significant management judgement involved.</p> | <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Understanding and evaluating the process and controls designed and implemented by the management including testing relevant controls;</li> <li>• Obtaining the details of the related matters, inspecting the supporting evidences and assessing management's evaluation through discussions with management on both the probability of the ultimate outcome and the magnitude of financial impact;</li> <li>• Reading recent orders and/ or communication received from the tax authorities/ with certain other parties and management responses to such communication;</li> <li>• Where relevant, reading the most recent available independent tax / legal advice obtained by management and evaluation of the grounds presented therein;</li> <li>• Evaluating independence, objectivity and competence of the management's tax / legal consultants;</li> <li>• Obtaining direct written confirmations from the Company's legal/ tax consultants (internal/ external) to confirm the status of the assessments as well as had direct discussion with them as and when required.</li> <li>• Understanding the current status of the direct and indirect tax assessments/ litigations;</li> <li>• Together with the auditor's tax experts, assessed the likelihood of the potential financial exposures.</li> <li>• Assessing the adequacy of disclosures in the standalone financial statements.</li> </ul> <p>Based on the above procedures we did not identify any material exceptions relating to management's assessment of provisions and contingent liabilities.</p> |



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5. The following Key Audit Matters were included in the audit report dated May 6, 2019, containing an unmodified audit opinion on the financial statements of Forbes Technosys Limited, a subsidiary of the Holding Company issued by an independent firm of Chartered Accountant reproduced as under:

**"a) Going Concern Assessment**

**Description of Key Audit Matter:**

The Company had accumulated losses of Rs.8,244.89 lakhs as on March 31, 2019 and its current liabilities exceeded its current assets by Rs.4,937.76 lakhs as on that date. These conditions indicate requirement of assessment of the Company's ability to continue as a going concern.

The Company's financial statements have been prepared on a going concern basis on the reporting date. The management's statement in respect of going concern assessment is set out in Note 34 of the financial statements.

**Our response:**

- We evaluated the appropriateness of management's use of going concern basis of accounting in the preparation of financial statements in accordance with Standard on Auditing issued by ICAI in this regard.
- We evaluated the management's plans for future actions in relation to its going concern assessment, to assess whether the outcome of those plans is likely to improve the situation and whether management's plans are feasible in the circumstances.
- We assessed the possible mitigating actions identified by management in the event that actual cash flows are below forecast.
- We assessed the prospects of refinance or renewal or repayment of fixed term borrowings approaching maturity in next 12 months based on past experience of the Company and corporate guarantees issued by the holding company.
- We discussed and obtained a written letter from the holding company indicating its intention and ability to support the Company.

**b) Capitalisation of internally generated intangible assets (including assets under development) and their impairment testing**

**Description of Key Audit Matter:**

As on March 31, 2019, the carrying amounts of internally generated intangible assets recognised and intangible assets under development were Rs.3,602.31 lakhs and Rs.8,324.76 lakhs respectively, which together represent 49.83% of the total assets of the Company.

Recognition and impairment testing of intangible assets requires the Company to assess the probability of expected future economic benefits using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

The Company uses judgement to assess the degree of certainty attached to the flow of future economic benefits that are attributable to the use of the asset on the basis of the evidence available at the time of initial recognition, giving greater weight to external evidence.

Refer note 2.7, note 2.8, note 4A, 4B and subheading (b) and (c) under non-current assets on balance sheet of the financial statements for accounting policies and carrying amounts of the said assets and impairment testing.



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### Our response:

- We evaluated the appropriateness of management's identification of the intangible asset and that the recognition process meets the requirements of Ind AS 38 'Intangible Assets'.
- We held discussions with technical team overseeing the development process to understand the feasibility of the assets under development and other resources currently available as well as resources required to complete the assets.
- We reviewed the process of identifying, measurement and allocation of costs that were directly attributable to the assets under development.
- We used a combination of test of controls and substantive procedures on a test check basis based on selected samples of costs being incurred and capitalised under assets under development.
- We reviewed the impairment testing carried out by the Company while verifying the carrying amount of the intangible assets under development.

### c) First time adoption of Ind AS 115 "Revenue from Contracts with Customers"

#### Description of Key Audit Matter:

The application of the new revenue accounting standard involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognised over a period.

Refer note 2.3 and note 18 of the financial statements for accounting policies for revenue recognition and revenue recognised during year under various heads.

#### Our response:

- Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing on test check basis based on selected samples of contracts with customers.
- We assessed the Company's process to identify the impact of adoption of the new revenue accounting standard.
- We selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control and substantive testing, relating to identification of the distinct performance obligations and determination of transaction price.
- We selected sample documents relating to delivery of goods and documentation of performance of service, including customer acceptances to verify the transfer of control (either 'point in time' or 'over time') for revenue recognition.
- We considered the terms of the contracts to determine the transaction price to verify the transaction price used to compute revenue.
- In respect of samples relating to fixed price contracts, progress towards satisfaction of performance obligation used to compute recorded revenue was verified with actual and estimated efforts from the time recording and budgeting systems."



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6. An unmodified audit opinion dated May 21, 2019 on the consolidated financial statements of Eureka Forbes Limited, a subsidiary of the Holding Company was issued by an independent firm of Chartered Accountants and the following key audit matters and related audit procedures communicated to us on May 27, 2019 by the auditors of Eureka Forbes Limited, are reproduced as under:

| Key audit matter  | How our audit addressed the key audit matter  |
|---|---|
| <p><b>Carrying value of Lux goodwill</b></p> <p>Refer to Note 4 'Goodwill on Consolidation'. Included in the Group's Consolidated Balance Sheet as at March 31, 2019 is goodwill relating to the Lux business of Rs. 49,830.36 lakhs.</p> <p>Management has assessed the recoverable amount of the goodwill relating to the Lux business utilizing discounted cash flow model which includes significant judgement in respect of assumptions such as discount rates and future projections, as well as economic assumptions such as growth rates.</p> <p>We focused on this area as a key audit matter due to the judgement involved in forecasting future cash flows and the selection of assumptions.</p> | <p>In conjunction with internal valuation experts and component auditors, our procedures included, amongst others:</p> <ul style="list-style-type: none"><li>• Understanding and evaluating the design and implementation and operating effectiveness of the Parent Company's control over review of impairment assessment of Goodwill.</li><li>• Evaluating the 'value in use' discounted cash flow models developed by management to assess the recoverable amount of the goodwill, including critically assessing the following assumptions:<ul style="list-style-type: none"><li>- discount rate;</li><li>- forecast cash flows;</li><li>- growth rates by reference to recent performance; and</li><li>- terminal growth rate.</li></ul></li></ul> |



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| Key audit matter   | How our audit addressed the key audit matter  |
|--|---|
|  | <p>We corroborated market related assumptions in respect of the discount rate by reference to external data.</p> <ul style="list-style-type: none"> <li>• Testing the mathematical accuracy of the cash flow model.</li> <li>• Agreeing relevant data to the latest Board approved forecasts.</li> <li>• Assessing the historical accuracy of forecasting of the Group in relation to cash flows of cash generating unit.</li> <li>• Performing sensitivity analysis on discount rate.</li> <li>• Assessing the appropriateness of the relevant disclosures in the financial statements.</li> </ul>                                   |
| <p>Refer to Note 31. XIII "Terms of Borrowings".</p> <p>Management has classified Borrowings as at the Balance sheet date, into current and non-current liabilities based on the repayment schedule in accordance with the terms of borrowings.</p> <p>Based on the filings done with the bankers, there were breach in maintaining some of the financial ratios which is one of the requirements as per the borrowing terms.</p> <p>We focused on this area as a key audit matter due to the judgement involved in presenting borrowings as current/non-current based on the original terms of repayment as per the borrowing schedule.</p> | <p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• Testing of payment of interest and repayment of principal that are due during the year, in order to verify if there is a default in such payments.</li> <li>• Obtaining balance confirmation from banks for confirmation on outstanding loan balances.</li> <li>• Reviewing communications by the management with the lenders during the year, for submission of financial ratios based on the audited financial statements for the financial year 2017-18 and request for condonement and grant of waiver for additional margin.</li> </ul> |





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## Other Information

7. The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the board report and corporate governance report, but does not include the consolidated financial statements and our auditors' report thereon.
8. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
9. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and the reports of the other auditors as furnished to us (Refer paragraph 18 below), we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

10. The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows, and changes in equity of the Group including its associates and joint ventures in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.
11. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for assessing the ability of the Group and of its associates and joint ventures to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
12. The respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for overseeing the financial reporting process of the Group and of its associates and joint ventures.



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## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

13. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
14. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates and jointly controlled entities to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and joint ventures to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
  - Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates and jointly controlled entities to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.



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15. We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
16. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
17. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Matters

18. We did not audit the financial statements of 26 subsidiaries whose financial statements reflect total assets of Rs. 245,379.37 Lakhs and net assets of Rs. 44,231.89 Lakhs as at March 31, 2019, total revenue of Rs. 262,777.09 Lakhs, total comprehensive income (comprising of loss and other comprehensive income) of Rs. 2,322.87 Lakhs and net cash outflows amounting to Rs. 5,299.67 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 total comprehensive income (comprising of profit and other comprehensive income) of Rs. 721.30 Lakhs for the year ended March 31, 2019 as considered in the consolidated financial statements, in respect of 3 associate companies and 5 joint ventures respectively, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of these subsidiaries, joint ventures and associate companies and our report in terms of sub-section (3) of Section 143 of the Act including report on Other Information insofar as it relates to the aforesaid subsidiaries, joint ventures and associates, is based solely on the reports of such other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

### Report on Other Legal and Regulatory Requirements

19. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.



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- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account and records maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2019 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, associate companies and joint ventures incorporated in India, none of the directors of the Group companies, its associate companies and joint ventures incorporated in India is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of internal financial controls with reference to financial statements of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure A.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The consolidated financial statements disclose the impact, if any, of pending litigations on the consolidated financial position of the Group, its associates and joint ventures – Refer Notes 21 and 40 to the consolidated financial statements.
  - ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts as at March 31, 2019 – Refer Note 20B to the consolidated financial statements in respect of such items as it relates to the Group, its associates and joint ventures.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies, associate companies and joint ventures incorporated in India.
  - iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Group, associate companies and joint ventures for the year ended March 31, 2019.

**For Price Waterhouse Chartered Accountants LLP**

Firm Registration Number: 012754N/N500016

Chartered Accountants



**Sarah George**

Partner

Membership Number 045255

Place: Mumbai

Date: May 30, 2019