

Annual Report

2007-2008



*Since 1767, A tradition of excellence*

**FORBES & COMPANY LIMITED**  
**Reports and Accounts of Subsidiary Companies**  
**2007-2008**

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# AQUAMALL WATER SOLUTIONS LIMITED

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(a wholly owned Subsidiary Company)

Annual Report and Accounts  
for the year ended 31<sup>st</sup> March, 2008

**DIRECTORS:**

S.L. Goklaney *Chairman*

P.J. Reddy

A.V. Suresh

J.N. Ichhaporia

P.V.K. Raman

**BANKERS:**

State Bank of India

**AUDITORS:**

Batliboi & Purohit

**CORPORATE HEAD OFFICE:**

Konkan Co-op Hsg. Soc. Ltd.,  
Konkan Nagar Hall, Ground Floor,  
Plot No. 123, Lt. P.K. Marg,  
Mahim (West), Mumbai - 400 016

**REGISTERED OFFICE:**

No. 20, 1<sup>st</sup> Floor,  
Sony Business Complex, Prasanthi Nagar,  
Kukatpally,  
Hyderabad - 500 037

## REPORT OF THE DIRECTORS OF AQUAMALL WATER SOLUTIONS LIMITED

To  
The Shareholders,  
Gentlemen,

Your Directors submit herewith their Report and the Audited Accounts of the Company for the year ended 31st March, 2008

### 1. FINANCIAL RESULTS:

|   | Current Year<br>Rupees | Previous Year<br>Rupees |
|---|------------------------|-------------------------|
| <b>PROFIT BEFORE DEPRECIATION</b>                                   | <b>23,04,46,596</b>    | <b>17,80,08,168</b>     |
| <i>Less</i> : Depreciation  | 7,32,68,107            | 6,50,62,413             |
| <b>PROFIT BEFORE TAX</b>  | <b>15,71,78,489</b>    | <b>11,29,45,755</b>     |
| <i>Less</i> : Provision for Taxation (including Fringe Benefit Tax) | 1,92,16,000            | 1,36,53,471             |
| <b>PROFIT AFTER TAX</b>   | <b>13,79,62,489</b>    | <b>9,92,92,284</b>      |
| Deduct: Income Tax Provision for earlier years                      | 19,78,005              | –                       |
|   | <b>13,59,84,484</b>    | –                       |
| <i>Add</i> : Profit brought forward from Previous Year              | 24,10,97,625           | 20,46,11,254            |
| Amount available for appropriations                                 | <b>37,70,82,109</b>    | <b>30,39,03,538</b>     |
| <b>APPROPRIATIONS</b>   |                        |                         |
| Interim Dividend  | 3,00,01,200            | 2,00,00,800             |
| Tax on Dividend   | 50,98,704              | 28,05,113               |
| Transferred to General Reserve                                      | 8,00,00,000            | 4,00,00,000             |
| <b>Balance carried to Balance Sheet</b>                             | <b>26,19,82,205</b>    | <b>24,10,97,625</b>     |

### 2. DIVIDEND:

Your Company has paid 150% interim dividend amounting to Rs.300.00 lakhs (Previous Year – Rs.200.00 lakhs). Keeping in view the investments to be made in Information Technology and in new products development, your Directors have decided not to recommend final dividend for the year under review (Previous Year – Nil).

### 3. OPERATIONS:

During the year under review, the Company's sales grew by 14.8% as compared to the previous year. Due to the increased sales and the cost control measures implemented by the Company, the profit before tax grew from Rs.1129 lakhs to Rs.1572 lakhs i.e at 39%.

The Directors are pleased to inform the Company has now stabilised its operations under the new ERP system and have started deriving the benefits of the ERP package including

improving the response speed to serve its customers better, increase productivity and exercise better control on the planning process.

The Company continues to focus on upgrading technology and has considerably improved the quality of the products being manufactured. The Company is continuing to make efforts to tap the growth potential of the Export Markets and is making efforts to introduce new products in the global market in line with the evolving customer needs.

The Directors are also pleased to inform that the Company's new unit at Dehradun has commenced commercial operations during the year. This is a world class facility and has been built on the lines of a totally environment friendly building.

### 4. SUBSIDIARY COMPANY:

Forbes Aquamall Limited, a wholly owned subsidiary of the Company has reported encouraging results with a turnover

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# AQUAMALL WATER SOLUTIONS LIMITED

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of Rs.233 Million and a profit before tax of Rs.28.1 Million. This has been possible with the concerted efforts of the whole team in Forbes Aquamall .

Forbes Aquamall has taken up the manufacture of vacuum cleaners also during the year, in addition to it's existing business of water purifiers. To enable the Company to take up the manufacture of vacuum cleaners, two units have been set up at Bhimtal in Utranchal and at Chennai. Both the units had commenced commercial operations during the year.

## 5. COMMUNITY SERVICES:

Your Company continues to focus on Community Services by providing the Water Purifiers to the various Charitable organizations and Old Age Homes; providing scholarships to the needy students of primary schools; and organising medical health check-up and awareness programmes.

The Company is also focusing on developing a pollution free atmosphere. To this effect it has taken several steps for reducing the noise and dust pollution levels within the various factories, which has also enabled the Company to obtain EMS -14000 certification for all it's units. The Company has also introduced water harvesting systems at it's various locations.

## 6. DIRECTORS:

Mr. P.V.K Raman was appointed as additional Director of the Company whose term of office expires at the forthcoming Annual General Meeting. The Company has received a notice under Section 257 of the Act from a member proposing his candidature for the office of a Director.

Mr. S.L. Goklaney & Mr. A.V. Suresh, Directors retire by rotation and are eligible for re-appointment.

## 7. AUDITORS:

You are requested to appoint Auditors for the current year and fix their remuneration. The retiring Auditors, M/s. Batliboi & Purohit, Chartered Accountants, offer themselves for re-appointment.

## 8. ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE:

The information in accordance with the provision of Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the Annexure hereto.

## 9. PARTICULARS REGARDING EMPLOYEES:

The Company has no employee drawing remuneration of Rs.24,00,000/- per annum and over Rs.2,00,000/- per month if employed for a part of the year. Hence, Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, does not apply.

## 10. DIRECTORS' RESPONSIBILITY STATEMENT:

In terms of Section 217(2AA) of the Companies Act, 1956, as amended, the Board of Directors hereby state that:

- (i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;
- (iii) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) that the directors had prepared the annual accounts on a going concern basis.

## 11. APPRECIATION:

The Directors wish to convey their appreciation to all AQUAMALL employees for their individual and collective contribution to the Company's performance. We would also like to place on record our appreciation to the Trade Unions for their continued support in maintaining harmonious industrial relations throughout the year.

The Directors also wish to thank the Company's Bankers for the help and co-operation extended during the year and look forward to their continued support in future.

On behalf of the Board of Directors

Place : Mumbai  
Dated : 27<sup>th</sup> May, 2008

**S.L. GOKLANEY**  
*Chairman*

**ANNEXURE TO THE DIRECTORS' REPORT**

[Information Under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 2008.]

**A. CONSERVATION OF ENERGY****1. Energy Conservation Measures taken:**

The manufacturing operations of the Company do not need substantial energy inputs. However, your company has been looking at different ways of reducing the energy consumption and conserving energy in day-to-day operations through conscious efforts.

**2. Additional investments and proposals, if any, being implemented for reduction of consumption of energy:**

The Company has been putting lot of emphasis in making its operations as much eco-friendly as possible. Towards this end, we have obtained the ISO 14000 EMS (Environment Management System) certification for all the three Units.

The Company's new unit at Dehradun is a 'Green facility'. The unit has been built to be 'environment friendly' by limiting the requirement of energy. Towards this the unit has employed natural light harvesting, geo thermal air ventilation system, turbo ventilators and solar based outdoor lighting systems

**3. Impact of the measures at (1) and (2) above for reduction of energy consumption and consequent impact on the cost of production of goods:**

The impact on the cost of production of goods is marginal but awareness amongst the people and impact on Company's efforts to conserve energy has been significant.

**B. TECHNOLOGY ABSORPTION**

Research and Development (R & D)

**1. Specific areas in which R & D is carried out by the Company:**

Redesigning and up gradation of electronics was under taken successfully for improving product performance and incorporating additional features in the products which are ready for implementation in phased manner. Efforts have been made to improve the quality, optimise components, by introducing cost reduction and value engineering programme. Landmark new patented technologies were introduced for the first time in the history of water purification in India. Field trials for lead and arsenic removal medium are in progress after successful evaluation in R&D lab. Further evaluation of different technologies and combinations of technologies is in progress.

**2. Benefits derived as a result of above efforts:**

The efforts made in (1) will result in improved product quality, additional features, cost reduction and new product range in the area of water purification. The value engineering would also help in productivity improvement in all the manufacturing units.

**3. Future Plan of Action:**

Efforts would be made towards introduction of latest technologies and also introduction of features for customer delight. The focus will continue on value engineering, products and quality up gradation, cost optimization and improvement in productivity

**4. Expenditure on R & D:**

The R & D infrastructure of the parent company, Eureka Forbes Limited is used for research & development activities of the company. However the company is making investments for developing further R & D infrastructure in a phased manner for developing new products/ technologies.

**5. Technology absorption, adaptation and innovation:**

The Company has not imported any technology during the last five years and has fully absorbed the indigenous technology for the models currently produced.

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Earnings in Foreign Exchange during the year under review was Rs.1,35,67,533/- and the Outgo was Rs.28,46,29,627/-.

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## AQUAMALL WATER SOLUTIONS LIMITED

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### AUDITORS' REPORT TO THE MEMBERS OF AQUAMALL WATER SOLUTIONS LIMITED

1. We have audited the attached balance sheet of **Aquamall Water Solutions Limited ('the Company')** as at 31<sup>st</sup> March, 2008 and also the profit and loss account and the cash flow statement of the company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
  - (v) On the basis of written representations received from the directors as on 31<sup>st</sup> March, 2008, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
  - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the Accounting Principles generally accepted in India:
    - (a) in the case of the Balance Sheet, of the state of affairs of the company as at 31<sup>st</sup> March, 2008;
    - (b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
    - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **BATLIBOI & PUROHIT**  
*Chartered Accountants*

**ATUL MEHTA**  
*Partner*

Place : Mumbai  
Dated : 27.05.2008

M.No. 15935

**Annexure to the Auditor's Report**

(Referred to in paragraph 3 of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have been physically verified by the management during the year. As informed, no material discrepancies were noticed on such verification.
- (c) There was no substantial disposal of fixed assets during the year.
- (ii) (a) As per the information furnished, the inventories have been physically verified by the management at regular intervals during the year. In our opinion, having regard to the nature and location of stocks, the frequency of the physical verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) *According to the explanations given to us, the company has experienced difficulties in extracting book stock quantities as at the time of physical verification consequent to a shift to a new "Enterprise Resource Planning" (ERP) system. As a result, the physical quantities have formed the basis of valuation of closing inventories. The difference of Rs.2.47 crores between book stock and physical stock has been accounted in the books of accounts under the head consumption of components.*
- (iii) (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (b) As per the information furnished, the Company has taken loan from one company covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.8 crores and the year end balance of loan taken from the above company was nil.
- (c) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loan are not prima facie prejudicial to the interest of the company.
- (d) In respect of loan taken, repayment of the principal amount is stipulated and payment of interest has been regular.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (v) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act that need to be entered into the register maintained under Section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the Register maintained under Section 301 and exceeding the value of Rupees five lakhs in respect of any party during the year, have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits during the year from the public within the meaning of the provisions of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and rules made there under.
- (vii) In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business.
- (viii) According to the information and explanations given to us the maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956, for any of the products of the Company.



## AQUAMALL WATER SOLUTIONS LIMITED

- (ix) (a) According to the information and explanations given to us and based on the books as produced and examined, the company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees state insurance Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty and Excise Duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the company, the dues outstanding of Income Tax, Sales Tax, Excise Duty on account of any dispute are as follows:

| Name of the Statute | Nature of dues | Amount (Rs. in lakhs) | Forum where the Dispute is pending                                |
|---------------------|----------------|-----------------------|---|
| Sales Tax Act       | Sales Tax      | 0.96                  | Trade Tax Tribunal  |
|                     |                | 1999.60               | Stayed by High Court  |
|                     |                | 2.00                  | Joint Director (ENF)-cum-Deputy Excise and taxation commissioner. |
|                     |                | 3.66                  | Dy. Commissioner of Commercial Taxes – appeals                    |
|                     |                | 65.42                 | Joint Commissioner of Commercial Taxes                            |
| Income Tax Act      | Income Tax     | 21.52                 | Appellate Tribunal  |
| Central Excise Act  | Excise Duty    | 382.97                | Central excise Sales Tax appellate tribunal                       |
|                     |                | 112.13                | Commissioner of Central Excise                                    |

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred any cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to banks and the company has not borrowed / taken loans from any financial institutions nor has it issued any debentures.
- (xii) Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and/or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the company.
- (xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and an overall examination of the Balance Sheet and Cash Flow Statement of the company, we report that no funds raised on short term basis have been used for long term investment.
- (xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.

- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money by way of public issues during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For **BATLIBOI & PUROHIT**  
*Chartered Accountants*

**ATUL MEHTA**  
*Partner*

Place : Mumbai  
Dated : 27.05.2008

M.No. 15935

# AQUAMALL WATER SOLUTIONS LIMITED

## BALANCE SHEET AS AT 31ST MARCH, 2008

|  | Schedule | Rupees       | As at<br>31-03-2008<br>Rupees | As at<br>31-03-2007<br>Rupees |
|--|----------|--------------|-------------------------------|-------------------------------|
| <b>FUNDS EMPLOYED</b>  |          |              |                               |                               |
| 1. SHARE CAPITAL   | 'A'      | 2,00,00,800  |                               | 2,00,00,800                   |
| 2. RESERVES AND SURPLUS  | 'B'      | 56,64,82,265 |                               | 46,55,97,685                  |
| 3. TOTAL SHAREHOLDERS' FUNDS   |          |              | 58,64,83,065                  | 48,55,98,485                  |
| 4. LOANS:  |          |              |                               |                               |
| (a) SECURED LOANS  | 'C'      | 21,02,28,020 |                               | 11,63,26,371                  |
| (b) UNSECURED LOANS  | 'D'      | –            |                               | 1,00,00,000                   |
|  |          |              | 21,02,28,020                  | 12,63,26,371                  |
| 5. TOTAL FUNDS EMPLOYED  |          |              | 79,67,11,085                  | 61,19,24,856                  |
| <b>APPLICATION OF FUNDS:</b>   |          |              |                               |                               |
| 6. FIXED ASSETS  | 'E'      |              |                               |                               |
| Gross Block  |          | 74,96,68,079 |                               | 52,68,68,998                  |
| Less : Depreciation  |          | 32,61,74,084 |                               | 25,32,68,160                  |
| Net Block  |          | 42,34,93,995 |                               | 27,36,00,838                  |
| Capital Work-in-Progress   |          | 1,97,60,458  |                               | 4,57,49,420                   |
|  |          |              | 44,32,54,453                  | 31,93,50,258                  |
| 7. INVESTMENTS   | 'F'      |              | 50,07,000                     | 1,52,02,398                   |
| 8. CURRENT ASSETS, LOANS AND ADVANCES  | 'G'      | 76,31,84,281 |                               | 71,30,88,128                  |
| 9. Less : CURRENT LIABILITIES AND PROVISIONS                                 | 'H'      | 43,24,50,033 | 33,07,34,247                  | 45,41,95,734                  |
| 10. NET CURRENT ASSETS   |          |              | 33,07,34,247                  | 25,88,92,394                  |
| 11. MISCELLANEOUS EXPENDITURE<br>(to the extent not written off or adjusted) |          | 49,90,193    | 57,54,614                     |                               |
| 12. Deferred Tax Assets / (Liabilities) [Refer Note 15]                      |          |              | 1,27,25,192                   | 1,27,25,192                   |
| 13. TOTAL ASSETS (NET)   |          |              | 79,67,11,085                  | 61,19,24,856                  |
| 14. NOTES TO THE ACCOUNTS  | 'K'      |              |                               |                               |

Per our report attached

For **BATLIBOI & PUROHIT**  
Chartered Accountants

**ATUL MEHTA**  
Partner

Membership No. 15935

Mumbai, Dated : 27th May, 2008

S.L. GOKLANEY

Chairman

P.J. REDDY  
A.V. SURESH  
J.N. ICHHAPORIA  
P V K RAMAN

Directors

S. RAMESH

Company Secretary

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

|   | <u>Schedule</u> | <u>Rupees</u>      | <u>Year Ended<br/>31-03-2008<br/>Rupees</u> | <u>Previous<br/>Year<br/>Rupees</u> |
|---|-----------------|--------------------|---|-------------------------------------|
| 1. INCOME:  |                 |                    |   |                                     |
| Sales (Gross)                                     |                 | 2,37,04,45,390     |   | 2,06,43,82,736                      |
| Less : Excise Duty                                |                 | <u>69,77,964</u>   |   | <u>3,61,56,636</u>                  |
| Sales (Net)                                       |                 |                    | 2,36,34,67,426                              | 2,02,82,26,100                      |
| 2. OTHER INCOME                                   | 'I'             |                    | <u>3,51,95,595</u>                          | <u>2,43,22,900</u>                  |
|   |                 |                    | <u>2,39,86,63,021</u>                       | <u>2,05,25,49,000</u>               |
| 3. EXPENDITURE:                                   |                 |                    |   |                                     |
| (a) Manufacturing, Trading & Other Expenses       | 'J'             | 2,14,85,59,446     |   | 1,86,82,28,017                      |
| (b) Depreciation                                  |                 | 7,32,68,107        |   | 6,50,62,413                         |
| (c) Interest                                      |                 | 1,96,56,979        |   | <u>63,12,815</u>                    |
|   |                 |                    | <u>2,24,14,84,532</u>                       | <u>1,93,96,03,245</u>               |
| 4. PROFIT BEFORE TAX                              |                 |                    | 15,71,78,489                                | 11,29,45,755                        |
| 5. PROVISION FOR TAXATION                         |                 |                    |   |                                     |
| Current Year Tax Provision                        |                 | 1,78,16,000        |   | 1,25,48,540                         |
| Income Tax For Earlier Year                       |                 | 19,78,005          |   | -                                   |
| Fringe Benefit Tax                                |                 | <u>14,00,000</u>   |   | <u>11,04,931</u>                    |
|   |                 |                    | <u>211,94,005</u>                           | <u>1,36,53,471</u>                  |
| 6. PROFIT AFTER TAX                               |                 |                    | 13,59,84,484                                | 9,92,92,284                         |
| 7. PROFIT BROUGHT FORWARD FROM PREVIOUS YEAR      |                 |                    | <u>24,10,97,625</u>                         | <u>20,46,11,254</u>                 |
| 8. AMOUNT AVAILABLE FOR APPROPRIATIONS            |                 |                    | 37,70,82,109                                | 30,39,03,538                        |
| 9. APPROPRIATIONS:                                |                 |                    |   |                                     |
| Interim Dividend                                  |                 | 3,00,01,200        |   | 2,00,00,800                         |
| Tax on Dividend                                   |                 | 50,98,704          |   | 28,05,112                           |
| Transferred to General Reserve                    |                 | <u>8,00,00,000</u> |   | <u>4,00,00,000</u>                  |
|   |                 |                    | <u>11,50,99,904</u>                         | <u>6,28,05,912</u>                  |
| 10. BALANCE CARRIED TO BALANCE SHEET              |                 |                    | <u>26,19,82,205</u>                         | <u>24,10,97,625</u>                 |
| Number of Equity Shares                           |                 |                    | 20,00,080                                   | 20,00,080                           |
| Face Value per share                              |                 |                    | 10  | 10                                  |
| Profit After Tax available to Equity Shareholders |                 |                    | 13,59,84,484                                | 9,92,92,284                         |
| Basic and Diluted Earning Per Share               |                 |                    | 67.99                                       | 49.64                               |
| 11. NOTES TO THE ACCOUNTS                         | 'K'             |                    |   |                                     |

Per our report attached

For **BATLIBOI & PUROHIT**  
Chartered Accountants

**ATUL MEHTA**  
Partner

Membership No. 15935

Mumbai, Dated : 27th May, 2008

S.L. GOKLANEY

Chairman

P.J. REDDY  
A.V. SURESH  
J.N. ICHHAPORIA  
P V K RAMAN

Directors

S. RAMESH

Company Secretary

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# AQUAMALL WATER SOLUTIONS LIMITED

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## SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008

### SCHEDULE 'A' – SHARE CAPITAL

|   | As at<br>31-03-2008<br>Rupees | As at<br>31-03-2007<br>Rupees |
|---|-------------------------------|-------------------------------|
| AUTHORISED  |                               |                               |
| 50,00,000 (Previous year 50,00,000) Equity Shares of Rs.10/- each | <u>5,00,00,000</u>            | <u>5,00,00,000</u>            |
| ISSUED, SUBSCRIBED AND FULLY PAID UP:                             |                               |                               |
| 20,00,080 (Previous year 20,00,080) Equity Shares of Rs.10/- each | <u>2,00,00,800</u>            | <u>2,00,00,800</u>            |

Of the above Shares:

- 2,00,008 Equity Shares were allotted as fully paid up Bonus Shares by Capitalisation of General Reserve;
- 20,00,074 Equity Shares are held by the Holding Company Eureka Forbes Limited and 6 shares are held by individuals jointly with Eureka Forbes Limited.

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### SCHEDULE 'B' – RESERVES AND SURPLUS

|  | Rupees             | As at<br>31-03-2008<br>Rupees | As at<br>31-03-2007<br>Rupees |
|--|--------------------|-------------------------------|-------------------------------|
| 1. CAPITAL RESERVE                     |                    |                               |                               |
| Capital Subsidy                        |                    | 30,00,000                     | 30,00,000                     |
| 2. SHARE PREMIUM ACCOUNT               |                    |                               |                               |
| As per last Balance Sheet              |                    | 15,00,060                     | 15,00,060                     |
| 3. GENERAL RESERVE                     |                    |                               |                               |
| As per last Balance Sheet              | 22,00,00,000       |                               | 18,00,00,000                  |
| Transferred from Profit & Loss Account | <u>8,00,00,000</u> |                               | <u>4,00,00,000</u>            |
|  |                    | 30,00,00,000                  | <u>22,00,00,000</u>           |
| 4. PROFIT AND LOSS ACCOUNT             |                    | <u>26,19,82,205</u>           | <u>24,10,97,625</u>           |
|  |                    | <u>56,64,82,265</u>           | <u>46,55,97,685</u>           |

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008

SCHEDULE 'C' – SECURED LOANS

|  | As at<br>31-03-2008<br>Rupees | As at<br>31-03-2007<br>Rupees |
|--|-------------------------------|-------------------------------|
| Term Loan From Bank<br>(Secured by way of equitable mortgage by deposit of title deeds in respect of company's immovable properties and also secured by first charge on fixed assets of the company) | 9,00,00,000                   | 5,00,00,000                   |
| Cash Credit<br>(Secured by hypothecation of stock in trade and book debts Further, secured by way of equitable mortgage by deposit of title deeds in respect of company's immovable properties)      | 12,02,28,020                  | 6,63,26,371                   |
|  | 21,02,28,020                  | 11,63,26,371                  |

SCHEDULE 'D' – UNSECURED LOANS

|  | As at<br>31-03-2008<br>Rupees | As at<br>31-03-2007<br>Rupees |
|--|-------------------------------|-------------------------------|
| Intercompany Deposit<br>[From Holding Company] | –                             | 1,00,00,000                   |
|  | –                             | 1,00,00,000                   |

SCHEDULE 'E' – FIXED ASSETS

| DESCRIPTION OF ASSETS                   | Amount in Rupees    |  |                 |                     |                     |                 |  |                     |                     |                     |
|---|---------------------|--|-----------------|---------------------|---------------------|-----------------|--|---------------------|---------------------|---------------------|
|   | COST                |  |                 |                     | DEPRECIATION        |                 |  |                     | NET BLOCK           |                     |
|   | AS AT<br>01-04-2007 | ADDITIONS/<br>EXPENSES<br>CAPI-<br>TALISED | DEDUC-<br>TIONS | AS AT<br>31-03-2008 | AS AT<br>01-04-2007 | FOR THE<br>YEAR | ADJUST-<br>MENT FOR<br>DEDUC-<br>TIONS | AS AT<br>31-03-2008 | AS AT<br>31-03-2008 | AS AT<br>31-03-2007 |
| 1. LAND - FREEHOLD                      | 40,08,101           | 3,07,31,384                                | –               | 3,47,39,485         | –                   | –               | –                                      | –                   | 3,47,39,485         | 40,08,101           |
| 2. LAND - LEASEHOLD *                   | 51,46,013           | 25,900                                     | –               | 51,71,913           | 2,29,556            | 54,056          | –                                      | 2,83,612            | 48,88,301           | 49,16,457           |
| 3. BUILDINGS                            | 8,00,43,351         | 10,13,25,856                               | –               | 18,13,69,207        | 3,30,85,188         | 73,11,228       | –                                      | 4,03,96,416         | 14,09,72,791        | 46,958,163          |
| 4. BUILDINGS - LEASED                   | 4,38,28,923         | 76,96,735                                  | –               | 5,15,25,658         | 1,52,77,395         | 15,47,734       | –                                      | 1,68,25,129         | 3,47,00,529         | 28,551,528          |
| 5. ELECTRICAL<br>INSTALLATIONS          | 2,27,94,806         | 1,52,03,434                                | 65,337          | 3,79,32,903         | 1,28,94,012         | 21,27,648       | 28,235                                 | 1,49,93,425         | 2,29,39,478         | 99,00,794           |
| 6. ELECTRICAL<br>INSTALLATIONS - LEASED | 3,87,321            | –  | –               | 3,87,321            | 2,55,517            | 18,334          | –                                      | 2,73,851            | 1,13,470            | 1,31,804            |
| 7. COMPUTERS                            | 1,32,69,130         | 13,10,149                                  | 80,100          | 1,44,99,179         | 1,04,47,215         | 13,99,071       | 36,019                                 | 1,18,10,267         | 26,88,912           | 28,21,915           |
| 8. PLANT AND MACHINERY                  | 5,33,97,617         | 23,116,737                                 | –               | 7,65,14,354         | 2,45,77,748         | 50,84,100       | –                                      | 2,96,61,848         | 4,68,52,506         | 28,819,869          |
| 9. PATTERNS AND DIES                    | 7,43,28,769         | 3,90,54,430                                | –               | 11,33,83,199        | 4,59,18,739         | 1,48,10,126     | –                                      | 6,07,28,865         | 5,26,54,334         | 2,84,10,030         |
| 10. INTANGIBLE ASSETS                   | 18,60,66,800        | –  | –               | 18,60,66,800        | 8,32,97,024         | 3,72,13,360     | –                                      | 12,05,10,384        | 6,55,56,416         | 10,27,69,776        |
| 11. FURNITURE AND<br>FIXTURES           | 1,68,58,815         | 28,99,248                                  | 33,000          | 1,97,25,063         | 1,26,18,246         | 13,77,506       | 19,392                                 | 1,39,76,360         | 57,48,703           | 4,240,569           |
| 12. FURNITURE AND<br>FIXTURES - LEASED  | 81,81,554           | –  | –               | 81,81,554           | 62,93,481           | 3,39,000        | –                                      | 66,32,481           | 15,49,073           | 1,888,073           |
| 13. OFFICE EQUIPMENTS                   | 56,59,903           | 78,408                                     | –               | 57,38,311           | 23,82,726           | 4,61,310        | –                                      | 28,44,036           | 28,94,275           | 3,277,177           |
| 14. VEHICLES                            | 73,40,824           | 17,51,803                                  | 3,61,582        | 87,31,045           | 36,76,050           | 10,56,065       | 2,78,537                               | 44,53,578           | 42,77,467           | 3,664,774           |
| 15. LABORATORY<br>EQUIPMENTS            | 55,57,071           | 1,45,016                                   | –               | 57,02,087           | 23,15,263           | 4,68,569        | –                                      | 27,83,832           | 29,18,255           | 32,41,808           |
| T O T A L                               | 52,68,68,998        | 22,33,39,100                               | 5,40,019        | 74,96,68,079        | 25,32,68,160        | 7,32,68,107     | 3,62,183                               | 32,61,74,084        | 42,34,93,995        | 27,36,00,838        |
| 16. CAPITAL<br>WORK-IN-PROGRESS         |                     |  |                 |                     |                     |                 |  |                     | 1,97,60,458         | 4,57,49,420         |
| AS AT 31.03.2007                        | 47,59,36,586        | 11,71,14,003                               | 2,04,32,171     | 57,26,18,418        | 18,85,58,063        | 6,50,62,413     | 3,52,316                               | 25,32,68,160        | 31,93,50,258        |                     |

\* Rs.12,83,513 (Previous Year Rs.12,83,513) represents leasehold land at Bhimtal, which is written-off in equal 99 yearly instalments, being the lease period.

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# AQUAMALL WATER SOLUTIONS LIMITED

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## SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008

### SCHEDULE 'F' – INVESTMENTS

|  | Nos.       | Rupees | As at<br>31-03-2008<br>Rupees | As at<br>31-03-2007<br>Rupees |
|--|------------|--------|-------------------------------|-------------------------------|
| INVESTMENTS (AT COST)  |            |        |                               |                               |
| LONG TERM INVESTMENTS  |            |        |                               |                               |
| 1. TRADE INVESTMENTS – UNQUOTED  |            |        |                               |                               |
| Equity Shares of Subsidiary Company –<br>Forbes Aquamall Limited                                     |            |        |                               |                               |
| fully paid Equity Shares of Rs.10/- each   | 5,00,000   |        | 50,00,000                     | 50,00,000                     |
|  | (5,00,000) |        |                               |                               |
| CURRENT INVESTMENTS  |            |        |                               |                               |
| 2. NON TRADE INVESTMENTS – QUOTED  |            |        |                               |                               |
| Equity Shares of –   |            |        |                               |                               |
| Bank of Baroda Ltd.  |            | –      | –                             | 66,29,290                     |
| Fully paid Equity Shares of Rs.10/- each<br>(Sold during the year 26,437 Equity Shares)              | (26,437)   |        |                               |                               |
| Andhra Bank Ltd.   | –          | –      | –                             | 39,72,150                     |
| Fully paid Equity Shares of Rs.10/- each<br>(Sold during the year 44,135 Equity Shares)              | (44,135)   |        |                               |                               |
| Less : Dimiunition in Value of Investment  |            | –      | –                             | (4,06,042)                    |
|  |            |        | –                             | 1,01,95,398                   |
| 3. TRADE INVESTMENTS – UNQUOTED  |            |        |                               |                               |
| National Savings Certificates (Lodged with Govt. Authorities)<br>– Rs.7,000 (Previous year Rs.7,000) |            |        | 7,000                         | 7,000                         |
|  |            |        | 50,07,000                     | 1,52,02,398                   |
| QUOTED INVESTMENTS   |            |        | –                             | 1,01,95,398                   |
| UNQUOTED INVESTMENTS   |            |        | 50,07,000                     | 50,07,000                     |
| TOTAL  |            |        | 50,07,000                     | 1,52,02,398                   |
| Market Value Of Quoted Investments   |            |        | –                             | 1,14,92,433                   |

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008

SCHEDULE 'G' – CURRENT ASSETS, LOANS AND ADVANCES

|       | Rupees  | Rupees       | As at<br>31-03-2008<br>Rupees | As at<br>31-03-2007<br>Rupees |
|-------|---|--------------|-------------------------------|-------------------------------|
| 1     | CURRENT ASSETS:   |              |                               |                               |
| [i]   | Stock-in-trade: *   |              |                               |                               |
|       |   | 31,45,51,541 |                               | 20,83,71,125                  |
|       |   |              |                               | 35,83,127                     |
|       |   | 72,64,699    |                               | 34,50,487                     |
|       |   | –            |                               | –                             |
|       |   | 2,99,86,373  |                               | 4,04,84,875                   |
| *     | (As valued and certified by the Management)   |              | 35,62,15,707                  | 25,58,89,614                  |
| [ii]  | Sundry Debtors (Unsecured)<br>(Considered good unless otherwise stated)                           |              |                               |                               |
| [a]   | Debts outstanding for a period<br>exceeding six months  |              | 2,88,84,183                   | 38,65,503                     |
| [b]   | Other debts [Due from Holding Company<br>Rs.20,09,46,370/-; (Previous Year<br>Rs.16,35,87,492/-)] |              | 23,79,77,062                  | 19,30,37,555                  |
|       |   |              | 26,68,61,245                  | 19,69,03,058                  |
| [iii] | Cash and Bank Balances:   |              |                               |                               |
|       |   | 3,85,206     |                               | 1,33,688                      |
|       | With Scheduled Banks:   |              |                               |                               |
|       |   | 1,33,83,837  |                               | 81,96,543                     |
|       |   | 15,25,461    |                               | –                             |
|       |   |              | 1,52,94,504                   | 83,30,231                     |
| 2.    | LOANS AND ADVANCES<br>(Unsecured, Considered Good unless otherwise stated)                        |              |                               |                               |
| [i]   | Advances recoverable in cash or in kind or for value to be received<br>Considered good            |              |                               |                               |
|       |   |              | 2,69,94,146                   | 10,65,68,773                  |
| [ii]  | Advance Payment of tax  |              |                               |                               |
|       |   |              | 6,65,51,006                   | 11,75,32,892                  |
| [iii] | Other Deposits:   |              |                               |                               |
|       |   | 2,75,67,440  |                               | 2,55,28,228                   |
|       |   | 37,00,232    |                               | 23,35,332                     |
|       |   |              | 3,12,67,672                   | 278,63,560                    |
|       |   |              | 76,31,84,281                  | 71,30,88,128                  |



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# AQUAMALL WATER SOLUTIONS LIMITED

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## SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008

### SCHEDULE 'H' – CURRENT LIABILITIES AND PROVISIONS

|   | Rupees  | As at<br>31-03-2008<br>Rupees | As at<br>31-03-2007<br>Rupees |
|---|---|-------------------------------|-------------------------------|
| 1 | CURRENT LIABILITIES                                 |                               |                               |
|   | Sundry Creditors:                                   |                               |                               |
|   | Small Scale Industrial Undertakings [Refer Note 16] | 11,69,04,250                  | 8,35,96,294                   |
|   | Others  | <u>16,67,54,554</u>           | <u>18,73,39,599</u>           |
|   | Other Current Liabilities                           | 28,36,58,804                  | 27,09,35,893                  |
|   |   | <u>7,46,16,215</u>            | <u>6,19,61,584</u>            |
|   |   | 35,82,75,019                  | 33,28,97,478                  |
| 2 | PROVISIONS:   |                               |                               |
|   | For Income Tax                                      | 5,76,05,251                   | 10,59,87,905                  |
|   | For fringe benefit tax                              | 51,16,426                     | 37,16,426                     |
|   | Proposed Final Dividend                             | –                             | –                             |
|   | Tax on Proposed Final Dividend                      | –                             | –                             |
|   | For Expenses  | 64,90,745                     | 72,19,699                     |
|   | For Retirement and other Employee Benefits          | 33,15,798                     | 34,43,205                     |
|   | For Leave Encashment                                | 16,46,794                     | 9,31,021                      |
|   |   | <u>43,24,50,033</u>           | <u>45,41,95,734</u>           |

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## SCHEDULE ANNEXED TO AND FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

### SCHEDULE 'I' – OTHER INCOME

|  | Rupees | As at<br>31-03-2008<br>Rupees | As at<br>31-03-2007<br>Rupees |
|--|--------|-------------------------------|-------------------------------|
| OTHER INCOME:  |        |                               |                               |
| Interest on Deposits, Loans & Advances (Gross)                         |        | 2,29,823                      | 3,29,183                      |
| [Tax deducted at source Rs. Nil; (Previous year Rs.56,493/-)]          |        |                               |                               |
| Dividend Income  |        | 1,50,770                      | 2,98,588                      |
| Rental Income  |        | 1,30,42,008                   | 26,08,116                     |
| [(Tax deducted at source Rs33,38,272/-; (Previous year Rs.5,85,266/-)] |        |                               |                               |
| Profit on Sale of Fixed Assets (Net)                                   |        | 47,966                        | –                             |
| Profit on Sale of Investment (Net)                                     |        | 18,40,231                     | –                             |
| Excess / Short Provisions written back / off (net)                     |        | 1,13,71,093                   | 1,46,34,077                   |
| Miscellaneous Income   |        | 85,13,704                     | 64,52,937                     |
|  |        | <u>3,51,95,595</u>            | <u>2,43,22,900</u>            |

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**SCHEDULE ANNEXED TO AND FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008**

**SCHEDULE 'J' – MANUFACTURING, TRADING AND OTHER EXPENSES**

|   | <u>Rupees</u> | <u>Rupees</u> | <u>Year Ended<br/>31-03-2008<br/>Rupees</u> | <u>Previous<br/>Year<br/>Rupees</u> |
|---|---------------|---------------|---|-------------------------------------|
| 1. RAW MATERIAL AND COMPONENTS CONSUMED:          |               |               | 1,73,29,35,541                              | 148,57,06,423                       |
| 2. COST OF RAW MATERIAL AND COMPONENTS SOLD       |               |               | 12,41,18,837                                | 12,94,99,072                        |
| 3. EXCISE DUTY ON CLOSING STOCK OF FINISHED GOODS |               |               | –   | 60,303                              |
| 4. PAYMENTS TO AND PROVISIONS FOR EMPLOYEES:      |               |               |   |                                     |
| Salaries, Wages and Bonus                         |               | 5,31,77,352   |   | 4,02,34,690                         |
| Contribution to Provident Fund and other Funds    |               | 21,85,087     |   | 23,46,921                           |
| Contribution to State Insurance                   |               | 1,00,655      |   | 86,082                              |
| Workmen and Staff Welfare Expenses                |               | 31,44,743     |   | 41,84,175                           |
|   |               |               | 5,86,07,837                                 | 4,68,51,868                         |
| 5. OPERATIONS AND OTHER EXPENSES:                 |               |               |   |                                     |
| Packing Material Consumed                         |               | 5,82,36,646   |   | 4,53,77,821                         |
| Stores Consumed                                   |               | 3,47,02,324   |   | 2,29,02,199                         |
| Power, Electricity and Water Charges              |               | 45,23,267     |   | 42,95,156                           |
| Repairs to Building                               | 4,88,998      |               |   | 50,73,332                           |
| Repairs to Machinery                              | 12,56,779     |               |   | 8,43,382                            |
| Repairs to other Assets                           | 44,39,204     |               |   | 74,69,723                           |
|   |               | 61,84,981     |   | 1,33,86,436                         |
| Insurance   |               | 49,90,498     |   | 34,29,156                           |
| Rent  |               | 21,21,860     |   | 15,82,210                           |
| Rates, Taxes and Filing Fees                      |               | 48,05,831     |   | 36,79,528                           |
| Travelling Expenses                               |               | 68,27,004     |   | 55,35,978                           |
| Auditors' Remuneration:                           |               |               |   |                                     |
| Audit Fees  | 5,05,620      |               |   | 3,00,000                            |
| Tax Audit Fees                                    | 28,090        |               |   | 12,000                              |
| Management Services                               | –             |               |   | –                                   |
| Out of Pocket expenses                            | 40,443        |               |   | 86,042                              |
|   |               | 5,74,153      |   | 3,98,042                            |

# AQUAMALL WATER SOLUTIONS LIMITED

## SCHEDULE ANNEXED TO AND FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

### SCHEDULE 'J' – MANUFACTURING, TRADING AND OTHER EXPENSES (Contd.)

|   | Rupees      | Rupees      | Year Ended<br>31-03-2008<br>Rupees | Previous<br>Year<br>Rupees |
|---|-------------|-------------|------------------------------------|----------------------------|
| Freight and Octroi  |             | 4,66,76,288 |                                    | 3,75,11,568                |
| Directors' Sitting Fees   |             | 1,50,000    |                                    | 1,80,000                   |
| Product Development Expenses  |             | 46,09,368   |                                    | 48,59,567                  |
| Pre-Operative Expense written off during the year                     |             | 3,56,550    |                                    | –                          |
| Advertisement   |             | 86,040      |                                    | 46,584                     |
| Other Establishment Expenses  |             | 4,75,53,919 |                                    | 4,22,95,079                |
|   |             |             | 22,23,98,729                       | 8,48,92,798                |
|   |             |             | 2,13,80,60,944                     | 1,84,75,96,989             |
| 6. LOSS ON FIXED ASSETS SOLD/DISCARDED (NET)                          | –           |             |                                    | –                          |
| 7. ADJUSTMENT FOR STOCKS:<br>(Other than Raw Material and Components) |             |             |                                    |                            |
| (a) Opening Stock:  |             |             |                                    |                            |
| Finished Goods  | 4,04,84,875 |             |                                    | 5,11,88,125                |
| Work-in-Progress  | –           |             |                                    | 99,27,778                  |
|   |             | 4,04,84,875 |                                    | 6,11,15,903                |
| (b) Closing Stock:  |             |             |                                    |                            |
| Finished Goods  | 2,99,86,373 |             |                                    | 4,04,84,875                |
| Work-in-Progress  | –           |             |                                    | –                          |
|   |             | 2,99,86,373 |                                    | 4,04,84,875                |
|   |             |             | 1,04,98,502                        | 2,06,31,028                |
|   |             |             | 2,14,85,59,446                     | 1,86,82,28,017             |

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

**SCHEDULE 'K' – NOTES TO THE ACCOUNTS**

1. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting

The Financial Statements are prepared under historical cost convention and on accrual basis.

b) Fixed Assets

Fixed Assets are stated at cost less depreciation. Cost comprises of the purchase price and any attributable cost of bringing the assets to its working condition for its intended use.

c) Investments

Current investments are valued at lower of cost and quoted / fair value. Long term investments are carried at cost. Provision for diminution in the value of long term investment is made only if such decline is not temporary in the opinion of the Management.

d) Inventories

Inventories are valued at cost or net realisable value, whichever is lower by using weighted average basis.

e) Sales

Sales are accounted for on despatch / delivery of goods to the customers and are net of sales returns, discounts and Sales Tax, and Excise Duty.

f) Depreciation

Depreciation is provided (except in the case of leasehold land which is being amortised over the period of lease) on the written down value method and at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956.

g) Foreign Currency Transactions

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction or at the rates under the relative forward exchange contracts. Transactions not covered by forward exchange contracts and outstanding at the year end are translated at the exchange rates prevailing at the year end and the profit / loss so determined; and also the realized exchange gains / losses are recognized in the Profit and Loss Account. In the case of forward exchange contracts, the difference between the forward rate and the exchange rate at the inception of the forward exchange contract is recognized as income / expense over the life of the contract.

h) Retirement Benefits

i) The Company has covered its employees under the Group Gratuity Scheme of Life Insurance Corporation of India. The Premium paid under this scheme is charged to Profit and Loss Account.

ii) The Company has covered certain categories of its employees under Group Superannuation Scheme of Life Insurance Corporation of India. The Premium paid under this scheme is charged to Profit and Loss Account.

iii) Accrued liability for Leave Encashment payable on retirement of employees is being provided on an actuarial valuation as at the end of the accounting period.

i) Research and Development:

Normally Research and Development costs are charged as an expense of the period in which they are incurred. If Research and Development costs are deferred, they are allocated to the time period over which the product or process is expected to be sold or used.

j) Taxation:

Tax expense comprises of current, deferred and fringe benefit tax. Current Income Tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

# AQUAMALL WATER SOLUTIONS LIMITED

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

### SCHEDULE 'K' – NOTES TO THE ACCOUNTS (Contd.)

- k) Earnings Per Share:  
Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period.
- l) Brand Valuation:  
Expenditure incurred for acquiring brand from which future economic benefit will flow over a period of time, is amortised over the estimated useful life of 5 years.
2. Estimated amount of contracts remaining to be executed on Capital accounts and not provided for – Rs.400 lakhs (Previous Year – Rs.1000.00 lakhs).
3. Contingent liabilities not provided for on account of:
- Bank Guarantees issued on behalf of the Company – Rs.24.70 lakhs (Previous Year Rs.24.70 lakhs)
  - Disputed Sales Tax demands – Rs.2071.64 lakhs (Previous Year – Rs.2,637.44 lakhs)
  - Disputed Central Excise demands – Rs.495.1 lakhs (Previous Year – Rs.4059.91 lakhs)
  - Disputed Income Tax demand – Rs.21.52 lakhs (Previous Year – Rs.21.52 lakhs)
  - Disputed Civil Suit – Rs.27.15 lakhs (Previous Year – Rs.27.15 lakhs)
4. The amount of exchange differences included in the profit and loss account is a net loss of Rs.8.27 lakhs (Previous Year net loss of – Rs.9.15 lakhs)
5. The disclosures required under Accounting standard 15 “Employee Benefits” notified in the Companies (Accounting Standards) Rules 2006, are given below:

#### Defined Contribution Plan

Contribution to defined Contribution plan, recognised are charged off for the year are as under:

|  | In Rupees |
|--|-----------|
| Employer’s contribution to Provident Fund      | 4,97,949  |
| Employer’s contribution to superannuation fund | 3,19,332  |
| Employer’s contribution to Pension scheme      | 8,01,826  |

#### Defined Benefit plan

The employees’ gratuity fund scheme managed by Life Insurance Corporation of India is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognised in the same manner.

| (a) Reconciliation of opening and closing balances of Defined obligation | Gratuity<br>(funded) | Leave<br>Encashment<br>(Unfunded) |
|--|----------------------|-----------------------------------|
| Defined Benefit obligation at beginning of year                          | –                    | –                                 |
| Current service cost   | 3,25,562             | 2,26,398                          |
| Interest cost  | –                    | –                                 |
| Actuarial (gain)/loss  | 40,08,568            | 16,62,914                         |
| Benefits paid  | (2,72,886)           | (2,42,518)                        |
| Defined Benefit obligation at year end                                   | 40,61,244            | 16,46,794                         |

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

**SCHEDULE 'K' – NOTES TO THE ACCOUNTS (Contd.)**

|     |   |      |                       |                        |                       |                        |
|-----|---|------|-----------------------|------------------------|-----------------------|------------------------|
| (b) | Reconciliation of opening and closing balances of fair value of plan assets   |      |                       |                        |                       |                        |
|     | Fair value of plan assets at beginning of the year  |      | 9,45,261              |                        | –                     |                        |
|     | Expected return on plan assets  |      | 85,073                |                        | –                     |                        |
|     | Actuarial gain/(loss)   |      | (12,002)              |                        | –                     |                        |
|     | Employer contribution   |      | –                     |                        | –                     |                        |
|     | Benefits paid   |      | (2,72,886)            |                        | –                     |                        |
|     | Fair value of plan assets at year end   |      | 7,45,446              |                        | –                     |                        |
|     | Actual return on plan assets  |      |                       |                        |                       |                        |
| (c) | Reconciliation of fair value of assets and obligations  |      |                       |                        |                       |                        |
|     | Fair value of plan assets as at 31 <sup>st</sup> March, 2008  |      | 7,45,446              |                        | –                     |                        |
|     | Present value of obligation as at 31 <sup>st</sup> March, 2008  |      | 40,61,244             |                        | 16,46,794             |                        |
|     | Amount recognised in Balance Sheet  |      | (33,15,798)           |                        | (16,46,794)           |                        |
|     |   |      | 2007-08               |                        | 2006-07               |                        |
|     |   |      | Rupees                |                        | Rupees                |                        |
| 6.  | Value of Imports on CIF basis:  |      |                       |                        |                       |                        |
|     | Raw Materials & Components  |      | 28,37,99,333          |                        | 28,88,02,439          |                        |
|     | Machinery   |      | 3,91,087              |                        | –                     |                        |
|     | Moulds & Dies   |      | –                     |                        | –                     |                        |
|     |   |      | <u>28,41,90,420</u>   |                        | <u>28,88,02,439</u>   |                        |
| 7.  | Raw Materials and Components consumed during the year:  |      |                       |                        |                       |                        |
|     |   |      | For the year ended    |                        | For the year ended    |                        |
|     |   |      | 31.03.2008            |                        | 31.03.2007            |                        |
|     |   | Unit | Quantity              | Value (Rupees)         | Quantity              | Value (Rupees)         |
| a)  | Printed Circuit Boards  | Nos  | 5,93,234              | 27,50,02,150           | 5,51,991              | 27,38,24,071           |
| b)  | Aluminium   | Kgs  | 3,68,333              | 6,00,00,960            | 4,30,302              | 5,92,57,054            |
| c)  | Acirilo Butadyne Styryne (ABS)  | Kgs  | 8,85,861              | 8,77,12,256            | 3,03,405              | 3,56,00,562            |
| d)  | Others  |      | —                     | 131,02,20,175          | —                     | 111,70,24,736          |
|     |   |      |                       | <u>1,73,29,35,541</u>  |                       | <u>1,48,57,06,423</u>  |
| 8.  | Value of imported and indigenous Raw Materials and Components consumed and percentage of each to total consumption: |      |                       |                        |                       |                        |
|     |   |      | 2007-08               |                        | 2006-07               |                        |
|     |   |      | Rupees                | % to Total Consumption | Rupees                | % to Total Consumption |
| a)  | Indigenous  |      | 1,43,11,23,549        | 82.58                  | 1,19,10,65,650        | 80.17                  |
| b)  | Imported  |      | 30,18,11,992          | 17.42                  | 29,46,40,773          | 19.83                  |
|     |   |      | <u>1,73,29,35,541</u> | <u>100.00</u>          | <u>1,48,57,06,423</u> | <u>100.00</u>          |

# AQUAMALL WATER SOLUTIONS LIMITED

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

### SCHEDULE 'K' – NOTES TO THE ACCOUNTS (Contd.)

|   | 2007-08<br>Rupees | 2006-07<br>Rupees |
|---|-------------------|-------------------|
| 9. Expenditure in Foreign Currency on account of travel, subscription, certification, acquisition of brand etc. | 4,39,207          | 3,72,348          |
| 10. Earnings in Foreign Exchange:   |                   |                   |
| Export of Goods on F.O.B. basis   | 1,35,67,533       | 1,23,90,154       |
| 11. Particulars in respect of goods manufactured:   |                   |                   |

| Class of goods manufactured  | Unit | Annual Capacity Installed | Actual Production        |
|--|------|---------------------------|--------------------------|
| i) a) Water Purifier (Depolluting) Equipment (Water Filter-cum-Purifier) | Nos. | 7,72,000<br>(5,72,000)    | 4,92,481<br>(4,76,889)   |
| b) Testing Kit   | Nos. | 2,00,000<br>(2,00,000)    | 2,000<br>(4,24,100)      |
| ii) Water Filter Cartridge   | Nos. | 7,00,000<br>(7,00,000)    | 5,32,646<br>(5,54,540)   |
| iii) Water Cooler-cum-Purifier   | Nos. | 11,500<br>(6,500)         | 6,723<br>(3,593)         |
| iv) Flexible Food Grade Tube / Pipe                                      | Mts. | 12,75,000<br>(10,00,000)  | 12,17,431<br>(11,66,575) |
| v) Super Filter  | Nos. | 24,000<br>(24,000)        | —<br>(—)                 |
| vi) Automated Switching Device   | Nos. | 24,000<br>(24,000)        | 1,744<br>(11,359)        |
| vii) Softner   | Nos. | 24,000<br>(24,000)        | 4,660<br>(8,185)         |
| viii) Hose Pipe  | Nos. | 1,50,000<br>(1,50,000)    | 87,200<br>(1,55,436)     |
| ix) Mixer-cum-Grinder  | Nos. | 2,000<br>(2,000)          | —<br>(—)                 |
| x) Value Plus Products   | Nos. | 25,000<br>(25,000)        | —<br>(348)               |
| xi) Pump Attachment  | Nos. | 25,000<br>(25,000)        | 8,021<br>(14,392)        |

Figures in brackets pertain to previous year.

Per Industrial Policy, 1991, as amended, no licences are required for the products manufactured by the Company.

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

**SCHEDULE 'K'- NOTES TO THE ACCOUNTS (Contd.)**

12. a) Particulars of Inventory and Turnover of manufactured products:

| Class of goods  | Unit | Opening Stock      |                              | Closing Stock     |                                | Sales / Disposals         |                                    |
|---|------|--------------------|------------------------------|-------------------|--------------------------------|---------------------------|------------------------------------|
|   |      | Nos.               | Rs.                          | Nos.              | Rs.                            | Nos.                      | Rs.                                |
| i) a) Water Purifier<br>(Depolluting)<br>Equipment<br>(Water Filter-<br>cum-Purifier) | Nos. | 13,861<br>(17,572) | 3,67,18,414<br>(4,32,94,143) | 7,977<br>(13,861) | 2,40,79,520<br>(3,67,18,414 @) | 4,98,365<br>(4,80,600 \$) | 1,97,84,10,077<br>(1,80,70,34,529) |
| b) Testing Kit  | Nos. | 18000<br>(—)       | 1,44,000-<br>(—)             | (18,000)          | (1,44,000)                     | 20,000<br>(4,06,100)      | 1,61,000<br>(32,69,460)            |
| ii) Water Filter<br>Cartridge   | Nos. | 38,000<br>(4,411)  | 14,93,736<br>(1,69,593)      | 7,730<br>(38,000) | 3,01,935<br>(14,93,736)        | 83,220<br>(75,931)        | 49,57,424<br>(43,79,984)           |
| iii) Water Cooler-cum-<br>Purifier  | Nos. | 14<br>(315)        | 1,39,788<br>(37,56,281)      | 18<br>(14)        | 2,42,731<br>(1,39,788)         | 6,719<br>(3,894 \$)       | 12,26,68,446<br>(5,59,22,181)      |
| iv) Flexible Food<br>grade Tube / Pipe  | Mts. | 41,825<br>(7,041)  | 3,49,333<br>(81,119)         | 4,519<br>(41,825) | 34,436<br>(3,49,333)           | 3,33,151<br>(2,93,361#)   | 38,14,636<br>(31,94,304)           |
| v) Super Filter   | Nos. | 62<br>(1,351)      | —<br>(11,16,311)             | —<br>(62)         | —<br>(—)                       | 62<br>(1289)              | —<br>(—)                           |
| vi) Automated<br>Switching Device   | Nos. | 200<br>(880)       | 72,159<br>(3,56,462)         | —<br>(200)        | —<br>(72,159)                  | 1,944<br>(12,039)         | 10,49,760<br>(65,00,520)           |
| vii) Softner  | Nos. | 37<br>(237)        | 21,645<br>(1,98,689)         | 363<br>(37)       | 2,10,600<br>(21,645)           | 4,334<br>(8,385)          | 40,74,065<br>(78,47,120)           |
| viii) Hose Pipe   | Nos. | 0<br>(3,600)       | 0<br>(10,112)                | 0<br>(—)          | 0<br>(—)                       | 87,200<br>(1,59,036)      | 61,12,620<br>(1,31,45,720)         |
| ix) Mixer-cum-Grinder   | Nos. | —<br>(—)           | —<br>(—)                     | —<br>(—)          | —<br>(—)                       | —<br>(—)                  | —<br>(—)                           |
| x) Value Plus Products  | Nos. | 157<br>(607)       | —<br>(3,76,447)              | —<br>(157)        | —<br>(—)                       | 157<br>(450)              | —<br>(—)                           |
| xi) Pump Attachment   | Nos. | 2,620<br>(2,646)   | 15,45,800<br>(18,28,968)     | 40<br>(2,620)     | 23,600<br>(15,45,800)          | 10,601<br>(14,418)        | 1,21,70,245<br>(1,40,29,270)       |
| xii) Components   |      |                    |                              |                   |                                |                           | 20,98,65,064<br>(14,63,44,263)     |
| <b>T O T A L</b>  |      |                    | 4,04,84,775<br>(5,11,88,125) |                   | 2,48,92,822<br>(4,04,84,875)   |                           | 234,32,83,337<br>(2,06,16,67,351)  |

@ Includes value of Accessories

\$ Includes free samples, shortages, breakages etc. and is net of returns.

\* Excluding 4,79,696 Nos. (Previous Year 4,45,020 Nos) captive consumption

# Excluding 9,21,586 Mtrs. (Previous Year 8,88,387 Mts.) captive consumption

Figures in brackets pertains to Previous Year



# AQUAMALL WATER SOLUTIONS LIMITED

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

### SCHEDULE 'K' – NOTES TO THE ACCOUNTS (Contd.)

b) Particulars of Inventory, Purchase and Turnover of Traded goods:

| Class of goods    | Unit | Opening Stock |          | Purchases          |                            | Closing Stock |                  | Sales / Disposals |                            |
|-------------------|------|---------------|----------|--------------------|----------------------------|---------------|------------------|-------------------|----------------------------|
|                   |      | Nos.          | Rs.      | Nos.               | Rs.                        | Nos.          | Rs.              | Nos.              | Rs.                        |
| i) Vacuum Cleaner | Nos. | —<br>(—)      | —<br>(—) | 16,625<br>(1,919-) | 2,69,76,116<br>(25,29,336) | 3,027<br>(—)  | 46,12,616<br>(—) | 13,598<br>(1,919) | 2,71,62,054<br>(27,15,385) |
| TOTAL             |      |               | —<br>(—) | (1,919)            | 2,67,76,116<br>(25,29,336) | (—)           | 46,12,616<br>(—) | (1,919)           | —<br>(27,15,385)           |

Figures in brackets pertains to previous year

13. The Company has a single business segment as per Accounting Standard 17 dealing with “Segment Reporting” issued by the Institute of Chartered Accountants of India.
14. As required under Accounting Standard 18 on “Related Party Disclosures” issued by the Institute of Chartered Accountants of India, the list of related parties and their transactions is attached.
15. The Company is entitled to deduction under Section 80IC of the Income Tax Act, 1961. The Deferred Tax in respect of timing differences which originate during the tax holiday period and reverse during the tax holiday period are not recognised as specified in Accounting Standard 22 “Accounting for Taxes on Income”.
16. Total outstanding dues to Small Scale Industries have been determined to the extent such parties have been identified on the basis of information available with the Company. The list of small scale industries to whom the Company owes any sum which is outstanding for more than 30 days as on 31<sup>st</sup> March, 2008 are:

| S.No. | SSI Undertaking Name             | S.No. | SSI Undertaking Name            | S.No. | SSI Undertaking Name            |
|-------|----------------------------------|-------|---------------------------------|-------|---------------------------------|
| 1.    | Agarwal Fastners Pvt. Ltd.       | 20.   | Binu Enterprises                | 39.   | Featherlite Collections         |
| 2.    | Alok Industries                  | 21.   | Blinex Filter-Coat Pvt. Ltd.    | 40.   | Fi Tech. Chemechtron Pvt. Ltd.  |
| 3.    | Amar Engineering Enterprises     | 22.   | Blue Tack Office Automation     | 41.   | Filtrex International Pvt. Ltd. |
| 4.    | Ambika Engineering Works         | 23.   | Bombay Packaging Corporation    | 42.   | Filtrex Technologies Pvt. Ltd.  |
| 5.    | Anand Enterprises                | 24.   | Brahad Elastomers Private Ltd.  | 43.   | Forbes Aquatech Limited         |
| 6.    | Ananda Technologies              | 25.   | Charminar Press Tools Company   | 44.   | Front Line Electronic Limited   |
| 7.    | Apex Fastners                    | 26.   | Classic Display Systems         | 45.   | Futura Enterprises              |
| 8.    | Aqua Products                    | 27.   | Creative Industries             | 46.   | Gamon Industries                |
| 9.    | Aravind Filters Pvt. Ltd.        | 28.   | Datta Sai Industries            | 47.   | Garg Sanitary & Hardware        |
| 10.   | Arora & Co.                      | 29.   | Dayton Tools                    | 48.   | Global Punch                    |
| 11.   | Ayyappa Patterns                 | 30.   | Deccan Power Products Pvt. Ltd. | 49.   | Global Telectronics             |
| 12.   | Balaji Engineering Corporation   | 31.   | Deluxe Industries               | 50.   | Golden Technologies             |
| 13.   | Balaji Enterises                 | 32.   | Divyesh Precision Components    | 51.   | Great Eastern Impex Pvt. Ltd.   |
| 14.   | Beeline Engineers                | 33.   | Doon Rubber Industries          | 52.   | Guru Enterprises                |
| 15.   | Belaire Refrigeration Services   | 34.   | Eagle Hunter Solutions Ltd.     | 53.   | H M Industrial Corporation      |
| 16.   | Bhagirathi Rubber Udyog          | 35.   | Electroplast Enterprises        | 54.   | Hi-Flex Industries              |
| 17.   | Bharath Magnetics                | 36.   | Electroplasts Private Limited   | 55.   | Highgene Technologies Pvt. Ltd. |
| 18.   | Bhaskari Aqua Products Pvt. Ltd. | 37.   | Elegant Rocks Pvt. Ltd.         | 56.   | Hindustan Packers               |
| 19.   | Bhimtal Furniture Mart           | 38.   | Excel Engg. Industries          | 57.   | Hyderabad Coils Pvt. Ltd.       |

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

**SCHEDULE 'K' – NOTES TO THE ACCOUNTS (Contd.)**

| S.No. | SSI Undertaking Name              | S.No. | SSI Undertaking Name            | S.No. | SSI Undertaking Name                  |
|-------|-----------------------------------|-------|---------------------------------|-------|---------------------------------------|
| 58.   | SSI Undertaking Name              | 96.   | New Millenium Printers          | 134.  | Source Marketing                      |
| 59.   | Industrial Plastics               | 97.   | Newinfosystems                  | 135.  | Span Plastic (Pvt.) Ltd.              |
| 60.   | Infra Grafix                      | 98.   | Nu – Tek Optics                 | 136.  | Spark Klean Pvt. Ltd.                 |
| 61.   | J.G. Packs                        | 99.   | Nypro Forbes Products Pvt. Ltd. | 137.  | Spectra Sales Corporation             |
| 62.   | Jagapati Industries               | 100.  | P.R. Enterprises                | 138.  | Sree Vinayaka Electricals             |
| 63.   | Jai Ambey Enterprises             | 101.  | P.V.M. Fibretech                | 139.  | Sri Advance Polymers                  |
| 64.   | Jai Vishnu Enterprises            | 102.  | Pace Enterprises                | 140.  | Sri Ganesh Industries                 |
| 65.   | Jay Corporation                   | 103.  | Pam India                       | 141.  | Sri Kollapuri Amma Enterprises        |
| 66.   | K K Nag Limited                   | 104.  | Paper Pack Industries           | 142.  | Sri Lakshmi Narayana Engg. Industries |
| 67.   | Kamala Electro Plating Works      | 105.  | Polywin Industries              | 143.  | Sri Ragavendra Industries             |
| 68.   | Krishna Engg. Ind.                | 106.  | Precision Metal Stampings       | 144.  | Sri Vijaya Scientifics                |
| 69.   | Ksk Packaging Solutions Pvt. Ltd. | 107.  | Printech Solutions              | 145.  | Srinivasa Packaging                   |
| 70.   | Kumaon Printing Press             | 108.  | Prospect Engineering Works      | 146.  | Stiff Packaging Pvt. Ltd.             |
| 71.   | Lakshmi Engineering               | 109.  | Quality Anodisers               | 147.  | Stikvac Appliances (Pvt.) Ltd.        |
| 72.   | Lakshmi Enterprises               | 110.  | Quality Electronics             | 148.  | Stypak (Pvt.) Ltd.                    |
| 73.   | Laxami Assembling Works           | 111.  | R G General Order Supplier      | 149.  | Sujana Associates                     |
| 74.   | Lotus Polymers Industries         | 112.  | R K Carbons                     | 150.  | Sumayya Industries                    |
| 75.   | M.N. Engineering Works            | 113.  | R K Packaging                   | 151.  | Super Bright Engineering Co.          |
| 76.   | M.M. Engineering Works            | 114.  | Rubber Products                 | 152.  | Supreme Agencies                      |
| 77.   | M.R.L. Packers Pvt. Ltd.          | 115.  | S A S Enterprises               | 153.  | Tayal Brothers                        |
| 78.   | Mahalakshmi Enterprises           | 116.  | SSI Undertaking Name            | 154.  | Techno Coats                          |
| 79.   | Mambally Connectronix             | 117.  | S.N. Rubber Works               | 155.  | Techno Perfecto Engg. Co.             |
| 80.   | Mangaraj Engg. Industries         | 118.  | Sai Madhuri Enterprises         | 156.  | Teknic Electromechanics Pvt. Ltd.     |
| 81.   | Marktac Displays                  | 119.  | Sankhala Industries             | 157.  | Terminal Technologies (I) P Ltd.      |
| 82.   | Maruthi Plastics                  | 120.  | Sankhla Polymers                | 158.  | Thejus Enterprises                    |
| 83.   | Maruti Engineering Company        | 121.  | Sant Engineering Industries     | 159.  | Thermo Packing Industries Pvt. Ltd.   |
| 84.   | Medina Plastics                   | 122.  | Saroj Pack Aids                 | 160.  | Trimurti Polychem Pvt. Ltd.           |
| 85.   | Merit Enterprises                 | 123.  | Seagull Graphics                | 161.  | Triple 'Sss' Rubbers & Plastics       |
| 86.   | Metal Tubes Corporation           | 124.  | Sgp Industries                  | 162.  | U S Engg. Pvt. Ltd.                   |
| 87.   | Mica Polytech (Pvt.) Ltd.         | 125.  | Shakthi Coms                    | 163.  | Vandana Coatings                      |
| 88.   | Micro Plast                       | 126.  | Shiv Shakti Packers             | 164.  | Varna                                 |
| 89.   | Micron Industries.                | 127.  | Shiva Sai Fabricators           | 165.  | Ved Electrical Store                  |
| 90.   | Micron Plastics Pvt. Ltd.         | 128.  | Siddhartha Industries           | 166.  | Veerajanaki & Co.                     |
| 91.   | Mittal Impex Pvt. Ltd.            | 129.  | Siddhartha Printing Press       | 167.  | Venkateswara Optics                   |
| 92.   | N.K. Engineers                    | 130.  | Sjs Enterprises                 | 168.  | Vijay Plastic Industries              |
| 93.   | National Sales Corp.              | 131.  | Skycab Sales Agencies           | 169.  | Vijetha Polytek Private Limited       |
| 94.   | Navadanam'S                       | 132.  | Solid Electronics               | 170.  | Ysl Electronics                       |
| 95.   | Neil Polychem                     | 133.  | Sonic Engineers                 |       |                                       |

**AQUAMALL WATER SOLUTIONS LIMITED**

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

**SCHEDULE 'K' – NOTES TO THE ACCOUNTS (Contd.)**

The Company has not received the required information from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. Hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said Act have not been made.

16. Additional information as required under Part IV of Schedule VI of Companies Act, 1956.

Balance Sheet Abstract and Company's General Business Profile.

I. Registration Details  
 Registration No. 

|  |  |   |   |   |   |
|--|--|---|---|---|---|
|  |  | 2 | 8 | 5 | 1 |
|--|--|---|---|---|---|

 State Code 

|   |   |
|---|---|
| 0 | 1 |
|---|---|

Balance Sheet Date 

|   |   |
|---|---|
| 3 | 1 |
|---|---|

|   |   |
|---|---|
| 0 | 3 |
|---|---|

|   |   |   |   |
|---|---|---|---|
| 2 | 0 | 0 | 8 |
|---|---|---|---|

Date                      Month                      Year

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

|              |  |   |   |                   |  |  |   |   |   |  |  |
|--------------|--|---|---|-------------------|--|--|---|---|---|--|--|
| Public Issue |  |   |   | Rights Issue      |  |  |   |   |   |  |  |
|              |  | N | I | L                 |  |  | N | I | L |  |  |
| Bonus Issue  |  |   |   | Private Placement |  |  |   |   |   |  |  |
|              |  | N | I | L                 |  |  | N | I | L |  |  |

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

|  |  |   |   |   |   |                        |   |   |   |   |   |                |   |   |   |   |   |       |  |  |  |  |  |
|--|--|---|---|---|---|------------------------|---|---|---|---|---|----------------|---|---|---|---|---|-------|--|--|--|--|--|
| Total Liabilities                                |  |   |   |   |   | Total Assets           |   |   |   |   |   |                |   |   |   |   |   |       |  |  |  |  |  |
|  |  | 7 | 9 | 6 | 7 | 1                      | 1 |   |   | 7 | 9 | 6              | 7 | 1 | 1 |   |   |       |  |  |  |  |  |
| Source of Funds                                  |  |   |   |   |   | Reserves & Surplus     |   |   |   |   |   |                |   |   |   |   |   |       |  |  |  |  |  |
| Paid-Up Capital                                  |  |   |   |   |   | Unsecured Loans        |   |   |   |   |   |                |   |   |   |   |   |       |  |  |  |  |  |
|  |  |   | 2 | 0 | 0 | 0                      | 0 |   |   | 5 | 6 | 6              | 4 | 8 | 3 |   |   |       |  |  |  |  |  |
| Secured Loans                                    |  |   |   |   |   | Investments            |   |   |   |   |   |                |   |   |   |   |   |       |  |  |  |  |  |
|  |  | 2 | 1 | 0 | 2 | 2                      | 8 |   |   |   |   | 5              | 0 | 0 | 7 |   |   |       |  |  |  |  |  |
| Application of Funds                             |  |   |   |   |   | Deferred Tax Assets    |   |   |   |   |   |                |   |   |   |   |   |       |  |  |  |  |  |
| Net Fixed Assets                                 |  |   |   |   |   | Accumulated Losses     |   |   |   |   |   |                |   |   |   |   |   |       |  |  |  |  |  |
|  |  | 4 | 4 | 3 | 2 | 5                      | 5 |   |   |   | 1 | 2              | 7 | 2 | 5 |   |   |       |  |  |  |  |  |
| Net Current Assets                               |  |   |   |   |   | Total Expenditure      |   |   |   |   |   |                |   |   |   |   |   |       |  |  |  |  |  |
|  |  | 3 | 3 | 0 | 7 | 3                      | 4 |   |   | 2 | 2 | 4              | 1 | 4 | 8 | 5 |   |       |  |  |  |  |  |
| Misc. Expenditure                                |  |   |   |   |   | Profit/Loss After Tax  |   |   |   |   |   |                |   |   |   |   |   |       |  |  |  |  |  |
|  |  |   | 4 | 9 | 9 | 0                      |   |   |   |   |   |                | 1 | 3 | 5 | 9 | 8 | 4     |  |  |  |  |  |
| Performance of Company (Amount in Rs. Thousands) |  |   |   |   |   | Profit/Loss Before Tax |   |   |   |   |   | Dividend Rate% |   |   |   |   |   |       |  |  |  |  |  |
| Turnover & Other Income                          |  |   |   |   |   |                        |   | 1 | 5 | 7 | 1 | 7              | 8 | 1 | 0 | 0 |   |       |  |  |  |  |  |
|  |  | 2 | 3 | 9 | 8 | 6                      | 6 | 3 |   |   | 1 | 3              | 5 | 9 | 8 | 4 |   |       |  |  |  |  |  |
| +   -  |  |   |   |   |   | +   -                  |   |   |   |   |   |                |   |   |   |   |   |       |  |  |  |  |  |
|  |  | ✓ |   |   |   |                        |   |   |   |   |   |                |   |   |   |   |   |       |  |  |  |  |  |
| Earnings Per Share In Rs.                        |  |   |   |   |   | 6                      |   |   |   |   |   | 7              |   |   |   |   |   | . 9 9 |  |  |  |  |  |

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

Item code No. (ITC Code) 

|   |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|---|
| 8 | 4 | 2 | 1 | 2 | 1 | 0 | 0 |
|---|---|---|---|---|---|---|---|

Product Description 

|   |   |   |   |   |   |   |   |   |   |   |   |   |  |  |  |
|---|---|---|---|---|---|---|---|---|---|---|---|---|--|--|--|
| W | A | T | E | R | P | U | R | I | F | I | E | R |  |  |  |
| ( | D | E | P | O | L | L | U | T | I | N | G | ) |  |  |  |
| E | Q | U | I | P | M | E | N | T |   |   |   |   |  |  |  |
| ( | W | A | T | E | R | F | I | L | T | E | R | - |  |  |  |
| C | U | M | - | P | U | R | I | F | I | E | R | ) |  |  |  |

Item code No. (ITC Code) 

|   |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|---|
| 8 | 4 | 2 | 1 | 2 | 1 | 0 | 9 |
|---|---|---|---|---|---|---|---|

Product Description 

|   |   |   |   |   |   |   |   |   |   |   |  |  |  |  |  |
|---|---|---|---|---|---|---|---|---|---|---|--|--|--|--|--|
| W | A | T | E | R | F | I | L | T | E | R |  |  |  |  |  |
| C | A | R | T | R | I | D | G | E |   |   |  |  |  |  |  |

Item code No. (ITC Code) 

|   |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|---|
| 8 | 5 | 0 | 9 | 9 | 0 | 0 | 0 |
|---|---|---|---|---|---|---|---|

Product Description 

|   |   |   |   |   |   |   |   |  |  |  |  |  |  |  |  |
|---|---|---|---|---|---|---|---|--|--|--|--|--|--|--|--|
| H | O | S | E | P | I | P | E |  |  |  |  |  |  |  |  |
|---|---|---|---|---|---|---|---|--|--|--|--|--|--|--|--|

17. Previous year's figures have been regrouped or rearranged wherever necessary.

Related Party Disclosure – As specified by Accounting Standard 18

I) Name of related Party and nature of relationship where control exists are as under:

- A. Enterprises having more than one half of Voting Powers:  
 Eureka Forbes Limited  
 Forbes & Company Limited (Formerly known as Forbes Gokak Limited)  
 Shapoorji Pallonji & Co. Ltd.  
 Sterling Investment Corp. Pvt. Ltd.
- B. Enterprises that are controlled – (Subsidiary Company) –  
 Forbes Aquamall Limited
- C. Enterprises that are under common control:  
 Forbes Doris & Naess Maritime Ltd.  
 Forbes Finance Ltd.  
 Forbes Sterling Star Ltd.  
 Pro Handyman India Limited  
 Volkart Fleming Shipping & Services Limited  
 Euro Forbes International PTE Ltd.  
 Forbes Facility Services Pvt. Ltd.  
 Latham India Limited  
 Forbes Technosys Limited  
 Forbes Tinsley Co. Ltd.  
 Forbes Campbell Holdings Ltd.  
 Forbes Container Lines Limited  
 Forbes Smart Data Limited  
 Forbes Bumi Armada Limited  
 Forbes Concept Hospitality Services Limited  
 ForbesLux Group  
 Forbes Aquatech Ltd.

II) Transactions with Related Parties:

|    | Nature of Transactions         | Related Party          |                        |                        |
|----|--------------------------------|------------------------|------------------------|------------------------|
|    |                                | Referred to in A above | Referred to in B above | Referred to in C above |
| 1. | <b>Purchases</b>               |                        |                        |                        |
|    | Goods and Materials            | 40,69,185              | 9,72,766               |                        |
|    | Fixed Assets                   | 12,50,904              |                        |                        |
| 2. | <b>Sales</b>                   |                        |                        |                        |
|    | Goods and Materials            | 227,53,25,965          | 8,53,77,879            | 18,31,972              |
| 3. | <b>Expenses</b>                |                        |                        |                        |
|    | Rent and other service charges | 9,29,592               | 1,21,554               |                        |
|    | Other Expenses                 | 1,02,25,975            |                        |                        |
|    | Interest                       | 73,05,123              |                        |                        |
| 4. | <b>Income</b>                  |                        |                        |                        |
|    | Rent and other service charges | 70,23,980              | 22,61,177              | 36,17,529              |
| 5. | <b>Finance</b>                 |                        |                        |                        |
|    | Loans and Advances Given       |                        |                        |                        |
|    | Loans and Advances Taken       | 7,00,00,000            |                        |                        |
|    | Repayment of Advances Given    | 8,00,00,000            |                        |                        |
|    | Repayment of Advances Taken    |                        |                        |                        |
| 6. | <b>Dividend paid</b>           | 3,00,01,200            |                        |                        |
| 7. | <b>Outstanding</b>             |                        |                        |                        |
|    | <b>Receivables</b>             | 21,59,80,695           | 1,35,73,831            | 78,43,704              |
|    | ICDs Given                     |                        |                        |                        |
|    | <b>Payable</b>                 | –                      |                        |                        |
|    | ICDs Taken                     |                        |                        |                        |
|    | Interest                       |                        |                        |                        |
|    | Other Deposits                 | 38,62,552              | 5,28,420               |                        |

# AQUAMALL WATER SOLUTIONS LIMITED

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

|  | 2007-2008<br>(Rupees) |                | 2006-2007<br>(Rupees) |               |
|--|-----------------------|----------------|-----------------------|---------------|
| <b>NET PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS</b>  |                       | 15,71,78,489   |                       | 11,29,45,755  |
| Adjusted for   |                       |                |                       |               |
| Depreciation   | 7,32,68,107           |                | 65,06,24,13           |               |
| Profit on Sale of Investments  | (18,40,231)           |                | —                     |               |
| Dividend Income  | (1,50,770)            |                | (2,98,588)            |               |
| Interest Income  | (2,29,823)            |                | (3,29,183)            |               |
| Profit on Sale of Fixed Assets   | (47,966)              |                | —                     |               |
| Interest Expenditure   | 1,96,56,979           |                | 63,12,815             |               |
|  |                       | 9,06,56,296    |                       | 7,07,47,457   |
|  |                       | 24,78,34,785   |                       | 18,36,93,212  |
| <b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS</b>                                 |                       |                |                       |               |
| Changes and other adjustments  |                       |                |                       |               |
| Trade and Other Receivables  | 62,12,328             |                | (13,65,70,765)        |               |
| Inventories  | (10,03,26,093)        |                | (2,29,38,514)         |               |
| Trade Payables and Others  | 2,46,48,587           |                | 6,71,03,552           |               |
| Leave Encashment & Gratuity Provision  | 5,88,366              |                | 267,689               |               |
| Miscellaneous Expenses   | 7,64,421              |                | 5,84,876              |               |
|  |                       | (6,81,12,392)  |                       | (9,15,53,162) |
| <b>CASH GENERATED FROM OPERATIONS</b>  |                       | 17,97,22,393   |                       | 9,21,40,050   |
| Direct Taxes Paid  | (1,71,94,773)         |                | (1,48,71,576)         |               |
|  |                       | (1,71,94,773)  |                       | (1,48,71,576) |
| <b>(a) NET CASH FROM OPERATING ACTIVITIES</b>  |                       | 16,25,27,620   |                       | 7,72,68,474   |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>   |                       |                |                       |               |
| Purchase of Fixed Assets (including adjustments on account of capital work-in-progress and capital advances) | (19,73,50,138)        |                | (9,76,16,958)         |               |
| Sale of Fixed Assets (net of assets written off)   | 2,25,802              |                | 5,82,810              |               |
| Purchase of Investments  | —                     |                | —                     |               |
| Sale of Investments  | 1,20,35,629           |                | —                     |               |
| Interest Received  | 2,29,823              |                | 3,29,183              |               |
| Dividends  | 1,50,770              |                | 298,588               |               |
|  |                       | (18,47,08,114) |                       | (9,64,06,377) |
| <b>(b) NET CASH FROM / (USED IN) INVESTING ACTIVITIES</b>  |                       |                |                       |               |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>   |                       |                |                       |               |
| Decrease/Increase in Intercompany Deposit  | (1,00,00,000)         |                | 1,00,00,000           |               |
| Decrease / Increase in cash credit & Demand loan   | 9,39,01,649           |                | 3,63,82,108           |               |
| Interest paid  | (1,96,56,979)         |                | (63,12,815)           |               |

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

|  | 2007-2008<br>(Rupees) |             | 2006-2007<br>(Rupees) |             |
|--|-----------------------|-------------|-----------------------|-------------|
| (c) Dividend paid (including Corporate Dividend Tax)                         | (3,50,99,904)         |             | (2,28,05,912)         |             |
| (d) NET CASH FROM / (USED IN) FINANCING ACTIVITIES                           |                       | 2,91,44,766 |                       | 1,72,63,381 |
| NET DECREASE / INCREASE IN CASH AND<br>CASH EQUIVALENTS (a) + (b) + (c)      |                       | 69,64,272   |                       | (18,74,522) |
| CASH AND CASH EQUIVALENTS AS AT<br>THE COMMENCEMENT OF THE YEAR, COMPRISING: |                       |             |                       |             |
| Cash, Cheques on hand & Remittances in transit                               | 1,33,688              |             | 3,51,463              |             |
| Balance with scheduled banks on current accounts and<br>deposit accounts     | 81,96,543             |             | 98,53,290             |             |
|  |                       | 83,30,231   |                       | 1,02,04,753 |
| CASH AND CASH EQUIVALENTS AS AT<br>THE END OF THE YEAR, COMPRISING:          |                       |             |                       |             |
| Cash, Cheques on hand & remittances in transit                               | 3,85,206              |             | 1,33,688              |             |
| Balances with scheduled banks on current accounts and<br>deposit accounts    | 1,49,09,298           |             | 81,96,543             |             |
| NET DECREASE / INCREASE AS DISCLOSED ABOVE                                   |                       | 1,52,94,504 |                       | 83,30,231   |
|  |                       | 69,64,273   |                       | (18,74,522) |

Note: Figures for the previous year have been regrouped wherever necessary.

Per our report attached

For **BATLIBOI & PUROHIT**  
Chartered Accountants

**ATUL MEHTA**  
Partner

Membership No. 15935

Mumbai, Dated : 27th May, 2008

S.L. GOKLANEY *Chairman*

P.J. REDDY  
A.V. SURESH  
J.N. ICHHAPORIA  
P V K RAMAN } *Directors*

S. RAMESH *Company Secretary*

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# AQUAMALL WATER SOLUTIONS LIMITED

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

|   |                              |
|---|------------------------------|
| Name of the subsidiary Company  | Forbes Aquamall Limited      |
| The financial year of the subsidiary company ended on   | 31 <sup>st</sup> March, 2008 |
| (a) Number of shares in the subsidiary Company held by Aquamall Water Solutions Limited at the above date   |                              |
| (i) Fully paid  | 500,000                      |
| (ii) Partly paid  | Nil                          |
| Percentage holding  | 100%                         |
| (b) The net aggregate amount of profits of the subsidiary company for the financial year so far as it concerns the members of Aquamall water Solutions Limited which has not been dealt with in the accounts of Aquamall Water slutions Limited upto 31st March, 2008are as follows |                              |
| For the year  | Rs.2,48,82,869               |
| For the previous years  | Rs.7,41,03,217               |
| (c) The net aggregate amount of profits of the subsidiary company which has been dealt with in Aquamall water Solutions Limited accounts upto 31st March, 2007 being the dividends received are as under  |                              |
| For the year  | Nil                          |
| For the previous years  | Nil                          |

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Per our report attached

For **BATLIBOI & PUROHIT**  
*Chartered Accountants*

**ATUL MEHTA**  
*Partner*

Membership No. 15935

*Mumbai, Dated : 27th May, 2008*

|                 |   |                          |
|-----------------|---|--------------------------|
| S.L. GOKLANEY   | } | <i>Chairman</i>          |
| P.J. REDDY      |   | <i>Directors</i>         |
| A.V. SURESH     |   |                          |
| J.N. ICHHAPORIA |   |                          |
| P V K RAMAN     |   |                          |
| S. RAMESH       |   | <i>Company Secretary</i> |

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# EUREKA FORBES LIMITED

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(a wholly owned Subsidiary Company)

Annual Report and Accounts  
for the year ended 31<sup>st</sup> March, 2008

## **DIRECTORS:**

Shapoor P. Mistry

*Chairman*

S.L. Goklaney

*Vice Chairman & Managing Director*

D.E. Udwadia

J.C. Chopra

N.D. Khurody

C.G. Shah

Indu Shahani

## **PRINCIPAL BANKERS:**

State Bank of India

The Bank of Nova Scotia

BNP Paribas

Axis Bank Ltd.

HDFC Bank Ltd.

## **SOLICITORS AND ADVOCATES:**

Udwadia & Udeshi

## **AUDITORS:**

Batliboi & Purohit

## **CORPORATE HEAD OFFICE:**

Konkan Co-op Hsg. Soc. Ltd.,

Konkan Nagar Hall, Ground Floor,

Plot No. 123, Lt. P.K. Marg,

Mahim (West), Mumbai - 400 016.

## **REGISTERED OFFICE:**

7, Chakraberia Road (South),

Kolkata - 700 025.



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# EUREKA FORBES LIMITED

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## REPORT OF THE DIRECTORS OF EUREKA FORBES LIMITED

To,

The Members,

The Directors are pleased to submit their Report and the Audited Accounts of the Company for the year ended 31st March, 2008.

### 1. FINANCIAL RESULTS:

|   | <b>Current Year<br/>Rupees</b> | <b>Previous Year<br/>Rupees</b> |
|---|--------------------------------|---------------------------------|
| Sales and Other Income  | 8,13,63,14,903                 | 7,39,98,67,154                  |
| Profit before Depreciation                                    | 49,94,21,237                   | 47,95,68,457                    |
| Less : Depreciation   | 9,43,06,377                    | 9,00,27,767                     |
| Profit before Tax and Extraordinary Items                     | 40,51,14,860                   | 38,95,40,690                    |
| Extraordinary Items   | 2,67,96,385                    | —                               |
| Profit Before Tax   | 37,83,18,475                   | 38,95,40,690                    |
| Less : Provision for Current, Fringe Benefit and Deferred Tax | 13,90,22,288                   | 14,04,03,806                    |
| Profit After Tax  | 23,92,96,187                   | 24,91,36,884                    |
| Less : Prior Years' Tax Adjustments (Net)                     | 2,08,356                       | —                               |
| Profit After Tax and Prior Years' Adjustments                 | 23,90,87,831                   | 24,91,36,884                    |
| Add : Balance brought forward from Previous year              | 18,03,41,686                   | 12,89,86,712                    |
| Amount available for appropriation                            | 41,94,29,517                   | 37,81,23,596                    |
| APPROPRIATIONS:   |                                |                                 |
| Interim Dividend  | 6,39,00,000                    | 6,39,00,000                     |
| Proposed Final Dividend                                       | 4,26,00,000                    | 2,13,00,000                     |
| Tax on Dividend   | 1,80,99,675                    | 1,25,81,910                     |
| Transferred to General Reserve                                | 10,00,00,000                   | 10,00,00,000                    |
| Balance carried to Balance Sheet                              | 19,48,29,842                   | 18,03,41,686                    |

### 2. DIVIDEND:

During the year 2007-2008, your Company paid an interim dividend of Rs.15/- per share (150% on face value of Rs.10/- each) amounting to Rs.6.39 crores. In view of the Company's satisfactory performance, the directors are pleased to recommend for approval of the members a final dividend of Rs.10/- per share (100% on face value of Rs.10/- each) on 42.60 lakhs shares of Rs.10/- each for the financial year 2007-08 amounting to Rs.4.26 crores towards dividend and Rs.0.72 crores towards dividend tax resulting in total outflow of Rs.4.98 crores bringing the total dividend to Rs.10.65 crores i.e. 250% on face value of Rs.10/- per share (previous year Rs.20/- per share i.e. 200% on face value of Rs.10/- per share amounting to Rs.8.52 crores).

### 3. TRANSFER TO RESERVES:

The Company proposes to transfer Rs.10.00 crores to the General Reserve out of the amount available for appropriations and an amount of Rs.19.48 crores is proposed to be retained in the Profit and Loss Account.

### 4. OPERATIONS:

The buoyancy in the Indian economy during the year under review, showed signs of slowing down after November, 2007. This, coupled with rising inflation, posed fresh challenges to the Company's thrust which, nonetheless was able to maintain a reasonable growth in sales and profitability.

During the year under review, your Company made a turnover of Rs.813 crores, a growth of 10% over the previous year. The profit before tax and extraordinary items also increased from Rs.38.95 crores to Rs.41.81 crores, a growth of 7% as compared to 14.7% in the previous year.

The year 2007-2008 has been a year of technology leadership, innovation, investments in new ventures, expansion of existing business and enhancing the Company's involvement in rural market place.

The Company has marked its technology leadership by introducing the world's first universal water purifier, Aquaguard Total Sensa, which auto senses and selects the optimum purification technology. Your Company has also

entered the internet age, whereby for the first time in its history, one can now purchase a water purifier on the net.

Your Company has invested during the year in new vacuum cleaner factories set up at Bhimtal and Chennai under Forbes Aquamall Ltd., a 100% subsidiary of its wholly-owned subsidiary, Aquamall Water Solutions Ltd. Your Company has also set up India's first green water purifier plant at Dehradun and tied up with GE, USA, for manufacture of Home RO membranes.

Continuing its efforts in dissipating knowledge, your Company has embarked on an ambitious new venture and commenced a Learning Company, E4 Development & Coaching Limited. This Company will enrich the country by training hardcore sales personnel for various industries, both national and international.

To provide safe drinking water, your Company has a focused thrust in rural markets working alongside well known NGOs in flood-hit areas of the country; and also with those and also parts inhabited by poor people in slums.

Your Company has successfully implemented MySap, an ERP package, throughout its offices in India and now it is in the process of rolling over this package to all its over 1000 Service business partners all India. This will bring about a revolutionary change in the operations of the Company leading to a high level of customer focus and customer satisfaction as well as customer retention and re-acquiring lost customers.

Just as in previous years, this year is no exception for your Company to receive recognition –

- Superbrand
- Reader's Digest – Most Trusted Platinum Brand
- Complete Water Solutions – UNESCO – Water Digest
- Mera Brand
- 4<sup>th</sup> Best Employer – Hewitt
- Most Admired Knowledge Enterprise – Asia & India
- SMART Living Award – Times of India

Your Directors are confident that barring unforeseen circumstances, the ensuing year will see your Company make a "MEGA MORPHOSIS" in its operations and performance.

## 5. DIRECTORATE:

Mr. K.C. Mehra had retired as Deputy Chairman of the Company with effect from 31<sup>st</sup> March, 2008. The Board places on record their sincere appreciation of the services rendered by Mr. K.C. Mehra during his tenure as Deputy Chairman.

Dr. (Mrs.) Indu Shahani has been appointed as additional Director of the Company whose term of office expires at the forth coming Annual General Meeting. The Company has received a notice under Section 257 of the Companies' Act from a member proposing her candidature for the office of a Director.

Mr. J.C. Chopra and Mr. D.E. Udwardia retire by rotation and being eligible offer themselves for reappointment.

## 6. SUBSIDIARY COMPANIES:

During the year under review, the Company's wholly owned subsidiary, Aquamall Water Solutions Ltd. had a sales growth of 14.8% as compared to 12% of previous year. Due to the increased sales and cost control measures implemented by the Company, the Profit before Tax has also grown by 39% over the previous year.

Aquamall is continuing its efforts to tap the growth potential of the export markets and is making efforts to introduce new products in the global market in line with the evolving customer needs.

Aquamall's additional manufacturing facility at Dehradun has commenced commercial operations during the year. This is a world class manufacturing facility and has been built on the lines of a totally environment-friendly building.

During the year, Aquamall's wholly-owned subsidiary, Forbes Aquamall Ltd. (FAML) commenced manufacture of Vacuum Cleaners in addition to the existing business of manufacturing water purifiers. For the purpose of manufacture of Vacuum Cleaners, 2 units have been set up at Bhimtal in Uttaranchal and at Chennai in Tamil Nadu. Both the units commenced commercial operations during the year.

Due to this expansion, FAML registered a sales growth of 108% over previous year with a growth in profit before tax by 18.4% on the previous year. With the expansion of business in Vacuum Cleaner segment, FAML, barring unforeseen circumstances, will further increase its turnover and profitability in the ensuing year.

During the year under review, the Company's subsidiary, Forbes Facility Services Pvt. Ltd. (FFSPL) became a wholly owned subsidiary of the Company with the transfer of 30% shareholding of Abans Ltd., Sri Lanka, to the Company, Eureka Forbes Ltd. on 12<sup>th</sup> December, 2007. FFSPL has increased its turnover by 101% over previous year and the profit for the year has grown by 210% from Rs.12.16 Lacs to Rs.37.68 Lacs. It has been a successful year for FFSPL in creating infrastructure and attracting professional talent to handle key positions. It has made inroads into the hospital segment and has strengthened its position as Facility Service Provider.

Your Company's wholly owned subsidiary, Euro Forbes International Pte. Ltd. (EFIPL), Singapore, has showed improved performance for the Financial year under review with a turnover of Rs.24.85 crores and the profit before tax of Rs.1.68 crores. EFIPL is in the process of stabilizing its operations in Asean countries of Thailand, Malaysia and Vietnam, in addition to its stabilized operation in Indonesia and Philippines. Your Company has advanced working capital loans of S\$15.51 mn (Rs.46.54 crores) to fund the operations in these countries with liberal credit period and interest moratoria in order to establish business in these countries. In the opinion of the Management, the interest bearing loans and advances are good and fully recoverable after the initial gestation period of three years.

During the year 2008-2009, steps have been taken to complete the formalities and necessary approvals for EFIPL to become a part of the Joint Venture Company, Forbes Lux

Group AG (FLG-AG), which is a 50:50 joint venture partnership with Lux International AG, Switzerland. Forbes Lux Group AG was incorporated in January 2006 as per Swiss Law in Zug, Switzerland. The Company caters to the markets of East Europe, South Africa and Russia. Your Directors are confident that in the years to come this Company combining with EFIPL will leverage on each other's strengths to capture the overseas markets in its own field of operations. FLG-AG has recently incorporated its wholly owned subsidiary, Forbes Lux FZE in Dubai to take over the complete operations hitherto carried out by EFIPL, Singapore.

**7. EXTRAORDINARY ITEMS:**

Note No.17 of Schedule 'J' Notes to the Accounts forming part of the Accounts for the year ended 31<sup>st</sup> March, 2008 pertains to Extraordinary items, although self-explanatory, are elucidated below for clarity –

- (i) During the year under review, Prohandyman India Ltd., ceased to be a subsidiary of your Company as it was considered prudent by the Company management to exit from this business and focus on existing line of business in water and cleaning categories with the impending expansion plans on these lines of business.
- (ii) During the year, your Company made a bid to acquire an overseas Company to strengthen its main line of business but had to abandon its attempt in the last leg of the auction bid consequent upon availability of certain technical data prior to the last leg of the auction bid which did not meet the requirements of technical due diligence carried out by the Company.

**8. AUDITORS AND AUDIT REPORT:**

You are requested to appoint Auditors for the current year, and to fix remuneration. The retiring auditors, M/s. Batliboi & Purohit offer themselves for re-appointment.

Reference is made to Clause No. (ii)(c) of Annexure to the Auditor's Report which is self-explanatory.

**9. INSURANCE:**

Assets of the Company have been adequately insured against usual risks.

**10. ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE:**

The information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, regarding conservation of energy, technology absorption, and foreign exchange earnings and outgo is given in the Annexure hereto.

**11. PARTICULARS REGARDING EMPLOYEES:**

A statement setting out the details of remuneration paid to the employees as required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 is attached hereto and forms part of this Report.

**12. DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to Section 217(AA) of the Companies Act, 1956, the Directors, based on the representations received from the Operating Management, confirm –

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;
- (ii) that they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the company for that period;
- (iii) that they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of this Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that they have prepared the annual accounts on a going concern basis.

**13. APPRECIATION:**

Employee relations continues to be harmonious and cordial. The Board of Directors wishes to place on record its sincere appreciation of the devoted services made by employees at all levels in ensuring the high levels of performance and growth that your Company has achieved during the year.

Your Board would like to place on record its sincere appreciation for the assistance given by the Company's Bankers and acknowledge that their continued support has been a source of considerable strength.

On behalf of the Board of Directors

**S.L. Goklaney**  
*Vice Chairman & Managing Director*

**D.E. Udwadia**  
*Director*

Mumbai, Dated : 25<sup>th</sup> June, 2008

## ANNEXURE TO DIRECTORS' REPORT

Information under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 2008.

### A. CONSERVATION OF ENERGY:

- (a) **Energy Conservation Measures taken :** Nil
- (b) **Additional investments and proposals, if any, being implemented for reduction of consumption of energy:**  
None at present.

### B. TECHNOLOGY ABSORPTION:

Efforts made in technology absorption in Form 'B'.

#### Form 'B'

### Research and Development (R & D):

#### 1. Specific areas in which R & D carried out by the Company:

The company's R&D Centre continues to be recognized by the Department of Science and Industrial Research (DSIR), Ministry of Science and Technology, Government of India. The Water Laboratory at Bangalore is recognized by Karnataka State Pollution Control Board and Water Quality Association (WQA) – USA and accredited by 'National Accreditation Board for Testing and Calibrating Laboratories' (NABL), India. The R&D Centre has been in close touch with the customers, manufacturers and field sales force to understand customers' needs and product performance, so that suitable products which can cater to these requirements can be designed, developed and introduced in the market. As a result of this effort, Company has been able to introduce a model which is capable of removing all the pesticides from the drinking water.

R&D has helped maintain the market leadership position through absorption of latest technology in the areas of floor care products, water purifiers and domestic appliances.

R&D Centre has contributed significantly towards value engineering and cost control measures, at the same time maintaining value – benefit equation for the customers. The R&D team has also provided training to the field sales and service staff besides providing constant updates on technology and new products to the field and Marketing division.

#### 2. Benefits derived as a result of the above efforts:

R&D through its efforts has enabled the Company to introduce on its own, water purifiers at the lower end of the market segment. R&D has also developed suitable electronics, which is capable of automatically communicating to the service call center if there is a service requirement.

R&D has, moreover, contributed to improve upon products and accessories like modern UV water purifiers, new media to address pesticide issues, membrane technology based purifiers, etc. to meet the different requirements due to varying water conditions in the country and elsewhere in the world.

#### 3. Future Plan of Action:

There are a number of products, process improvements and accessories, which are under development in the field of water purifiers, vacuum cleaners, air purifiers, kitchen appliances and eco-friendly chemical cleaning solutions. These products would be at various price points to cater to different market segments. R&D will involve in joint development of products with Foreign Business associates for International requirements.

R&D would continue to work on value engineering, cost optimization and re-engineering to improve the overall operating efficiency.

R&D works closely with Business Development to introduce new products from the foreign business associates and also for import substitution.

#### 4. Expenditure on R&D:

|    |  |   |                 |
|----|--|---|-----------------|
| a. | Capital  | – | Rs.2.04 Lakhs   |
| b. | Recurring  | – | Rs.224.94 Lakhs |
| c. | Total  | – | Rs.226.98 Lakhs |
| d. | Total R&D Expenditure<br>as percentage of total turnover | – | 0.28%           |

## EUREKA FORBES LIMITED

### TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

- Efforts, in brief, made towards technology absorption, adaptation and innovation.

In line with the rapidly changing technological environment, the R & D staff are provided with the requisite means to keep abreast of the changes. They are also encouraged to attend National and International Technical symposiums and trade fairs to understand the latest technology and adapt them to Indian conditions. This year, R & D worked closely with premier Institutions such as IIT, Chennai and Indian Institute of Science, Bangalore.

- Benefits derived, as a result of the above: product improvement, cost reduction, product development, import substitution, etc.

The results derived from the above efforts have contributed to significant improvement in product quality and performance.

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Earnings in foreign exchange during the year under review were Rs.12,07,63,979/- and the outgo Rs.50,24,57,318/-.

### STATEMENT UNDER SECTION 217(2-A) READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2008

| Sr. No. | NAME, AGE AND QUALIFICATIONS  | DESIGNATION/NATURE OF DUTIES, COMMENCEMENT OF EMPLOYMENT AND EXPERIENCE (YEARS) | GROSS REMUNERATION RS. | PARTICULARS OF LAST EMPLOYMENT  |
|---------|---|---|------------------------|---|
| (A)     | Particulars of employees employed throughout the financial year and who are in receipt of remuneration of not less than Rs.24,00,000/- per annum: |   |                        |   |
| 1.      | MR. GANGULY R.K. (52)<br>B.Com, ICWAI   | Vice President - East SBU<br>01-03-1981 (31)                                    | 36,42,644              | Accounts Assistant<br>Deepika Electronics & Engg. Pvt.Ltd.                  |
| 2.      | MR. GOKLANEY S.L. (61)<br>B.Sc  | Vice Chairman &<br>Managing Director<br>02-03-1987 (39)                         | 1,89,11,126            | General Sales Manager -<br>Johnson & Johnson Ltd.                           |
| 3.      | MR. ICHHAPORIA J. N. (60)<br>B.Com., F.C.A  | Sr.Vice President -<br>Finance Accounts & Legal<br>11-02-1994 (33)              | 56,57,576              | Manager Accounts-<br>Mafatnal Dyes & Chemicals Ltd.                         |
| 4.      | MR. KARMALI ASLAM (43)<br>B.Sc , MBA  | Sr. Vice President -<br>Consumer Division<br>08-05-2006 (17)                    | 33,35,984              | National Sales Head, Direct Indent<br>Phillips India Ltd.                   |
| 5.      | MR. PALEKAR S. K. (57)<br>M.Sc., MMS  | Sr.Vice President - Marketing<br>27-07-1998 (33)                                | 41,73,653              | Vice President - Marketing,<br>Sales and Services.<br>MIRC Electronics Ltd. |
| 6.      | MR. RAMAN P V K (57)<br>B.Com   | Chief Executive Officer -<br>Aquamall Water Solution Ltd.<br>02-07-1990 (31)    | 27,97,870              | Assistant Mamanger<br>Sundaram Motors, Bangalore                            |
| 7.      | MR. SURESH A V (52)<br>B.E.(Hons). PGDM   | Sr.Vice President - Operations<br>08-12-1988 (28)                               | 61,06,228              | Materials Manager<br>Facit Asia Ltd.  |
| 8.      | MR. SHROFF MARZIN (44)<br>B.Com, MBA , MCIM (UK)  | Sr.Vice President - Strategy &<br>Business Development<br>03-07-2006 (17)       | 35,90,831              | President<br>Suashish Diamond Ltd.  |
| 9.      | MR. WADHWA LALIT (65)<br>FSC - Textile Engineers  | Vice President - Region 1<br>01-07-1997 (42)                                    | 27,41,766              | General Manager<br>Show Wallace Ltd., Delhi                                 |

(B) There are no employees employed for part of the year who were in receipt of remuneration at the rate not less than Rs.2,00,000/- per month.

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**NOTES:**

1. Nature of employment in all cases is contractual.
2. Remuneration as shown above include Salary, House Rent Allowance, Other Allowances, Commission, Company's Contribution to Provident Fund, Superannuation Fund and Taxable Perquisites in respect of use of Company's Furniture, Leave Travel Concession, Medical Reimbursement, etc.as applicable.
3. Other terms and conditions applicable as per Company's Rules/Schemes:-
  - (i) Company's contribution under Gratuity Scheme.
  - (ii) Medical Insurance or reimbursement of medical expenses.
  - (iii) Personal Accident Insurance.
4. None of the above employees are related to any of the Directors of the Company.
5. There was no employee employed either throughout the financial year or part thereof who was in receipt of remuneration which in the aggregate or as the case may be at a rate which in the aggregate was in excess of that drawn by the Managing Director and who held by himself or alongwith his spouse or dependent children two percent of the Equity Shares of the Company.

**AUDITORS' REPORT TO THE MEMBERS OF EUREKA FORBES LIMITED**

- (1) We have audited the attached balance sheet of Eureka Forbes Limited as at 31<sup>st</sup> March 2008, the profit and loss account and the cash flow statement of the company for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- (2) We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- (3) As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in Paragraphs 4 and 5 of the said Order.
- (4) Further to our comments in the Annexure referred to above, we report that:
  - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books of account.
  - (c) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the said books of account.
  - (d) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
  - (e) On the basis of written representations received from the directors as on 31<sup>st</sup> March, 2008, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
  - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with significant accounting policies and notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view, in conformity with the Accounting Principles generally accepted in India:
    - (i) in the case of the balance sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2008;
    - (ii) in the case of the profit and loss Account, of the profit for the year ended on that date; and
    - (iii) in the case of the cash flow statement of the cash flows for the year ended on that date.

For **BATLIBOI & PUROHIT**  
*Chartered Accountants*

**ATUL MEHTA**  
*Partner*

Membership No. 15935

Mumbai, Dated : 25<sup>th</sup> June, 2008

**ANNEXURE TO THE AUDITOR'S REPORT  
(REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE)**

- i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) The Management has physically verified the Company's fixed assets at regular intervals during the year, which in our opinion is reasonable having regard to the size of the company and nature of its fixed assets. The discrepancies noticed on verification were not material and have been properly dealt with in the books of accounts.
- c) During the year, Company has not disposed of any substantial part of fixed assets.
- ii) a) As per the information furnished, the inventories have been physically verified by the management at regular intervals during the year. In our opinion, having regard to the nature and location of stocks, the frequency of the physical verification is reasonable.
- b) In our opinion and according to the information and explanations given to us, procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- c) *According to the explanations given to us, the company has experienced difficulties at certain locations in extracting book stock quantities as at the time of physical verification consequent to a shift to a new "Enterprise Resource Planning (ERP) system. The discrepancies noticed on verification between the physical stocks and book records of inventory have been adequately dealt with in the books of accounts.*
- iii) a) As per information furnished, the company has granted loans, to six companies covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.45.80 crores and the year end balance of loans given was Rs.34.56 crores
- b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loan is not prima facie prejudicial to the interest of the company.
- c) In respect of loans granted repayment of principal amount is as stipulated and payment of interest has been regular, except in case of one overseas subsidiary where the interest has not been paid and the loan granted is repayable on demand.
- d) There is no overdue amount of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- e) As per the information furnished, the company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- iv) In our opinion and according to the information and explanations given to us, that some of the items purchased are of a special nature and comparative alternative quotations are not available, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, no major weakness has been noticed in the internal controls.
- v) a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered in to the register maintained under Section 301 have been so entered.
- b) In our opinion and according to the information and explanations given to us, that some of the items purchased are of a special nature and comparable alternative quotations are not available, the transactions made in pursuance of contracts or arrangements entered in the Register maintained under Section 301 and exceeding the value of five lakh rupees in respect of any party during the year, have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- vi) The Company has not accepted any deposits during the year from the public within the meaning of the provisions of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and rules made there under.
- vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.



## EUREKA FORBES LIMITED

- viii) According to the information and explanations given to us the maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for any of the products of the company.
- ix) a) According to the information and explanations given to us and according to the books as produced and examined by us in our opinion, the company is regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, employees state insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amount payable in respect of Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty and Excise Duty were outstanding, as at the year end for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, the dues outstanding of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty or cess on account of any dispute, are stated as under:

| Name of the Statute | Nature of dues | Amount<br>(Rs.in lacs)  | Forum where the dispute is pending  |
|---------------------|----------------|---|---|
| Income Tax Act      | Income Tax:    | 34.15   | Appellate Tribunal  |
| Central Excise Act  | Excise Duty :  | 56.51<br>12.24<br>47.08   | Appellate Tribunal<br>Deputy Commissioner of Central Excise<br>Assistant Commissioner-Service Tax (Central Excise)  |
| Sales Tax Act       | Sales Tax :    | 951.92<br>131.36<br>224.37<br>13.56<br>1.28<br>77.15<br>7.43<br>509.84<br>12.84<br>50.08<br>12.00 | Deputy Commissioner Commercial Tax (Appeals)<br>Deputy Commissioner of Commercial Taxes<br>Joint Commissioner of Commercial Taxes<br>Assistant commissioner of Sales Tax-Appeals<br>Superintendent of Tax<br>Appellate Assistant Commissioner<br>Assistant Commissioner (Assessment) Trade Tax<br>High Court<br>Assessing Authority<br>Jt. Commissioner (Appeals) Trade Tax<br>Appellate Tribunal |

- x) There are no accumulated losses of the company at the end of the financial year and it has not incurred any cash losses in the current and the immediately preceding financial year.
- xi) Based on our audit procedures and the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to banks and the company did not have any dues to financial institutions or debenture holders during the year.
- xii) Based on our examination of the records and the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures or other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the company.
- xv) According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

- xvii) On the basis of overall examination of the balance sheet and cash flows of the company and the information and explanations given to us, we are of the opinion that no funds raised on short term basis have been used for long term investments.
- xviii) According to the information and explanations given to us the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix) The company has not issued any debentures during the year or in earlier years.
- xx) The company has not raised any money by public issues during the year.
- xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud of material significance on or by the Company has been noticed or reported during the course of our audit.

For **BATLIBOI & PUROHIT**  
*Chartered Accountants*

**ATUL MEHTA**  
*Partner*

Membership No. 15935

Mumbai, Dated : 25<sup>th</sup> June, 2008

# EUREKA FORBES LIMITED

## BALANCE SHEET AS AT 31ST MARCH, 2008

|  | Schedule | <u>Rupees</u>        | <u>Rupees</u>               | <i>As at<br/>31.03.2007<br/><u>Rupees</u></i> |
|--|----------|----------------------|-----------------------------|---|
| <b>FUNDS EMPLOYED:</b>                       |          |                      |                             |   |
| 1. SHARE CAPITAL                             | A        | 4,26,00,000          |                             | 4,26,00,000                                   |
| 2. RESERVES AND SURPLUS                      | B        | <u>95,42,34,145</u>  |                             | <u>83,97,45,989</u>                           |
| 3. TOTAL SHAREHOLDERS' FUNDS                 |          |                      | 99,68,34,145                | 88,23,45,989                                  |
| 4. SECURED LOANS                             | C        |                      | <u>43,90,97,288</u>         | <u>20,31,05,131</u>                           |
| 5. TOTAL FUNDS EMPLOYED                      |          |                      | <u><u>143,59,31,433</u></u> | <u><u>108,54,51,120</u></u>                   |
| <b>APPLICATION OF FUNDS:</b>                 |          |                      |                             |   |
| 6. FIXED ASSETS:                             | D        |                      |                             |   |
| Gross Block                                  |          | 78,53,99,671         |                             | 75,78,83,575                                  |
| Less : Depreciation                          |          | <u>38,91,45,562</u>  |                             | <u>31,62,08,897</u>                           |
| Net Block                                    |          |                      | 39,62,54,109                | 44,16,74,678                                  |
| 7. INVESTMENTS                               | E        |                      | 31,89,69,734                | 37,62,93,134                                  |
| 8. CURRENT ASSETS, LOANS AND ADVANCES        | F        | 369,77,01,919        |                             | 289,16,03,577                                 |
| 9. Less : CURRENT LIABILITIES AND PROVISIONS | G        | <u>299,26,97,801</u> |                             | <u>263,13,46,029</u>                          |
| 10. NET CURRENT ASSETS                       |          |                      | 70,50,04,118                | 26,02,57,548                                  |
| 11. DEFERRED TAX ASSET (Net) (Refer Note 15) |          |                      | 157,03,472                  | 72,25,760                                     |
| 12. TOTAL ASSETS (NET)                       |          |                      | <u><u>143,59,31,433</u></u> | <u><u>108,54,51,120</u></u>                   |
| 13. NOTES TO THE ACCOUNTS                    | J        |                      |                             |   |

Per our report attached

For BATLIBOI & PUROHIT  
Chartered Accountants

ATUL MEHTA  
Partner

S. L. Goklaney

D. E. Udvardia  
N. D. Khurody  
C. G. Shah  
Indu Shahani

S. Ramesh

Vice Chairman & Managing Director

Directors

Company Secretary

Mumbai, Dated : 25th June, 2008

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

|   | Schedule | Rupees        | Current<br>Year<br>Rupees | Previous<br>Year<br>Rupees |
|---|----------|---------------|---------------------------|----------------------------|
| 1. <b>INCOME:</b>                                 | H        |               |                           |                            |
| Sales and Other Income                            |          |               | 813,63,14,903             | 739,98,67,154              |
| 2. <b>EXPENDITURE:</b>                            | I        |               |                           |                            |
| (a) Trading & Other Expenses                      |          | 761,88,60,589 |                           | 691,63,71,901              |
| (b) Depreciation                                  |          | 9,43,06,377   |                           | 9,00,27,767                |
| (c) Interest (Refer Note 4)                       |          | 1,80,33,077   |                           | 39,26,796                  |
|   |          |               | <u>773,12,00,043</u>      | <u>701,03,26,464</u>       |
| 3. PROFIT BEFORE TAX AND EXTRAORDINARY ITEM       |          |               | 40,51,14,860              | 38,95,40,690               |
| 4. EXTRAORDINARY ITEM (Refer Note 17)             |          |               | 2,67,96,385               | —                          |
| 5. PROFIT BEFORE TAX                              |          |               | <u>37,83,18,475</u>       | <u>38,95,40,690</u>        |
| Provision for Taxation                            |          |               |                           |                            |
| Current Year Tax provision                        |          | 11,75,00,000  |                           | 12,00,00,000               |
| Less : Deferred Tax (Refer Note 15)               |          | 84,77,712     |                           | 40,96,194                  |
| Fringe Benefit Tax provision                      |          | 3,00,00,000   |                           | 2,45,00,000                |
|   |          |               | <u>13,90,22,288</u>       | <u>14,04,03,806</u>        |
| 6. PROFIT AFTER TAX                               |          |               | 23,92,96,187              | 24,91,36,884               |
| 7. Less : PRIOR YEARS' TAX ADJUSTMENTS (NET)      |          |               | 2,08,356                  | —                          |
| 8. PROFIT AFTER TAX AND PRIOR YEARS' ADJUSTMENTS  |          |               | <u>23,90,87,831</u>       | <u>24,91,36,884</u>        |
| 9. PROFIT BROUGHT FORWARD FROM PREVIOUS YEAR      |          |               | 18,03,41,686              | 12,89,86,712               |
| 10. AMOUNT AVAILABLE FOR APPROPRIATIONS           |          |               | <u>41,94,29,517</u>       | <u>37,81,23,596</u>        |
| 11. APPROPRIATIONS:                               |          |               |                           |                            |
| Interim Dividend                                  |          | 6,39,00,000   |                           | 6,39,00,000                |
| Proposed Final Dividend                           |          | 4,26,00,000   |                           | 2,13,00,000                |
| Tax on Dividend                                   |          | 1,80,99,675   |                           | 1,25,81,910                |
| Transferred to General Reserve                    |          | 10,00,00,000  |                           | 10,00,00,000               |
|   |          |               | <u>22,45,99,675</u>       | <u>19,77,81,910</u>        |
| 12. BALANCE CARRIED TO BALANCE SHEET              |          |               | <u>19,48,29,842</u>       | <u>18,03,41,686</u>        |
| Number of Equity Shares                           |          |               | 42,60,000                 | 42,60,000                  |
| Weighted average number of equity shares          |          |               | 42,60,000                 | 42,60,000                  |
| Face Value per share                              |          |               | 10                        | 10                         |
| Profit After Tax available to Equity Shareholders |          |               | 23,90,87,831              | 24,91,36,884               |
| Basic and Diluted Earning Per Share               |          |               | 56.12                     | 58.48                      |
| 13. NOTES TO THE ACCOUNTS                         | J        |               |                           |                            |

Per our report attached

For BATLIBOI & PUROHIT  
Chartered Accountants

ATUL MEHTA  
Partner

S. L. Goklaney

D. E. Udvardia  
N. D. Khurody  
C. G. Shah  
Indu Shahani

S. Ramesh

Vice Chairman & Managing Director

Directors

Company Secretary

Mumbai, Dated : 25th June, 2008

# EUREKA FORBES LIMITED

## SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008

### SCHEDULE 'A' – SHARE CAPITAL

|   | Rupees       | As at<br>31.03.2007<br>Rupees |
|---|--------------|-------------------------------|
| <b>AUTHORISED:</b>  |              |                               |
| 1,50,00,000 Equity Shares of Rs.10/- each                         | 15,00,00,000 | 15,00,00,000                  |
| <b>ISSUED, SUBSCRIBED AND PAID UP:</b>                            |              |                               |
| 42,60,000 (Previous Year 42,60,000) Equity Shares of Rs.10/- each | 4,26,00,000  | 4,26,00,000                   |

[Of the above Shares, (i) 39,90,000 (Previous Year 39,90,000) Shares are allotted as fully paid up Bonus Shares by capitalisation of General Reserve; and (ii) 42,59,994 (Previous Year 42,59,994) Shares are held by the Holding Company, Forbes & Company Limited (formerly known as Forbes Gokak Ltd.); and 6 (Previous Year 6) shares are held jointly with Forbes & Company Limited by nominees of Forbes & Company Limited.]

### SCHEDULE 'B' – RESERVES AND SURPLUS

|  | Rupees       | Rupees       | As At<br>31.03.2007<br>Rupees |
|--|--------------|--------------|-------------------------------|
| <b>1. CAPITAL RESERVE</b>                      |              |              |                               |
| Capital Subsidy                                |              | 25,04,303    | 25,04,303                     |
| <b>2. CAPITAL REDEMPTION RESERVE</b>           |              | 69,00,000    | 69,00,000                     |
| <b>3. GENERAL RESERVE</b>                      |              |              |                               |
| As per last Balance Sheet                      | 65,00,00,000 |              | 55,00,00,000                  |
| Add : Transferred from Profit and Loss Account | 10,00,00,000 |              | 10,00,00,000                  |
|  |              | 75,00,00,000 | 65,00,00,000                  |
| <b>4. PROFIT AND LOSS ACCOUNT</b>              |              | 19,48,29,842 | 18,03,41,686                  |
|  |              | 95,42,34,145 | 83,97,45,989                  |

### SCHEDULE 'C' – SECURED LOANS

|   | Rupees       | As At<br>31.03.2007<br>Rupees |
|---|--------------|-------------------------------|
| <b>1. Cash Credit</b>                                     |              |                               |
| (Secured by hypothecation of stock-in-trade & book debts) | 32,25,97,288 | 11,47,03,348                  |
| <b>2. Short Term Loan</b>                                 |              |                               |
| (Secured by hypothecation of stock-in-trade & book debts) | 11,65,00,000 | 2,70,00,000                   |
| <b>3. Overdraft</b>                                       |              |                               |
| (Secured by charge over Fixed Deposit)                    |              | 6,14,01,783                   |
|   | 43,90,97,288 | 20,31,05,131                  |

### SCHEDULE 'D' – FIXED ASSETS

| DESCRIPTION                                | GROSS BLOCK         |                     |                    |                     | DEPRECIATION BLOCK  |                              |  | NET BLOCK           |                     |                     |
|--|---------------------|---------------------|--------------------|---------------------|---------------------|------------------------------|--|---------------------|---------------------|---------------------|
|  | As On<br>01.04.2007 | Additions           | Deletions          | As On<br>31.03.2008 | As On<br>01.04.2007 | Depreciation<br>for the year | Depreciation<br>on deductions<br>during the year | As on<br>31.03.2008 | As on<br>31.03.2008 | As on<br>31.03.2007 |
|  | Land - Freehold     | 25,78,705           | —                  | 1,10,750            | 24,67,955           | —                            | —  | —                   | 24,67,955           | —                   |
| Buildings *                                | 20,70,54,743        | 75,76,000           | —                  | 21,46,30,743        | 3,58,45,085         | 88,37,110                    | —  | 4,46,82,195         | 16,99,48,548        | 17,12,09,658        |
| Plant & Machinery                          | 5,69,10,785         | 74,65,283           | 6,27,479           | 6,37,48,589         | 3,08,87,851         | 50,20,164                    | 3,27,075   | 3,55,80,940         | 2,81,67,649         | 2,60,22,934         |
| Computers                                  | 18,18,58,827        | 1,88,49,102         | 12,78,725          | 19,94,29,204        | 12,08,39,912        | 2,90,59,511                  | 10,29,681  | 14,88,69,742        | 5,05,59,462         | 6,10,18,915         |
| Furnitures & Fixtures                      | 2,99,64,544         | 49,06,918           | 5,40,282           | 3,43,31,180         | 2,31,34,691         | 40,48,506                    | 2,84,797   | 2,68,98,400         | 74,32,780           | 68,29,853           |
| Vehicles                                   | 21,13,95,688        | 6,52,82,328         | 3,53,57,800        | 24,13,20,216        | 8,82,04,882         | 3,86,92,848                  | 1,97,28,159                                      | 10,71,69,571        | 13,41,50,645        | 12,31,90,806        |
| Intangible Asset -<br>Computer Software ** | 2,59,44,714         | —                   | —                  | 2,59,44,714         | 1,72,96,476         | 86,48,238                    | —  | 2,59,44,714         | —                   | 86,48,238           |
| <b>Total</b>                               | <b>71,57,08,006</b> | <b>10,40,79,631</b> | <b>3,79,15,036</b> | <b>78,18,72,601</b> | <b>31,62,08,897</b> | <b>9,43,06,377</b>           | <b>2,13,69,712</b>                               | <b>38,91,45,562</b> | <b>39,27,27,039</b> | <b>39,94,99,109</b> |
| Capital Advance                            | 4,21,75,569         | 3,39,242            | 3,89,87,741        | 35,27,070           | —                   | —                            | —  | —                   | 35,27,070           | 4,21,75,569         |
| <b>Grand Total</b>                         | <b>75,78,83,575</b> | <b>10,44,18,873</b> | <b>7,69,02,777</b> | <b>78,53,99,671</b> | <b>31,62,08,897</b> | <b>9,43,06,377</b>           | <b>2,13,69,712</b>                               | <b>38,91,45,562</b> | <b>39,62,54,109</b> | <b>44,16,74,678</b> |
| Previous Year                              | 66,91,73,026        | 15,42,30,681        | 6,55,20,132        | 75,78,83,575        | 27,75,64,866        | 9,00,27,767                  | 5,13,83,736                                      | 31,62,08,897        | 44,16,74,678        |                     |

\* Includes a property for which co-op society is yet to be formed.

\*\* Intangible assets are amortised equally over a period of 3 years.

## SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008

## SCHEDULE 'E' – INVESTMENTS

|   |                         |             |              | As At<br>31.03.2007<br>Rupees |
|---|-------------------------|-------------|--------------|-------------------------------|
| INVESTMENTS (AT COST)   | Nos.                    | Rupees      | Rupees       |                               |
| <b>LONG TERM INVESTMENTS</b>  |                         |             |              |                               |
| <b>1. TRADE INVESTMENTS – UNQUOTED</b>  |                         |             |              |                               |
| <b>i. Subsidiary Companies</b>  |                         |             |              |                               |
| Aquamall Water Solutions Ltd.   | 20,00,080               | 1,95,01,280 |              | 1,95,01,280                   |
| Fully paid Equity Shares of Rs.10/- each  | (20,00,080)             |             |              |                               |
| Euro Forbes International Pte. Ltd.   | 35,00,000               | 9,38,85,000 |              | 9,38,85,000                   |
| Fully paid Equity shares of Singapore \$ 1/- each   | (35,00,000)             |             |              |                               |
| Forbes Facility Services Pvt Ltd.<br>(Formerly Forbes Abans Cleaning Solutions (P) Ltd.)    | 10,00,000<br>(7,00,000) | 1,00,00,000 |              | 60,50,000                     |
| Fully paid Equity Shares of Rs.10/- each  |                         |             |              |                               |
| Pro Handyman India Ltd.   | Nil                     |             |              | 3,50,000                      |
| Fully paid Equity Shares of Rs.10/- each  | (35,000)                |             |              |                               |
| <b>ii. Other Companies</b>  |                         |             |              |                               |
| Forbes Aquatech Limited   | 5,00,000                | 50,00,000   |              | 50,00,000                     |
| Fully paid Equity Shares of Rs.10/- each  | (5,00,000)              |             |              |                               |
| Forbes Lux Group AG   | 500                     | 1,86,20,750 |              | 1,86,20,750                   |
| Fully paid Equity shares of Swiss Franc 1000/- each   | (500)                   |             |              |                               |
| Forbes Concept Hospitality Services Ltd.  | 5,00,000                | 50,00,000   |              | 50,00,000                     |
| Fully paid Equity Shares of Rs.10/- each  | (5,00,000)              |             |              |                               |
| Forbes Concept Hospitality Services Ltd.<br>(Share Application Money Pending allotment)     |                         | 1,75,00,000 |              |                               |
| Forbes Technosys Ltd.   | 20,00,000               | 50,00,000   |              | 50,00,000                     |
| Equity Shares of Rs.10/- each, Rs.2.50 paid up  | (20,00,000)             |             |              |                               |
|   |                         |             | 17,45,07,030 | 15,34,07,030                  |
| <b>2. TRADE INVESTMENTS – QUOTED</b>  |                         |             |              |                               |
| Equity Shares of –  |                         |             |              |                               |
| Svadeshi Mills Co. Ltd. (Listed but not quoted)   | 13,49,260               |             | 27,42,279    | 27,42,279                     |
| Fully paid Equity Shares of Rs.10/- each  | (13,49,260)             |             |              |                               |
| <b>3. OTHER INVESTMENTS – QUOTED</b>  |                         |             |              |                               |
| <b>a. Bank of Baroda</b>  |                         |             |              |                               |
| Fully paid Equity Shares of Rs.10/- each<br>(Sold during the Year 1,44,084 Equity shares)   | (1,44,084)              |             |              | 3,31,39,320                   |
| <b>b. Andhra Bank</b>   |                         |             |              |                               |
| Fully paid Equity Shares of Rs.10/- each<br>(Sold during the Year 75,919 Equity shares)     | (75,919)                |             |              | 68,32,710                     |
| <b>c. Reliance Power Limited</b>  |                         |             |              |                               |
| Fully paid Equity Shares of Rs.10/- each<br>(Purchased during the Year 5571 equity Shares)  | 5,571<br>(Nil)          | 25,06,950   |              |                               |
| <b>d. Rural Electrification Corporation Limited</b>   |                         |             |              |                               |
| Fully paid Equity Shares of Rs.10/- each<br>(Purchased during the Year 21897 equity Shares) | 21,897<br>(Nil)         | 22,99,185   |              |                               |

# EUREKA FORBES LIMITED

## SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008

### SCHEDULE 'E' – INVESTMENTS (Contd.)

|  | Nos.          | Rupees       | Rupees       | As At<br>31.03.2007<br>Rupees |
|--|---------------|--------------|--------------|-------------------------------|
| e. Hindustan Unilever Limited  | 1             | 196          |              |                               |
| Fully paid Equity Shares of Rs.1/- each<br>(Purchased during the Year 1 equity Share)  | (Nil)         |              |              |                               |
| f. ION Exchange (India) Limited  | 1             | 130          |              |                               |
| Fully paid Equity Shares of Rs.10/- each<br>(Purchased during the Year 1 equity Share)   | (Nil)         |              |              |                               |
| g. Thermax Limited   | 1             | 420          |              |                               |
| Fully paid Equity Shares of Rs.2/- each<br>(Purchased during the Year 1 equity Share)  | (Nil)         |              |              |                               |
| h. Zicom Electronics Limited   | 1             | 183          |              |                               |
| Fully paid Equity Shares of Rs.10/- each<br>(Purchased during the Year 1 equity Share)   | (Nil)         |              |              |                               |
|  |               |              | 48,07,064    | 3,99,72,030                   |
| 4. OTHER INVESTMENTS - UNQUOTED  |               |              |              |                               |
| Face Value Rs.10/- each  |               |              |              |                               |
| a. Birla Sun Life Monthly Income - Monthly Dividend  | 1,19,56,193   | 13,50,00,000 |              | 13,50,00,000                  |
|  | (1,19,56,193) |              |              |                               |
| b. Deutsche Fixed Term Fund - Series 5   | Nil           |              |              | 3,75,00,000                   |
| (Sold during the Year 37,50,000 Units)   | (37,50,000)   |              |              |                               |
|  |               |              | 13,50,00,000 | 17,25,00,000                  |
| CURRENT INVESTMENTS  |               |              |              |                               |
| 5. OTHER INVESTMENTS - QUOTED  |               |              |              |                               |
| a. Union Bank of India   | 3,000         | 4,86,542     |              | 1,01,71,040                   |
| Fully paid Equity Shares of Rs.10/- each<br>(Purchased during the Year 3,000 Equity Shares)<br>(Sold during the Year 92,464 Equity Shares) | (92,464)      |              |              |                               |
| b. Bharat heavy Electricals Limited  | 100           | 1,88,766     |              |                               |
| Fully paid Equity Shares of Rs.10/- each<br>(Purchased during the Year 100 equity Shares)  | (Nil)         |              |              |                               |
| c. Cairn India Limited   | 1,000         | 1,84,151     |              |                               |
| Fully paid Equity Shares of Rs.10/- each<br>(Purchased during the Year 1000 equity Shares)   | (Nil)         |              |              |                               |
| d. Infrastructure Development Finance Company Limited  | 4,000         | 7,69,779     |              |                               |
| Fully paid Equity Shares of Rs.10/- each<br>(Purchased during the Year 4000 equity Shares)   | (Nil)         |              |              |                               |
| e. Larsen & Toubro Limited   | 400           | 12,94,484    |              |                               |
| Fully paid Equity Shares of Rs.2/- each<br>(Purchased during the Year 400 equity Shares)   | (Nil)         |              |              |                               |
| f. NTPC LIMITED  | 4,000         | 7,89,972     |              |                               |
| Fully paid Equity Shares of Rs.10/- each<br>(Purchased during the Year 4000 equity Shares)   | (Nil)         |              |              |                               |
| g. Power Grid corporation of India Limited   | 1,000         | 1,00,069     |              |                               |
| Fully paid Equity Shares of Rs.10/- each<br>(Purchased during the Year 1000 equity Shares)   | (Nil)         |              |              |                               |

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008

SCHEDULE 'E' – INVESTMENTS (Contd.)

|  | Nos.            | Rupees   | Rupees       | As At<br>31.03.2007<br>Rupees |
|--|-----------------|----------|--------------|-------------------------------|
| h. Tata Power Company Limited<br>Fully paid Equity Shares of Rs.10/- each<br>(Purchased during the Year 200 equity Shares)                   | 200<br>(Nil)    | 2,48,037 |              |                               |
| i. HDFC Limited<br>Fully paid Equity Shares of Rs.10/- each<br>(Purchased during the Year 100 equity Shares)                                 | 100<br>(Nil)    | 2,65,107 |              |                               |
| j. ITC Limited<br>Fully paid Equity Shares of Rs.1/- each<br>(Purchased during the Year 700 equity Shares)                                   | 700<br>(Nil)    | 1,36,043 |              |                               |
| k. Ranbaxy Labs Limited<br>Fully paid Equity Shares of Rs.5/- each<br>(Purchased during the Year 250 equity Shares)                          | 250<br>(Nil)    | 1,14,739 |              |                               |
| l. State Bank of India<br>Fully paid Equity Shares of Rs.10/- each<br>(Purchased during the Year 100 equity Shares)                          | 100<br>(Nil)    | 1,93,107 |              |                               |
| m. Bajaj Holding and Investment Limited<br>Fully paid Equity Shares of Rs.10/- each<br>(Purchased during the Year 100 equity Shares)         | 100<br>(Nil)    | 2,19,015 |              |                               |
| n. Housing Development & Infrastructure Limited<br>Fully paid Equity Shares of Rs.10/- each<br>(Purchased during the Year 300 equity Shares) | 300<br>(Nil)    | 2,14,496 |              |                               |
|  |                 |          | 52,04,307    | 1,01,71,040                   |
| 5. OTHER INVESTMENTS – UNQUOTED  |                 |          |              |                               |
| a. CPOP-HSBC AM - PMS  |                 |          |              | 7,359                         |
| b. LIC Mutual Fund Floating Rate Fund –<br>Short Term Plan - Growth option<br>(Sold during the year 19,727 units)                            | Nil<br>(19,727) |          |              | 2,35,675                      |
|  |                 |          |              | 2,43,034                      |
| (Figures in brackets indicate that of previous year)   |                 |          | 32,22,60,680 | 37,90,35,413                  |
| Less : Diminution in value of Long term Investments  |                 |          | 27,42,279    | 27,42,279                     |
| Diminution in value of Current Investments   |                 |          | 5,48,667     |                               |
|  |                 |          | 31,89,69,734 | 37,62,93,134                  |
| QUOTED INVESTMENTS   |                 |          | 1,00,11,371  | 5,01,43,070                   |
| UNQUOTED INVESTMENTS   |                 |          | 30,89,58,363 | 32,61,50,064                  |
| TOTAL  |                 |          | 31,89,69,734 | 37,62,93,134                  |
| Market Value Of Quoted Investments   |                 |          | 88,11,805    | 4,64,16,343                   |
| Investments acquired and sold during the year other than shown above:  |                 |          |              |                               |
| Mutual Fund  |                 |          |              |                               |
| a. 58,44,614.501 Units of Rs.10 each of LICMF Liquid Fund – Growth Plan  |                 |          |              |                               |
| b. 69,81,252.385 Units of RS.10 each of LICMF Liquid Plus Fund – Growth Plan   |                 |          |              |                               |
| Equity Shares  |                 |          |              |                               |
| a. 473 Equity Shares of Rs.10 each of ICRA Limited   |                 |          |              |                               |
| b. 117 Equity Shares of Rs.10 each of Vishal Retail Limited  |                 |          |              |                               |
| c. 22,367 Equity shares of Rs.10 each of ICICI Bank Limited  |                 |          |              |                               |



# EUREKA FORBES LIMITED

## SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008

### SCHEDULE 'F' – CURRENT ASSETS, LOANS AND ADVANCES

|   | Rupees              | Rupees               | <i>As at<br/>31.03.2007<br/>Rupees</i> |
|---|---------------------|----------------------|--|
| <b>1 CURRENT ASSETS</b>   |                     |                      |  |
| i) Stock-in-Trade: *  |                     |                      |  |
| Finished Goods  | 68,69,26,887        |                      | <i>51,59,61,358</i>                    |
| Spares & Accessories  | 53,21,72,692        |                      | <i>36,42,89,288</i>                    |
| Stock-in-Transit  | <u>10,25,73,031</u> |                      | <u><i>696,12,813</i></u>               |
| * (As valued and certified by the Management)   |                     |                      |  |
|   |                     | 132,16,72,610        | <i>94,98,63,459</i>                    |
| ii) Sundry Debtors:   |                     |                      |  |
| (Unsecured, Considered Good unless otherwise stated)  |                     |                      |  |
| a) Debts outstanding for a period exceeding six months  | 15,62,62,307        |                      | <i>7,24,13,984</i>                     |
| b) Other Debts  | <u>58,80,73,314</u> |                      | <u><i>52,59,35,194</i></u>             |
|   |                     | 74,43,35,621         | <i>59,83,49,178</i>                    |
| iii) Cash and Bank Balances:  |                     |                      |  |
| Cash on hand (Including cheques on hand Rs.6,76,95,943/-)   | 9,05,61,279         |                      | <i>13,79,80,821</i>                    |
| With Scheduled Banks -  |                     |                      |  |
| in Current Accounts   | 37,74,31,408        |                      | <i>35,42,64,669</i>                    |
| in Margin Accounts  | 7,55,325            |                      | <i>7,97,574</i>                        |
| in Deposit Accounts   | <u>—</u>            |                      | <u><i>1,75,00,000</i></u>              |
|   |                     | 46,87,48,012         | <u><i>51,05,43,064</i></u>             |
| <b>2 LOANS AND ADVANCES</b>   |                     |                      |  |
| (Unsecured, Considered Good unless otherwise stated)  |                     |                      |  |
| i) Loans [including Rs. NIL ( <i>Previous Year Rs.19,340/-</i> ) due from an officer, maximum amount due at any time during the year Rs.19,340/-] | 3,75,95,584         |                      | <i>2,96,17,442</i>                     |
| ii) Advances recoverable in cash or in kind or for value to be received   | 18,24,61,632        |                      | <i>18,71,34,432</i>                    |
| iii) Advance Payment of Tax   | 47,04,22,202        |                      | <i>33,18,99,725</i>                    |
| iv) Deposits with   |                     |                      |  |
| Subsidiary Companies  | 32,11,42,940        |                      | <i>18,38,08,280</i>                    |
| Other Companies   | <u>2,55,00,000</u>  |                      | <u><i>40,00,000</i></u>                |
|   | 34,66,42,940        |                      | <u><i>18,78,08,280</i></u>             |
| v) Other Deposits   | 12,46,23,930        |                      | <i>9,51,50,057</i>                     |
| [Including Rs.36,42,120/- ( <i>Previous year Rs.36,42,120/-</i> ) given to a subsidiary company]  |                     |                      |  |
| vi) Income accrued on Investments and Deposits  | <u>11,99,388</u>    |                      | <u><i>12,37,940</i></u>                |
|   |                     | 116,29,45,676        | <u><i>83,28,47,876</i></u>             |
|   |                     | <u>369,77,01,919</u> | <u><u><i>289,16,03,577</i></u></u>     |

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008**

**SCHEDULE 'G' – CURRENT LIABILITIES AND PROVISIONS**

|   | <u>Rupees</u>       | <u>Rupees</u>        | <i>As at<br/>31.03.2007<br/>Rupees</i> |
|---|---------------------|----------------------|--|
| <b>1. CURRENT LIABILITIES</b>   |                     |                      |  |
| Sundry Creditors:   |                     |                      |  |
| Small Scale Industrial Undertakings (Refer Note 20)   | 1,75,35,600         |                      | 1,36,62,975                            |
| Others  |                     |                      |  |
| [Including Rs.25,14,53,379/-(Previous Year Rs.20,81,18,791/-)<br>due to a subsidiary companies] | <u>55,93,34,934</u> | 57,68,70,534         | <u>50,39,21,992</u><br>51,75,84,967    |
| Other Liabilities   |                     | 51,52,19,231         | 45,76,01,959                           |
| Advances Received   |                     | 106,21,02,768        | 99,98,31,511                           |
| <b>2. PROVISIONS</b>  |                     |                      |  |
| For Taxation  |                     | 46,12,75,544         | 33,62,75,544                           |
| Proposed Final Dividend   |                     | 4,26,00,000          | 2,13,00,000                            |
| For Tax on Proposed Final Dividend  |                     | 72,39,870            | 36,19,935                              |
| For Expenses  |                     | 29,18,52,255         | 26,88,99,623                           |
| For Retirement and other employee benefits  |                     | 61,94,375            | 11,05,454                              |
| For Leave encashment  |                     | <u>2,93,43,224</u>   | <u>2,51,27,036</u>                     |
|   |                     | <u>299,26,97,801</u> | <u>263,13,46,029</u>                   |

**SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008**

**SCHEDULE 'H' – SALES AND OTHER INCOME**

|   | Nos.               | Rupees             | Rupees               | <i>Previous<br/>Year<br/>Rupees</i> |
|---|--------------------|--------------------|----------------------|-------------------------------------|
| 1) SALE OF PRODUCTS   |                    |                    | 649,00,74,123        | 590,93,17,703                       |
| 2) INCOME FROM SERVICES   |                    |                    | 142,13,36,262        | 132,30,42,116                       |
| 3) OTHER INCOME:  |                    |                    |                      |                                     |
| Interest Received:  |                    |                    |                      |                                     |
| From Deposits, Loans, Advances and Deferred Payment Scheme<br>(Gross) (Tax deducted at source Rs.27,23,698/-<br>Previous Year Rs.21,25,946/-) |                    | 8,85,91,412        |                      | 6,61,28,242                         |
| Dividend Income:  |                    |                    |                      |                                     |
| From Long Term Investment In:   |                    |                    |                      |                                     |
| – Subsidiary Company  | 3,00,01,200        |                    |                      | 2,00,00,800                         |
| – Others  | <u>1,53,47,795</u> |                    |                      | <u>1,33,70,962</u>                  |
|   |                    | 4,53,48,995        |                      | <u>3,33,71,762</u>                  |
| Profit on Fixed Assets sold/discarded (net)   |                    | 92,90,802          |                      | 29,98,738                           |
| Profit on Sale of Investment (net)  |                    | 1,30,78,821        |                      | 2,68,26,782                         |
| Excess Provision for earlier years  |                    | 7,55,195           |                      | 1,67,946                            |
| Miscellaneous Income  |                    | <u>6,78,39,293</u> |                      | <u>3,80,13,865</u>                  |
|   |                    |                    | 22,49,04,518         | 16,75,07,335                        |
|   |                    |                    | <u>813,63,14,903</u> | <u>739,98,67,154</u>                |

# EUREKA FORBES LIMITED

## SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

### SCHEDULE 'I' – TRADING AND OTHER EXPENSES

|   | <u>Rupees</u>      | <u>Rupees</u>        | <u>Rupees</u>        | <i>Previous<br/>Year<br/>Rupees</i> |
|---|--------------------|----------------------|----------------------|-------------------------------------|
| 1) PAYMENTS TO AND PROVISIONS FOR EMPLOYEES:                            |                    |                      |                      |                                     |
| Salaries, Bonus and Commission  |                    | 115,48,16,613        |                      | 95,00,40,841                        |
| Company's Contribution to Provident and Other Funds                     |                    | 9,64,80,487          |                      | 7,32,02,117                         |
| Staff Welfare Expenditure   |                    | <u>4,66,72,898</u>   |                      | <u>3,95,61,369</u>                  |
|   |                    |                      | 129,79,69,998        | <u>106,28,04,327</u>                |
| 2) OPERATIONAL AND OTHER EXPENSES:                                      |                    |                      |                      |                                     |
| Electricity   |                    | 2,42,39,478          |                      | 1,99,19,335                         |
| Rent [Net of recoveries Rs.15,35,442/-; (Previous year Rs.10,08,104/-)] |                    | 9,66,30,632          |                      | 7,06,80,537                         |
| Repairs and Maintenance -   |                    |                      |                      |                                     |
| Building  | 2,65,520           |                      |                      | 28,02,744                           |
| Other Assets  | <u>4,09,64,919</u> |                      |                      | <u>4,59,51,970</u>                  |
|   |                    | 4,12,30,439          |                      | <u>4,87,54,714</u>                  |
| Insurance   |                    | 5,90,67,247          |                      | 3,63,77,017                         |
| Advertisement   |                    | 30,82,45,095         |                      | 28,49,14,681                        |
| Selling and Sales Promotion   |                    | 28,52,16,993         |                      | 28,05,29,635                        |
| Freight, Forwarding and Delivery  |                    | 8,63,27,420          |                      | 6,38,25,391                         |
| Auditors' Remuneration -  |                    |                      |                      |                                     |
| Audit Fees  | 10,11,240          |                      |                      | 10,11,240                           |
| Out of pocket expenses  | 2,57,702           |                      |                      | 1,93,943                            |
| Management Services   | <u>2,86,518</u>    |                      |                      | <u>1,96,420</u>                     |
|   |                    | 15,55,460            |                      | <u>14,01,603</u>                    |
| Printing and Stationery   |                    | 4,22,39,811          |                      | 4,67,51,768                         |
| Postage, Telegrams, Telephones and Telex                                |                    | 11,27,41,690         |                      | 9,58,68,287                         |
| Travelling and Conveyance   |                    | 13,18,40,079         |                      | 11,53,51,068                        |
| Legal and Professional Fees   |                    | 4,31,19,727          |                      | 5,46,13,440                         |
| Vehicle Expenses and Maintenance  |                    | 15,94,66,359         |                      | 15,29,03,736                        |
| Rates and Taxes   |                    | 6,18,83,645          |                      | 6,52,82,620                         |
| Conference Expenses   |                    | 4,85,29,515          |                      | 5,97,53,369                         |
| Service Charges   |                    | 56,26,60,760         |                      | 47,42,02,827                        |
| Other Establishment Expenses  |                    | 19,18,38,565         |                      | 16,48,29,099                        |
| Directors' Sitting Fees   |                    | 2,65,000             |                      | 2,90,000                            |
| Bad Debts/Advances Written-Off  |                    | <u>1,32,42,780</u>   |                      | <u>1,90,11,632</u>                  |
|   |                    |                      | 227,03,40,695        | <u>205,52,60,759</u>                |
| 3) DIMINUTION IN VALUE OF INVESTMENTS                                   |                    |                      | 5,48,667             |                                     |
| 4) COMMISSION TO DIRECTORS (Refer Note 9)                               |                    |                      | 132,00,000           | 1,16,31,250                         |
| 5) ADJUSTMENTS FOR STOCKS:  |                    |                      |                      |                                     |
| TRADED  |                    |                      |                      |                                     |
| Opening Stock   |                    | 94,98,63,459         |                      | 65,65,83,267                        |
| Add : Purchases   |                    | <u>440,86,10,380</u> |                      | <u>407,99,55,757</u>                |
|   |                    | 535,84,73,839        |                      | <u>473,65,39,024</u>                |
| Less : Closing Stock  |                    | <u>132,16,72,610</u> |                      | <u>94,98,63,459</u>                 |
|   |                    |                      | 403,68,01,229        | <u>378,66,75,565</u>                |
|   |                    |                      | <u>761,88,60,589</u> | <u>691,63,71,901</u>                |

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

**SCHEDULE 'J' – NOTES TO THE ACCOUNTS**

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The Financial Statements are prepared under historical cost convention and on accrual basis.

(b) Fixed Assets

Fixed Assets are stated at cost less depreciation. Cost comprises of the purchase price and any attributable cost of bringing the assets to its working condition for its intended use. Depreciation is provided on the written down value method and at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956. Intangible assets are amortised over a period of 3 to 5 years.

(c) Investments

Short term investments, if any, are carried at the lower of costs and quoted / fair value, computed categorywise. Long term investments are carried at costs. Provision for diminution in the value of long term investments is made only if such decline is not temporary in the opinion of the management.

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

(d) Inventories

Inventories are valued at cost or net realisable value, whichever is lower by using First In First Out (FIFO) method of valuation. Obsolete / Slow moving inventories are adequately provided for.

(e) Sales

Sales are accounted for on despatch / delivery of goods to the customers and are net of sales returns, discounts and sales tax.

(f) Foreign Currency

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction at the rates under the relative forward exchange contracts. Transactions not covered by forward exchange contracts and outstanding at the year end are translated at the exchange rates prevailing at the year end and the profit/ loss so determined and also the realised exchange gains / losses are recognised in the Profit and Loss Account. In the case of forward exchange contract, the difference between the forward rate and the exchange rate at the inception of forward exchange contract is recognised as income / expense over the life of the contract.

(g) Retirement Benefits

Contributions are made to Provident and Superannuation Funds on actual liability basis and Gratuity Fund on actuarial valuation basis. Liability for leave encashment at the time of retirement is provided on the basis of actuarial valuation.

(h) Research and Development

(a) Capital Expenditures are shown separately under respective heads of fixed assets.

(b) Revenue expenses are included under the respective heads of expenses.

(i) Product warranty expenses

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

(j) Deferred Tax

Deferred Tax is recognised on timing differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods in accordance with the requirements of Accounting Standard 22 - Accounting for Taxes on Income.

(k) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity share holders by the weighted average number of equity shares outstanding during the period.

# EUREKA FORBES LIMITED

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

### SCHEDULE 'J' – NOTES TO THE ACCOUNTS (Contd.)

2. Estimated amount of contracts remaining to be executed on capital account and not provided for - Rs.28.42 lakhs (*previous year Rs.802 lakhs*).
3. (a) Provision for warranty - Rs.451.15 lakhs (*Previous year Rs.567.95 lakhs*).The company gives warranty on certain products, undertaking to repair or replace the items that fail to perform satisfactorily during the warranty period. Warranty provisions are made for expected future outflows and determined based on past experience where no reimbursements are expected. Due to the volume and spread of the business, the actual utilisation of product warranty provision during the year is not determinable.
- (b) Contingent liabilities not provided for on account of:
  - (i) Bank Guarantees issued on behalf of the Company - Rs.806.65 lakhs (*previous year Rs.714.59 lakhs*)
  - (ii) Claims against the Company not acknowledged as debts- Rs.48.82 lakhs (*previous year Rs.NIL lakhs*)
  - (iii) Disputed Income Tax Demands - Rs.34.15 lakhs (*previous year Rs.34.15 lakhs*).
  - (iv) Disputed Central Excise Demands - Rs.115.83 lakhs (*previous year Rs.115.83 lakhs*).
  - (v) Disputed Sales Tax demands - Rs.1991.83 lakhs (*previous year Rs.1936.96 lakhs*).
4. Expenditure on interest of Rs.1,80,33,077/- (*previous year Rs.39,26,796/-*) pertains to interest on Bank Loan , deposits etc.

|  | 2007-08<br>Rupees | 2006-07<br>Rupees |
|--|-------------------|-------------------|
| 5. (a) Expenditure in foreign currency on account of:<br>Subscription, travelling, advertisement, testing charges,<br>salary, training, professional fees royalty etc. | 2,47,76,720       | 1,51,57,614       |
| (b) Remittance in Foreign Currency:  |                   |                   |
| On account of Investment in wholly owned subsidiary  |                   | Nil               |
| On account of Investment in joint venture  |                   | 1,86,20,750       |
| On account of purchase of shares of Subsidiary   | 30,00,000         |                   |
| On account of Inter corporate deposit to<br>wholly owned subsidiary  | 14,26,05,254      | 17,18,08,280      |
| On account of Capital Advance  |                   | 31,87,828         |
| 6. Value of Imports on C.I.F basis:<br>Finished goods, Components & Spare parts  | 33,20,75,344      | 28,38,53,026      |
| 7. Earnings in Foreign Exchange:   |                   |                   |
| Export of goods on F.O.B basis   | 8,50,73,904       | 7,33,79,871       |
| Commission & other receipts  | 44,88,245         | 45,22,808         |
| Interest on Inter corporate deposit to wholly owned subsidiary   | 3,12,01,830       | 74,60,177         |
| 8. Managerial Remuneration under Section 198 of the Companies Act 1956, payable to:  |                   |                   |
|  | 2007-08<br>Rupees | 2006-07<br>Rupees |
| i) The Vice Chairman and Managing Director:  |                   |                   |
| Salary   | 34,69,200         | 29,34,758 **      |
| Commission   | 102,00,000        | 86,31,250         |
| Perquisites in cash or in kind   | 43,36,500         | 36,68,447 **      |
| Contribution to provident and other funds  | 9,36,684          | 7,92,385 **       |
|  | 1,89,42,384 *     | 1,60,26,840 *     |
| ii) The Non-Wholetime Directors:   |                   |                   |
| Commission   | 30,00,000         | 30,00,000         |
|  | 2,19,42,384       | 1,90,26,840       |

\* The above remuneration does not include provision for leave encashment and contribution to gratuity fund, as separate actuarial valuation for Vice Chairman and Managing Director is not available.

\*\* Includes arrears for the previous year

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

**SCHEDULE 'J' – NOTES TO THE ACCOUNTS (Contd.)**

9. Computation of net profit as per Section 349 read with Section 309 (5) and Section 198 of the Companies Act,1956 and calculation of commission payable to Directors:

|   | 2007-08<br>Rupees   | 2006-07<br>Rupees   |
|---|---------------------|---------------------|
| Profit Before tax as per Profit and Loss Account    | 37,83,18,475        | 38,95,40,690        |
| Add: Depreciation charged in accounts               | 9,43,06,377         | 9,00,27,767         |
| Remuneration to Vice Chairman and Managing Director | 1,89,42,384         | 1,60,26,840         |
| Commission to Non-whole-time Directors              | 30,00,000           | 30,00,000           |
| Provision for Diminution in Investments             | 5,48,667            |                     |
|   | <u>49,51,15,903</u> | <u>49,85,95,297</u> |
| Less : Depreciation chargeable u/s 350              | 9,43,06,377         | 9,00,27,767         |
| Capital Profit on sale of Fixed Assets              | 8,89,250            |                     |
| Profit on sale of Investments (net)                 | 1,30,78,821         | 2,68,26,782         |
| Profit u/s 349 of the Companies Act                 | <u>38,77,30,705</u> | <u>38,17,40,748</u> |
| Commission to Non-whole-time Directors @ 1%         | <u>38,77,307</u>    | <u>38,17,407</u>    |
| Commission provided in Accounts for -               |                     |                     |
| Vice Chairman and Managing Director                 | 102,00,000          | 86,31,250           |
| Non-whole-time Directors                            | <u>30,00,000</u>    | <u>30,00,000</u>    |
| Total   | <u>1,32,00,000</u>  | <u>116,31,250</u>   |

10. Information in regard to class of goods traded by the Company:

| i) Quantity (Nos.)              | Opening<br>Stock                      | Purchases                               | * Sales /                               | Closing                                |
|---------------------------------|---------------------------------------|---|---|--|
|                                 |                                       |   | Disposals                               | Stock                                  |
| Vacuum Cleaners                 | 71,446<br>(45,559)                    | 2,97,171<br>(274,622)                   | 2,89,945<br>(248,735)                   | 78,672<br>(71,446)                     |
| Water filter-cum-purifiers      | 1,05,752<br>(97,688)                  | 7,91,935<br>(634,995)                   | 7,44,204<br>(626,931)                   | 153,483<br>(105,752)                   |
| Electronic air cleaning systems | 3,443<br>(2,620)                      | 2,295<br>(3,860)                        | 3,166<br>(3,037)                        | 2,572<br>(3,443)                       |
| ii) Value (Rs.)                 |                                       |   |   |  |
| Product                         | Opening<br>Stock                      | Purchases                               | * Sales /<br>Disposals                  | Closing<br>Stock                       |
| Vacuum Cleaners                 | 19,32,55,044<br>(13,42,04,308)        | 74,24,54,818<br>(81,47,29,479)          | 151,43,63,834<br>(145,04,47,699)        | 21,48,11,989<br>(19,32,55,044)         |
| Water filter - cum - purifiers  | 29,64,22,791<br>(25,58,33,073)        | 251,91,12,623<br>(236,26,75,926)        | 436,64,77,116<br>(399,05,38,535)        | 42,77,38,538<br>(29,64,22,791)         |
| Electronic air cleaning systems | 52,42,735<br>(27,90,121)              | 97,76,061<br>(63,07,946)                | 1,73,28,327<br>(134,69,823)             | 49,11,602<br>(52,42,735)               |
| Digital Security Systems        | 5,33,08,585<br>(4,81,14,297)          | 32,73,94,869<br>(14,74,29,536)          | 30,77,67,457<br>(20,47,63,245)          | 8,27,06,844<br>(5,33,08,585)           |
| Chemicals                       | 203,28,670<br>(1,21,73,629)           | 5,45,94,655<br>(2,88,35,039)            | 3,44,56,822<br>(3,44,66,663)            | 1,82,77,099<br>(2,03,28,670)           |
| Spares & Accessories            | 38,13,05,634<br>(20,34,67,839)        | 75,52,77,354<br>(71,99,77,831)          | 24,96,80,567<br>(21,56,31,738)          | 57,32,26,539<br>(38,13,05,634)         |
|                                 | <u>94,98,63,459</u><br>(65,65,83,267) | <u>440,86,10,380</u><br>(407,99,55,757) | <u>649,00,74,123</u><br>(590,93,17,703) | <u>132,16,72,611</u><br>(94,98,63,459) |

\* Sales / Disposals include free samples,shortages,breakages etc and is net of returns.

Figures in brackets relate to Previous Year.

# EUREKA FORBES LIMITED

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

### SCHEDULE 'J' – NOTES TO THE ACCOUNTS (Contd.)

11. The disclosures required under Accounting Standard 15 "Employee Benefits notified in the Companies (Accounting Standards) Rules 2006, are given below:

#### Defined Contribution Plan

Contribution to Defined Contribution Plan, recognised are charged off for the year as under:

|   |   | Rupees      |
|---|---|-------------|
| Employer's contribution to Provident Fund   | * | 1,44,92,138 |
| Employer's contribution to Superannuation Fund  | * | 54,88,851   |
| Employer's contribution to Pension Scheme   |   | 2,59,37,256 |
| * The company has formed its own trust for Managing Provident fund and superannuation of its employees as per the permission granted by the respective authority. |   |             |

#### Defined Benefit Plan

The employees gratuity fund scheme is managed by "Eureka Forbes Limited Employees Gratuity Fund". The contribution to the fund is made by Eureka Forbes Limited based on the actuarial valuation using the "Projected Unit Credit" Method. The obligation for leave encashment is recognised in the same manner as gratuity.

|   | Rupees<br>Gratuity<br>(Funded) | Rupees<br>Leave<br>Encashment<br>(Non Funded) |
|---|--------------------------------|---|
| <b>a. Change in benefit obligations</b>   |                                |   |
| Defined benefit obligation at the beginning of the year   | 5,88,32,796                    | 2,51,27,036                                   |
| Current Service cost  | 74,73,753                      | 46,58,906                                     |
| Interest cost   | 49,69,382                      | 21,82,400                                     |
| Actuarial (gain)/loss on obligations  | 1,25,51,316                    | 23,86,759                                     |
| Benefit paid  | (83,78,555)                    | (50,11,877)                                   |
| Defined benefit obligation at the end of the year   | 7,54,48,692                    | 2,93,43,224                                   |
| <b>b. Change in fair value of Plan Assets</b>   |                                |   |
| Fair value of Plan Assets at the beginning of the year  | 6,12,08,819                    |   |
| Expected return on Plan Assets  | 58,13,519                      |   |
| Employer Contribution   | 1,56,49,448                    |   |
| Benefit paid  | (83,78,555)                    |   |
| Actuarial gain / (loss) on Plan Assets  | (10,97,116)                    |   |
| Fair value of Plan Assets at the end of the year  | 7,31,96,115                    |   |
| Total Actuarial gain / (loss) to be recognised  | (1,36,48,432)                  |   |
| <b>c. Expenses recognised during the year (under the head "Payments to and provisions for employees - Schedule I)</b> |                                |   |
| Current Service cost  | 74,73,753                      | 46,58,906                                     |
| Interest Cost   | 49,69,382                      | 21,82,400                                     |
| Expected Returns on Plan Assets   | (58,13,519)                    |   |
| Actuarial Gain or Loss  | 1,36,48,432                    | 23,86,759                                     |
| Expense Recognised in the Profit and Loss account   | 2,02,78,048                    | 92,28,065                                     |
| <b>d. Category of Assets as on 31.03.2008</b>   |                                |   |
| Government of India Assets  | 1,61,64,680                    |   |
| Corporate Bonds   | 2,57,46,100                    |   |
| Special Deposit Scheme  | 41,03,019                      |   |
| State Government (Maharashtra)  | 2,32,09,780                    |   |
| Others  | 35,51,204                      |   |
| Total Investments   | 7,27,74,783                    |   |

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

**SCHEDULE 'J' – NOTES TO THE ACCOUNTS (Contd.)**

**e. Assumptions used in the accounting for defined benefit plans**

|                               |    |    |
|-------------------------------|----|----|
| Discount Rate                 | 8% | 8% |
| Rate of Return on Plan Assets | 8% |    |
| Salary Escalation Rate        | 5% | 5% |

The estimates for rate of escalation in salary considered in the actuarial valuation takes into account the present salary suitable projected for future taking into consideration the general trend in salary raise and inflation rates. The above information is certified by the actuary. This being the first year of implementation, previous years figures have not been given.

12. The Company is primarily engaged in the business of Health, Hygiene & Safety products and its services. As the basic nature of these activities are governed by the same set of risk and returns, these have been grouped as single segment as per accounting standard 17 dealing with "Segment Reporting" issued by the Institute of Chartered Accountants of India. The geographical segmentation is insignificant as the export turnover is less than 10% of the total turnover.
13. As required under Accounting Standard 18 on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the list of related parties and their transactions is attached.
14. The company has taken various residential/commercial premises under cancelable operating lease. Lease rental expenses included in the profit and loss account for the year is Rs.965.98 Lakhs (*Previous Year Rs.706.80 lakhs*)
15. Deferred tax liability (net) as specified in Accounting Standard 22 "Accounting for taxes on income" has been worked out using the applicable rate of tax based on the impact of timing differences between financial statements and estimated taxable income for the current year. The movement of provision for deferred tax is given below:

| Provision for Deferred Tax | Opening<br>As at 01.04.2007 | Charge / (Credit)<br>during the year | Closing<br>As at 31.03.2008 |
|----------------------------|-----------------------------|--------------------------------------|-----------------------------|
| Depreciation               | 21,62,898                   | (67,28,904)                          | (45,66,006)                 |
| Others                     | (93,88,658)                 | (17,48,808)                          | (111,37,466)                |
| Total                      | (72,25,760)                 | (84,77,712)                          | (157,03,472)                |

16. As required under Accounting Standard 27 on "Financial Reporting of interest in Joint Venture" issued by the Institute of Chartered Accountants of India, the companies' interests in the joint ventures is attached.
17. Extraordinary Items include -
- (i) an amount of Rs.149.00 lakhs on account of irrecoverable advances is written off pursuant to management decision to exit from a subsidiary, Prohandyman India Ltd., in which the company had 70% shareholding.
- (ii) an amount of Rs.118.96 lakhs incurred as expenses for acquiring an overseas company in an auction bid which was abandoned in the last leg of auction bid as a result of technical due diligence carried out by the Company.
18. Rs.224.94 Lakhs (*previous year Rs.216.72 lakhs*) revenue expenses incurred during the year on Research and Development has been charged to the respective heads of accounts.
19. Net foreign exchange difference (loss), included in the profit and loss account is Rs.32.84 lakhs. (*Previous Year Rs.43.44 lakhs (loss)*).
20. Small scale industrial undertakings (SSI) to whom amounts are due have been determined based on the information available with the company and are given below:

|                               |                       |
|-------------------------------|-----------------------|
| Ananda Technologies           | Mambally Connectronix |
| Archana Industries            | Micrologix            |
| Excel Industries              | R.K. Carbons          |
| Excellent Printers            | Rachana Overseas      |
| Gazelle Printers              | S.N. Industries       |
| Great Eastern Impex P. Ltd.   | S.B.S. Engineers      |
| Highgene Technologies P. Ltd. | Sujana Associates     |



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## EUREKA FORBES LIMITED

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

#### SCHEDULE 'J' – NOTES TO THE ACCOUNTS (*Contd.*)

|                     |                         |
|---------------------|-------------------------|
| Infa Graphics       | Vijetha Polytek P. Ltd. |
| Lakshmi Enterprises | Zeebeetronics           |

Out of the above listed SSI, the following are the small scale industrial undertakings to whom the company owes and which are outstanding for more than 30 days-

|                               |                         |
|-------------------------------|-------------------------|
| Ananda Technologies           | R.K.Carbons             |
| Archana Industries            | Rachana Overseas        |
| Excellent Printers            | S.B.S.Engineers         |
| Gazelle Printers              | Sujana Associates       |
| Great Eastern Impex P. Ltd.   | Vijetha Polytek P. Ltd. |
| Highgene Technologies P. Ltd. |                         |
| Infa Graphics                 |                         |
| Lakshmi Enterprises           |                         |

The company has not received the required information from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act,2006. Hence disclosure,if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said Act have not been made.

- Information required in terms of Part IV of Schedule VI of the Companies Act,1956 is attached.
- Figures for the previous year have been regrouped,rearranged or reclassified,wherever necessary.

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Per our report attached

For BATLIBOI & PUROHIT  
*Chartered Accountants*

ATUL MEHTA  
*Partner*

S. L. Goklaney

D. E. Udawadia  
N. D. Khurody  
C. G. Shah  
Indu Shahani

S. Ramesh

*Vice Chairman & Managing Director*

*Directors*

*Company Secretary*

*Mumbai, Dated : 25th June, 2008*

**Details required under Accounting Standard 18 on “Related Party Disclosures” issued by the Institute of Chartered Accountants of India - referred in note no. 13 in Schedule J to the Accounts for the year ended 31st March, 2008**

- (I) Name of related Party and nature of relationship where control exists are as under:
- A. Enterprises having more than one half of Voting Powers -
    - Forbes & Company Ltd. (formerly know as Forbes Gokak Ltd.)
    - Shapoorji Pallonji & Co.Ltd.
    - Sterling Investment Corporation. Pvt. Ltd.
  - B. Enterprises that are controlled - (Subsidiary Company) -
    - Aquamall Water Solutions Limited.
    - Forbes Aquamall Limited
    - Euro Forbes International Pte. Ltd.
    - Forbes Facility Services Pvt Ltd. (formerly known as Forbes Abans Cleaning Solutions Pvt Ltd.)
    - Prohandyman India Ltd. (ceased to be a subsidiary from 01.01.2008)
  - C. Enterprises that are under common control -
    - Forbes Doris & Naess Maritime Ltd.
    - Forbes Container Lines Ltd.
    - Forbes Finance Ltd.
    - Forbes Sterling Star Ltd.
    - Forbes Smart Data Ltd.
    - Latham India Limited.
    - Volkart Fleming Shipping & Services Limited.
    - Forbes Tinsley Co.Ltd.
    - Forbes Campbell Services Ltd.
    - Forbes Technosys Ltd.
    - Forbes Bumi Armada Ltd.
  - D. Associate Company
    - Euro P2P Direct (Thailand) Co.Ltd.
  - E. Joint Venture
    - Forbes Aquatech Limited
    - Forbes Concept Hospitality Services Ltd.
    - ForbesLux Group AG
  - F. Key Management Personnel
    - Mr. S.L.Goklaney

# EUREKA FORBES LIMITED

## (II) Transactions with Related Parties

| Nature of Transactions  | Related Party          |                        |                        |                        |                        |                          |
|-------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|--------------------------|
|                         | Referred to in A above | Referred to in B above | Referred to in C above | Referred to in D above | Referred to in E above | Referred to in F above * |
| <b>Purchases</b>        |                        |                        |                        |                        |                        |                          |
| Goods and Materials     | 40,39,62,628           | 271,15,83,816          |                        |                        | 22,12,20,347           |                          |
| Fixed Assets            |                        |                        |                        |                        |                        |                          |
| <b>Sales</b>            |                        |                        |                        |                        |                        |                          |
| Goods and Materials     | 173,469                | 9,56,75,483            |                        |                        | 3,02,780               |                          |
| <b>Expenses</b>         |                        |                        |                        |                        |                        |                          |
| Rent and other services | 13,18,885              | 80,07,591              | 3,36,169               |                        |                        |                          |
| Provision/Write offs    |                        | 1,48,99,676            |                        |                        |                        |                          |
| <b>Income</b>           |                        |                        |                        |                        |                        |                          |
| Rent and other services | 7,97,369               | 2,58,17,193            | 1,01,000               |                        | 12,78,556              |                          |
| Interest                |                        | 3,88,09,295            |                        |                        | 23,22,679              |                          |
| Dividend                |                        | 3,00,01,200            |                        |                        | 25,00,000              |                          |
| Provision/Write offs    |                        |                        |                        |                        |                        |                          |
| <b>Finance</b>          |                        |                        |                        |                        |                        |                          |
| ICDs Given              |                        | 20,76,55,254           |                        |                        | 3,05,00,000            |                          |
| Advances Given          |                        | 85,82,706              |                        |                        |                        |                          |
| Investment in shares    |                        |                        |                        |                        | 1,75,00,000            |                          |
| <b>Dividend paid</b>    | 8,52,00,000            |                        |                        |                        |                        |                          |
| <b>Outstanding</b>      |                        |                        |                        |                        |                        |                          |
| Payables                | 4,55,67,252            | 25,14,53,378           | 1,917                  |                        | 5,48,31,429            |                          |
| Receivables             | 37,970                 | 13,44,05,918           | 38,000                 |                        | 7,07,252               |                          |
| ICDs Given              |                        | 32,11,42,940           |                        |                        | 2,45,00,000            |                          |
| Interest Receivables    |                        | 3,88,95,838            |                        |                        | 18,25,402              |                          |
| Other Deposits Given    |                        | 36,42,120              |                        |                        |                        |                          |

\* Details of remuneration is disclosed in note number 8 of the notes to the accounts.

### Details required under Accounting Standard 27 on “Financial Reporting of interest in Joint Venture” issued by the Institute of Chartered Accountants of India - referred in note no. 16 in Schedule J to the Accounts for the year ended 31st March, 2008

- a. The aggregate amount of Assets, Liabilities, Income and Expenses related to the Company’s interests in the JV as at 31.03.2008 is as follows:

Figures in Rs.Lakhs

| Sl. No | Name of the Company                          | Country of Incorporation | Year Ended on | % of Shares | Eureka Forbes Ltd. Share |             |          |          |
|--------|--|--------------------------|---------------|-------------|--------------------------|-------------|----------|----------|
|        |  |                          |               |             | Assets                   | Liabilities | Income   | Expenses |
| 1.     | Forbes Lux AG                                | Switzerland              | 31.12.2007    | 50%         | 1,779.30                 | 1,611.65    | 139.61   | 647.92   |
| 2.     | Forbes Concept Hospitality Services Pvt Ltd. | India                    | 31.03.2008    | 50%         | 323.53                   | 98.53       | 366.58   | 469.49   |
| 3.     | Forbes Aquatech Limited                      | India                    | 31.03.2008    | 50%         | 660.49                   | 444.90      | 1,081.60 | 952.15   |

- b. The Company’s share of contingent liabilities of the JV Forbes Aquatech Limited as at 31.03.2008 is Rs.1.62 lakhs (Previous Year Rs.1.62 lakhs).

Information referred to in Note 21 in Schedule J to the Accounts for the year ended 31st March, 2008

Part IV of Schedule VI of Companies Act, 1956 (As Amended)

Balance Sheet Abstract and Company's General Business Profile.

I. Registration Details

Registration No. 

|  |  |   |   |   |   |
|--|--|---|---|---|---|
|  |  | 7 | 0 | 1 | 0 |
|--|--|---|---|---|---|

 State Code 

|   |   |
|---|---|
| 2 | 1 |
|---|---|

Balance Sheet Date 

|   |   |
|---|---|
| 3 | 1 |
|---|---|

|   |   |
|---|---|
| 0 | 3 |
|---|---|

|   |   |
|---|---|
| 0 | 8 |
|---|---|

Date                      Month                      Year

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

|  |                   |   |   |   |  |  |  |  |  |  |   |   |   |  |  |  |  |
|--|-------------------|---|---|---|--|--|--|--|--|--|---|---|---|--|--|--|--|
| Public Issue   | Rights Issue      |   |   |   |  |  |  |  |  |  |   |   |   |  |  |  |  |
| <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">N</td><td style="width: 20px; height: 20px; text-align: center;">I</td><td style="width: 20px; height: 20px; text-align: center;">L</td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td></tr></table> |                   | N | I | L |  |  |  |  | <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">N</td><td style="width: 20px; height: 20px; text-align: center;">I</td><td style="width: 20px; height: 20px; text-align: center;">L</td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td></tr></table> |  | N | I | L |  |  |  |  |
|  | N                 | I | L |   |  |  |  |  |  |  |   |   |   |  |  |  |  |
|  | N                 | I | L |   |  |  |  |  |  |  |   |   |   |  |  |  |  |
| Bonus Issue  | Private Placement |   |   |   |  |  |  |  |  |  |   |   |   |  |  |  |  |
| <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">N</td><td style="width: 20px; height: 20px; text-align: center;">I</td><td style="width: 20px; height: 20px; text-align: center;">L</td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td></tr></table> |                   | N | I | L |  |  |  |  | <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">N</td><td style="width: 20px; height: 20px; text-align: center;">I</td><td style="width: 20px; height: 20px; text-align: center;">L</td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td></tr></table> |  | N | I | L |  |  |  |  |
|  | N                 | I | L |   |  |  |  |  |  |  |   |   |   |  |  |  |  |
|  | N                 | I | L |   |  |  |  |  |  |  |   |   |   |  |  |  |  |

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

|  |   |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |   |
|--|---|---|---|---|---|---|---|--|--|---|---|---|---|---|---|---|---|
| Total Liabilities  | Total Assets  |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |   |
| <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">4</td><td style="width: 20px; height: 20px; text-align: center;">4</td><td style="width: 20px; height: 20px; text-align: center;">2</td><td style="width: 20px; height: 20px; text-align: center;">8</td><td style="width: 20px; height: 20px; text-align: center;">6</td><td style="width: 20px; height: 20px; text-align: center;">2</td><td style="width: 20px; height: 20px; text-align: center;">9</td></tr></table> |   | 4 | 4 | 2 | 8 | 6 | 2 | 9  | <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">4</td><td style="width: 20px; height: 20px; text-align: center;">4</td><td style="width: 20px; height: 20px; text-align: center;">2</td><td style="width: 20px; height: 20px; text-align: center;">8</td><td style="width: 20px; height: 20px; text-align: center;">6</td><td style="width: 20px; height: 20px; text-align: center;">2</td><td style="width: 20px; height: 20px; text-align: center;">9</td></tr></table> |   | 4 | 4 | 2 | 8 | 6 | 2 | 9 |
|  | 4   | 4 | 2 | 8 | 6 | 2 | 9 |  |  |   |   |   |   |   |   |   |   |
|  | 4   | 4 | 2 | 8 | 6 | 2 | 9 |  |  |   |   |   |   |   |   |   |   |
| Source of Funds  | Reserves & Surplus  |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |   |
| Paid-Up Capital  | <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">9</td><td style="width: 20px; height: 20px; text-align: center;">5</td><td style="width: 20px; height: 20px; text-align: center;">4</td><td style="width: 20px; height: 20px; text-align: center;">2</td><td style="width: 20px; height: 20px; text-align: center;">3</td><td style="width: 20px; height: 20px; text-align: center;">4</td></tr></table> |   | 9 | 5 | 4 | 2 | 3 | 4  |  |   |   |   |   |   |   |   |   |
|  | 9   | 5 | 4 | 2 | 3 | 4 |   |  |  |   |   |   |   |   |   |   |   |
| Secured Loans  | Unsecured Loans   |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |   |
| <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">4</td><td style="width: 20px; height: 20px; text-align: center;">3</td><td style="width: 20px; height: 20px; text-align: center;">9</td><td style="width: 20px; height: 20px; text-align: center;">0</td><td style="width: 20px; height: 20px; text-align: center;">9</td><td style="width: 20px; height: 20px; text-align: center;">7</td></tr></table>  |   | 4 | 3 | 9 | 0 | 9 | 7 | <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">N</td><td style="width: 20px; height: 20px; text-align: center;">I</td><td style="width: 20px; height: 20px; text-align: center;">L</td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td></tr></table> |  | N | I | L |   |   |   |   |   |
|  | 4   | 3 | 9 | 0 | 9 | 7 |   |  |  |   |   |   |   |   |   |   |   |
|  | N   | I | L |   |   |   |   |  |  |   |   |   |   |   |   |   |   |
| Application of Funds   | Investments   |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |   |
| Net Fixed Assets   | <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">3</td><td style="width: 20px; height: 20px; text-align: center;">1</td><td style="width: 20px; height: 20px; text-align: center;">8</td><td style="width: 20px; height: 20px; text-align: center;">9</td><td style="width: 20px; height: 20px; text-align: center;">7</td><td style="width: 20px; height: 20px; text-align: center;">0</td></tr></table> |   | 3 | 1 | 8 | 9 | 7 | 0  |  |   |   |   |   |   |   |   |   |
|  | 3   | 1 | 8 | 9 | 7 | 0 |   |  |  |   |   |   |   |   |   |   |   |
| Net Current Assets   | Deferred Tax Assets   |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |   |
| <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">7</td><td style="width: 20px; height: 20px; text-align: center;">0</td><td style="width: 20px; height: 20px; text-align: center;">5</td><td style="width: 20px; height: 20px; text-align: center;">0</td><td style="width: 20px; height: 20px; text-align: center;">0</td><td style="width: 20px; height: 20px; text-align: center;">4</td></tr></table>  |   | 7 | 0 | 5 | 0 | 0 | 4 | <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">1</td><td style="width: 20px; height: 20px; text-align: center;">5</td><td style="width: 20px; height: 20px; text-align: center;">7</td><td style="width: 20px; height: 20px; text-align: center;">0</td><td style="width: 20px; height: 20px; text-align: center;">3</td></tr></table>   |  | 1 | 5 | 7 | 0 | 3 |   |   |   |
|  | 7   | 0 | 5 | 0 | 0 | 4 |   |  |  |   |   |   |   |   |   |   |   |
|  | 1   | 5 | 7 | 0 | 3 |   |   |  |  |   |   |   |   |   |   |   |   |
| Misc. Expenditure  | Accumulated Losses  |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |   |
| <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">N</td><td style="width: 20px; height: 20px; text-align: center;">I</td><td style="width: 20px; height: 20px; text-align: center;">L</td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td></tr></table>   |   | N | I | L |   |   |   | <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">N</td><td style="width: 20px; height: 20px; text-align: center;">I</td><td style="width: 20px; height: 20px; text-align: center;">L</td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td></tr></table> |  | N | I | L |   |   |   |   |   |
|  | N   | I | L |   |   |   |   |  |  |   |   |   |   |   |   |   |   |
|  | N   | I | L |   |   |   |   |  |  |   |   |   |   |   |   |   |   |

IV. Performance of Company (Amount in Rs. Thousands)

|  |                           |   |   |   |   |   |  |   |  |  |   |   |   |   |   |   |   |   |   |
|--|---------------------------|---|---|---|---|---|--|---|--|--|---|---|---|---|---|---|---|---|---|
| Turnover & Other Income  | Total Expenditure         |   |   |   |   |   |  |   |  |  |   |   |   |   |   |   |   |   |   |
| <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">8</td><td style="width: 20px; height: 20px; text-align: center;">1</td><td style="width: 20px; height: 20px; text-align: center;">3</td><td style="width: 20px; height: 20px; text-align: center;">6</td><td style="width: 20px; height: 20px; text-align: center;">3</td><td style="width: 20px; height: 20px; text-align: center;">1</td><td style="width: 20px; height: 20px; text-align: center;">5</td></tr></table>   |                           | 8 | 1 | 3 | 6 | 3 | 1  | 5 | <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">7</td><td style="width: 20px; height: 20px; text-align: center;">7</td><td style="width: 20px; height: 20px; text-align: center;">5</td><td style="width: 20px; height: 20px; text-align: center;">7</td><td style="width: 20px; height: 20px; text-align: center;">9</td><td style="width: 20px; height: 20px; text-align: center;">9</td><td style="width: 20px; height: 20px; text-align: center;">6</td></tr></table> |  | 7 | 7 | 5 | 7 | 9 | 9 | 6 |   |   |
|  | 8                         | 1 | 3 | 6 | 3 | 1 | 5  |   |  |  |   |   |   |   |   |   |   |   |   |
|  | 7                         | 7 | 5 | 7 | 9 | 9 | 6  |   |  |  |   |   |   |   |   |   |   |   |   |
| + - Profit/Loss Before Tax   | + - Profit/Loss After Tax |   |   |   |   |   |  |   |  |  |   |   |   |   |   |   |   |   |   |
| <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 20px; height: 20px; text-align: center;">✓</td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">3</td><td style="width: 20px; height: 20px; text-align: center;">7</td><td style="width: 20px; height: 20px; text-align: center;">8</td><td style="width: 20px; height: 20px; text-align: center;">3</td><td style="width: 20px; height: 20px; text-align: center;">1</td><td style="width: 20px; height: 20px; text-align: center;">8</td></tr></table> | ✓                         |   |   | 3 | 7 | 8 | 3  | 1 | 8  | <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 20px; height: 20px; text-align: center;">✓</td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">2</td><td style="width: 20px; height: 20px; text-align: center;">3</td><td style="width: 20px; height: 20px; text-align: center;">9</td><td style="width: 20px; height: 20px; text-align: center;">0</td><td style="width: 20px; height: 20px; text-align: center;">8</td><td style="width: 20px; height: 20px; text-align: center;">8</td></tr></table> | ✓ |   |   | 2 | 3 | 9 | 0 | 8 | 8 |
| ✓  |                           |   | 3 | 7 | 8 | 3 | 1  | 8 |  |  |   |   |   |   |   |   |   |   |   |
| ✓  |                           |   | 2 | 3 | 9 | 0 | 8  | 8 |  |  |   |   |   |   |   |   |   |   |   |
| Earnings Per Share In Rs.  | Dividend Rate %           |   |   |   |   |   |  |   |  |  |   |   |   |   |   |   |   |   |   |
| <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">5</td><td style="width: 20px; height: 20px; text-align: center;">6</td><td style="width: 20px; height: 20px; text-align: center;">.</td><td style="width: 20px; height: 20px; text-align: center;">1</td><td style="width: 20px; height: 20px; text-align: center;">2</td></tr></table> *   |                           | 5 | 6 | . | 1 | 2 | <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 20px; height: 20px; text-align: center;">2</td><td style="width: 20px; height: 20px; text-align: center;">5</td><td style="width: 20px; height: 20px; text-align: center;">0</td></tr></table> | 2 | 5  | 0  |   |   |   |   |   |   |   |   |   |
|  | 5                         | 6 | . | 1 | 2 |   |  |   |  |  |   |   |   |   |   |   |   |   |   |
| 2  | 5                         | 0 |   |   |   |   |  |   |  |  |   |   |   |   |   |   |   |   |   |

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

Item code No. (ITC Code) 

|   |   |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|---|---|
| 8 | 5 | 0 | 9 | 1 | 0 | . | 0 | 0 |
|---|---|---|---|---|---|---|---|---|

Product Description 

|   |   |   |   |   |   |   |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| V | A | C | U | U | M | C | L | E | A | N | E | R | S |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|

Item code No. (ITC Code) 

|   |   |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|---|---|
| 8 | 4 | 2 | 1 | 2 | 1 | . | 0 | 0 |
|---|---|---|---|---|---|---|---|---|

Product Description 

|   |   |   |   |   |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|---|---|---|---|---|
| W | A | T | E | R | F | I | L | T | E | R |   |
| C | U | M | P | U | R | I | F | I | E | R | S |

Item code No. (ITC Code) 

|   |   |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|---|---|
| 8 | 4 | 2 | 1 | 3 | 9 | . | 0 | 0 |
|---|---|---|---|---|---|---|---|---|

Product Description 

|   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| E | L | E | C | T | R | O | N | I | C | A | I | R |   |   |
| C | L | E | A | N | I | N | G | S | Y | S | T | E | M | S |

# EUREKA FORBES LIMITED

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

|   | 2007-2008          |                    | 2006-2007          |                    |
|---|--------------------|--------------------|--------------------|--------------------|
|   | Rupees<br>In Lakhs | Rupees<br>In Lakhs | Rupees<br>In Lakhs | Rupees<br>In Lakhs |
| <b>NET PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS</b>                         |                    | 40,51,14,860       |                    | 38,95,40,690       |
| Adjusted For -  |                    |                    |                    |                    |
| Depreciation  | 9,43,06,377        |                    | 9,00,27,767        |                    |
| Profit on sale of Fixed Assets(Net)   | (92,90,802)        |                    | (29,98,738)        |                    |
| Profit on sale of Investments(Net)  | (1,30,78,821)      |                    | (2,68,26,782)      |                    |
| Extraordinary Items   | (2,67,96,385)      |                    |                    |                    |
| Prior Period Items  | (2,08,356)         |                    |                    |                    |
| Investment Income   | (8,90,78,454)      |                    | (4,84,48,273)      |                    |
| Interest and other finance charges  | 1,80,33,077        |                    | 39,26,796          |                    |
|   |                    | (2,61,13,364)      |                    | 1,56,80,770        |
| <b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS</b>  |                    | 37,90,01,496       |                    | 40,52,21,460       |
| Changes in –  |                    |                    |                    |                    |
| Trade and Other Receivables   | (19,20,08,438)     |                    | (26,98,19,172)     |                    |
| Inventories   | (37,18,09,151)     |                    | (29,32,80,192)     |                    |
| Trade Payables and others   | 26,12,71,707       |                    | 15,24,44,755       |                    |
|   | (30,25,45,882)     |                    | (41,06,54,609)     |                    |
| Other Adjustments-  |                    |                    |                    |                    |
| Diminution in value of investments  | 5,48,667           |                    |                    |                    |
| Bad Debts   | 1,32,42,780        |                    | 1,90,11,632        |                    |
|   | (28,87,54,435)     |                    | (39,16,42,977)     |                    |
| <b>CASH GENERATED FROM OPERATIONS</b>   |                    | (28,87,54,435)     |                    | (39,16,42,977)     |
|   |                    | 9,02,47,061        |                    | 1,35,78,483        |
| Direct Taxes Paid   |                    | (16,10,22,477)     |                    | (13,44,70,691)     |
| <b>(a) NET CASH FROM OPERATING ACTIVITIES</b>                                 |                    | (7,07,75,416)      |                    | (12,08,92,208)     |
| <b>CASH FLOW FROM INVESTING ACTIVITIES:</b>                                   |                    |                    |                    |                    |
| Purchase of Fixed Assets(Including adjustment on account of Capital Advances) | (6,54,31,132)      |                    | (15,41,83,951)     |                    |
| Sale of Fixed Assets  | 2,58,36,126        |                    | 1,70,88,404        |                    |
| Purchase Of Investments   | (20,26,74,030)     |                    | (194,64,30,642)    |                    |
| Sale of Investments   | 27,25,27,584       |                    | 201,99,73,641      |                    |
| Interest Received   | 4,40,23,874        |                    | 1,78,06,142        |                    |
| Dividend Received   | 4,50,93,132        |                    | 3,36,15,667        |                    |
| Deposits Given/Received back from other Companies                             | (15,88,34,660)     |                    | (18,78,08,280)     |                    |

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

|  | 2007-2008          |                      | 2006-2007           |                       |
|--|--------------------|----------------------|---------------------|-----------------------|
|  | Rupees<br>In Lakhs | Rupees<br>In Lakhs   | Rupees<br>In Lakhs  | Rupees<br>In Lakhs    |
| <b>(b) NET CASH FROM / (USED) IN INVESTING ACTIVITIES</b>                        |                    | (3,94,59,106)        |                     | (19,99,39,019)        |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                                       |                    |                      |                     |                       |
| Increase/(Decrease) in cash credit account                                       | 23,59,92,157       |                      | 16,32,26,164        |                       |
| Interest Paid  | (180,33,077)       |                      | (39,26,796)         |                       |
| Dividend Paid ((including Dividend tax)  | (14,95,19,610)     |                      | (7,28,61,975)       |                       |
| <b>(c) NET CASH FROM/ (USED) IN FINANCING ACTIVITIES</b>                         |                    | 6,84,39,470          |                     | 8,64,37,393           |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>                                 |                    | <u>(4,17,95,052)</u> |                     | <u>(23,43,93,834)</u> |
| <b>CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE YEAR, COMPRISING:</b> |                    |                      |                     |                       |
| Cash, Cheques on hand  | 13,79,80,821       |                      | 8,87,92,427         |                       |
| Balances with scheduled banks on Current accounts,                               | 35,42,64,669       |                      | 28,78,46,897        |                       |
| Margin accounts and Deposit accounts   | <u>1,82,97,574</u> | 51,05,43,064         | <u>36,82,97,574</u> | 74,49,36,898          |
| <b>CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR, COMPRISING:</b>          |                    |                      |                     |                       |
| Cash, Cheques on hand  | 9,05,61,279        |                      | 13,79,80,821        |                       |
| Balances with scheduled banks on Current accounts,                               | 37,74,31,408       |                      | 35,42,64,669        |                       |
| Margin accounts and Deposit accounts   | <u>7,55,325</u>    | 46,87,48,012         | <u>1,82,97,574</u>  | 51,05,43,064          |
| <b>NET INCREASE /(DECREASE) AS DISCLOSED ABOVE</b>                               |                    | <u>(4,17,95,052)</u> |                     | <u>(23,43,93,834)</u> |

Per our report attached

For BATLIBOI & PUROHIT  
Chartered AccountantsATUL MEHTA  
Partner

S. L. Goklaney

D. E. Udwadia  
N. D. Khurody  
C. G. Shah  
Indu Shahani

S. Ramesh

Vice Chairman &amp; Managing Director

Directors

Company Secretary

Mumbai, Dated : 25th June, 2008

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# EUREKA FORBES LIMITED

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

| Name of the Subsidiary Company   |   | Aquamall Water<br>Solutions Ltd. | Euroforbes<br>International Pte<br>Limited | Forbes<br>Facility Services<br>Pvt. Ltd. |
|--|---|----------------------------------|--|--|
| The Financial Year of the Subsidiary Company ended on  | – | 31-03-2008                       | 31-03-2008                                 | 31-03-2008                               |
| (a) Number of Shares in the Subsidiary Company held by Eureka Forbes Limited at the above date   |   |                                  |  |  |
| (i) Fully paid   | – | 20,00,080                        | 35,00,000                                  | 7,00,000                                 |
| (ii) Partly paid   | – | NIL                              | NIL  | NIL                                      |
| Percentage Holding   | – | 100                              | 100  | 70                                       |
| (b) The net aggregate amount of profits of the Subsidiary Company for the financial year so far as it concerns the members of Eureka Forbes Limited which has not been dealt with in the accounts of Eureka Forbes Limited upto 31 st March,2008 are as follows: |   |                                  |  |  |
| For the year   | – | Rs.10,59,83,284                  | Rs.1,22,97,569                             | Rs 28,21,756                             |
| For the previous years   | – | Rs.48,29,46,324                  | Rs.1,09,87,058                             | (Rs.34,20,539)                           |
| (c) The net aggregate amount of profits of the Subsidiary Company which has been dealt with in Eureka Forbes Limited accounts upto 31 st March,2008 being the dividends received are as under:   |   |                                  |  |  |
| For the year   | – | Rs.3,00,01,200                   |  |  |
| For the previous years   | – | Rs.18,22,63,365                  |  |  |

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S. L. Goklaney *Vice Chairman & Managing Director*

D. E. Udawadia  
N. D. Khurody  
C. G. Shah  
Indu Shahani } *Directors*

S. Ramesh *Company Secretary*

Mumbai, Dated : 25th June, 2008

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**EURO FORBES INTERNATIONAL PTE. LTD. (Registration No: 200412038H)**  
**(Incorporated in the Republic of Singapore)**

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(a wholly owned Subsidiary Company of Eureka Forbes Ltd.)

Annual Report and Accounts  
for the year ended 31<sup>st</sup> March, 2008

**DIRECTORS:**

S.L. Goklaney

*Chairman*

Pallonji Mistry

A.V. Suresh

J.N. Ichhaporia

S.K. Palekar

Govind Bommi

J.B. Shahani

**PRINCIPLE BANKERS**

The Hongkong & Shanghai Banking Corporation Limited

**AUDITORS:**

RSM Chio Lim

**REGISTERED OFFICE:**

35, Selegie Road, # 04-07,

Parklane Shopping Mall,

Singapore - 188 307



## **REPORT OF THE DIRECTORS**

The directors of the company are pleased to present their report together with the audited financial statements of the company for the financial year ended 31 March 2008.

### **1. DIRECTORS AT DATE OF REPORT**

The directors of the company in office at the date of this report are:

Suresh Lal Goklaney

Bommi Govind

Jamasp Nariman Ichhaporia

Pallonji Shapoorji Mistry

Sarvadaman Krishnarao Palekar

Suresh Appakudal Venkata Subramanyam

Jagdish Bhagwandas Shahani

### **2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES**

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the company to acquire benefits by means of the acquisition of shares or debentures in the company or any other body corporate.

### **3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES**

The directors of the company holding office at end of the financial year had no interests in the share capital of the company and related corporations as recorded in the register of directors' share holdings kept by the company under Section 164 of the Companies Act, Cap. 50.

### **4. CONTRACTUAL BENEFITS OF DIRECTORS**

Since the beginning of the financial year, no director of the company has received or become entitled to receive a benefit which is required to be disclosed under section 201(8) of

the Companies Act, Cap 50, by reason of a contract made by the company or a related corporation with the director or with the firm of which he is a member, or with a company in which he has a substantial financial interest. Certain directors of the company received remuneration from related corporations in their capacity as directors and or executives of these related corporations.

There were certain transactions (shown in the financial statements under related party transactions) with a Corporation/ Corporations in which certain directors have an interest.

### **5. OPTIONS TO TAKE UP UNISSUED SHARES**

During the financial year, no option to take up unissued shares of the company was granted.

### **6. OPTIONS EXERCISED**

During the financial year, there were no shares of the company issued by virtue of the exercise of an option to take up unissued shares.

### **7. UNISSUED SHARES UNDER OPTION**

At the end of the financial year, there were no unissued shares under option.

### **8. INDEPENDENT AUDITORS**

The independent auditors, RSM Chio Lim , have expressed their willingness to accept reappointment

### **On behalf of the Directors**

Jamasp Nariman Ichhaporia  
*Director*

Suresh Appakudal Venkata Subramanyam  
*Director*

Date: 23 May 2008

**STATEMENT OF DIRECTORS**

In the opinion of the directors, the accompanying financial statements are drawn up so as to give a true and fair view of the state of affairs of the company as at 31 March 2008 and the results, changes in equity and cash flows of the company for the year ended on that date and at the date of this statement there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

**On behalf of the Directors**

Jamasp Nariman Ichhaporia  
*Director*

Suresh Appakudal Venkata Subramanyam  
*Director*

Date: 23 May 2008

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**EURO FORBES INTERNATIONAL PTE. LTD. (Registration No: 200412038H)**  
**(Incorporated in the Republic of Singapore)**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF**  
**EURO FORBES INTERNATIONAL PTE. LTD. (Registration No. 200412038H)**

We have audited the accompanying financial statements of Euro Forbes International Pte. Ltd., which comprise the balance sheet as at 31 March 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 ("the Act") and Singapore Financial Reporting Standards. This responsibility includes:

- (a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss account and balance sheet and to maintain accountability of assets;
- (b) selecting and applying appropriate accounting policies; and
- (c) making accounting estimates that are reasonable in the circumstances.

**Independent Auditor's Responsibility**

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

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

**Basic of Disclaimer Opinion**

1. The company has investment in companies of S\$ 426,814 as at 31 March, 2008 for which no provision for impairment has been made (see Note 11 and 12). At the date of this report, we have not received sufficient evidence to enable us to determine whether the investments are impaired. Accordingly, we are unable to satisfy ourselves on the carrying value of these investments.
2. The company has an amount of S\$ 28,285,033 in trade and other receivables as at 31 March 2008 for which no significant provision for impairment has been made (see Note 14). At the date of this report, we have not received sufficient evidence to enable us to determine whether these receivables are shown at the fair value of the consideration determined by discounting all future receipts using an imputed rate of interest as required by FRS 18 for trade receivables and FRS 39 for the other receivables, and that the amounts are recoverable. Accordingly, we are unable to satisfy ourselves as to the carrying value of these receivables.

**Opinion**

Because of the significance of the matters discussed in the preceding paragraph, we do not express an opinion on the financial statements and the accounting and other records required by the Act to be kept by the company.

RSM Chio Lim  
Public Accountants and  
Certified Public Accountants

Singapore

Date: 23 May 2008

Partner In charge of Audit : Woo E-Sah

Effective from the year ended 31 March, 2008

## BALANCE SHEET AS AT 31ST MARCH 2008

|  | Notes | 2008<br>SG\$      | 2008<br>INR        | 2007<br>SG\$      | 2007<br>INR        |
|--|-------|-------------------|--------------------|-------------------|--------------------|
| <b>ASSETS</b>                            |       |                   |                    |                   |                    |
| <b>Non-Current Assets:</b>               |       |                   |                    |                   |                    |
| Plant and Equipment, Total               | 10    | 643               | 186,656            | 4,108             | 281,551            |
| Investment in Subsidiary                 | 11    | 384,977           | 11,019,736         | 384,977           | 11,019,736         |
| Investment in Associate                  | 12    | 41,837            | 1,197,559          | 41,837            | 1,197,559          |
| Other Receivables, Non Current           | 14    | 10,273,589        | 296,833,779        | 6,817,530         | 195,147,711        |
| <b>Total Non-Current Assets</b>          |       | <b>10,701,046</b> | <b>309,237,730</b> | <b>7,248,452</b>  | <b>207,646,557</b> |
| <b>Current Assets:</b>                   |       |                   |                    |                   |                    |
| Inventories                              | 13    | 107,176           | 3,096,625          | 42,089            | 1,204,772          |
| Trade and Other Receivables, Current     | 14    | 18,011,444        | 520,402,851        | 7,283,590         | 208,488,382        |
| Other Assets, Current                    | 15    | 67,956            | 1,963,446          | 60,576            | 1,733,952          |
| Cash and Cash Equivalents                | 16    | 193,190           | 5,581,819          | 392,494           | 11,234,905         |
| <b>Total Current Assets</b>              |       | <b>18,379,766</b> | <b>531,044,741</b> | <b>7,778,749</b>  | <b>222,662,012</b> |
| <b>Total Assets</b>                      |       | <b>29,080,812</b> | <b>840,282,471</b> | <b>15,027,201</b> | <b>430,308,569</b> |
| <b>EQUITY AND LIABILITIES</b>            |       |                   |                    |                   |                    |
| <b>Equity:</b>                           |       |                   |                    |                   |                    |
| Share Capital                            | 17    | 3,500,000         | 93,885,000         | 3,500,000         | 93,885,000         |
| Retained Earning                         |       | 886,912           | 25,313,695         | 367,782           | 10,987,057         |
| Foreign Currency Translation Reserve     |       | –                 | 7,605,393          | –                 | 6,004,839          |
| <b>Total Equity</b>                      |       | <b>4,386,912</b>  | <b>126,804,088</b> | <b>3,867,782</b>  | <b>110,876,896</b> |
| <b>Non-current Liabilities:</b>          |       |                   |                    |                   |                    |
| Other Financial Liabilities, Non-Current | 18    | 13,097,447        | 378,423,226        | 5,900,000         | 168,883,960        |
| <b>Total Non-Current Liabilities</b>     |       | <b>13,097,447</b> | <b>378,423,226</b> | <b>5,900,000</b>  | <b>168,883,960</b> |
| <b>Current Liabilities:</b>              |       |                   |                    |                   |                    |
| Income Tax Payable, Current              |       | 394,000           | 11,383,803         | 231,000           | 6,612,236          |
| Trade and Other Payables, Current        | 19    | 11,202,453        | 323,671,354        | 4,313,279         | 123,465,023        |
| Other Financial Liabilities, Current     | 18    | –                 | –                  | 715,140           | 20,470,453         |
| <b>Total Current Liabilities</b>         |       | <b>11,596,453</b> | <b>335,055,157</b> | <b>5,259,419</b>  | <b>150,547,712</b> |
| <b>Total Liabilities</b>                 |       | <b>24,693,900</b> | <b>713,478,383</b> | <b>11,159,419</b> | <b>319,431,672</b> |
| <b>Total Equity and Liabilities</b>      |       | <b>29,080,812</b> | <b>840,282,471</b> | <b>15,027,201</b> | <b>430,308,568</b> |

The accompanying notes form an integral part of these financial statements

**EURO FORBES INTERNATIONAL PTE. LTD. (Registration No: 200412038H)**  
**(Incorporated in the Republic of Singapore)**

**INCOME STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008**

|  | Notes | 2008<br>SG\$ | 2008<br>INR   | 2007<br>SG\$ | 2007<br>INR  |
|--|-------|--------------|---------------|--------------|--------------|
| <b>Revenue</b>                                       | 4     | 9,111,457    | 249,533,651   | 5,430,340    | 156,558,331  |
| Cost of Sales  |       | (5,785,740)  | (158,343,576) | (2,909,479)  | (83,889,819) |
| <b>Gross Profit</b>                                  |       | 3,325,717    | 91,190,075    | 2,520,861    | 72,668,512   |
| <b>Other Items of Income</b>                         |       |              |               |              |              |
| Interest Income                                      | 5     | 682,397      | 18,688,670    | 635,387      | 18,318,398   |
| <b>Other Items of Expenses</b>                       |       |              |               |              |              |
| Marketing and Distribution Costs                     |       | (128,056)    | (3,507,044)   | (184,551)    | (5,320,661)  |
| Administrative Expenses                              |       | (1,499,738)  | (41,073,025)  | (1,856,468)  | (53,522,527) |
| Finance Cost   | 7     | (1,214,179)  | (33,252,477)  | (285,287)    | (8,224,910)  |
| Other Charges  | 6     | (484,011)    | (13,255,512)  | (176,220)    | (5,080,475)  |
| <b>Profit Before Tax from Continuing Operation</b>   |       | 682,130      | 18,790,686    | 653,722      | 18,838,337   |
| Income Tax Expense                                   | 9     | (163,000)    | (4,464,048)   | (165,000)    | (4,723,026)  |
| <b>Profit from Continuing Operations, Net of Tax</b> |       | 519,130      | 14,326,638    | 488,722      | 14,115,311   |

The accompanying notes form an integral part of these financial statements

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2008**

|   | Capital<br>SG\$  | Retained<br>earnings<br>SG\$ | Total<br>SG\$    | INR                |
|---|------------------|------------------------------|------------------|--------------------|
| <b>Current Year:</b>                              |                  |                              |                  |                    |
| Opening Balance at 1 <sup>st</sup> April, 2007    | 3,500,000        | 367,782                      | 3,867,782        | 104,872,058        |
| Profit for the year                               | –                | 519,130                      | 519,130          | 14,326,638         |
| Total recognised Income and Expenses for the year | –                | 519,130                      | 519,130          | 14,326,638         |
| Closing Balance at 31 <sup>st</sup> March, 2008   | <b>3,500,000</b> | <b>886,912</b>               | 4,386,912        | 119,198,696        |
| <b>Previous Year:</b>                             |                  |                              |                  |                    |
| Opening Balance at 1 <sup>st</sup> April, 2006    | 3,500,000        | (120,940)                    | 3,379,060        | 90,756,747         |
| Profit for the year                               | –                | 488,722                      | 488,722          | 14,115,311         |
| Total recognised Income and Expenses for the year | –                | 488,722                      | 488,722          | 14,115,311         |
| Closing Balance at 31 <sup>st</sup> March, 2007   | <b>3,500,000</b> | <b>367,782</b>               | <b>3,867,782</b> | <b>104,872,058</b> |

The accompanying notes form an integral part of these financial statements

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

|   | 2008<br>SG\$       | 2008<br>INR          | 2007<br>SG\$       | 2007<br>INR          |
|---|--------------------|----------------------|--------------------|----------------------|
| <b>Cash Flows From Operating Activities :</b>                                   |                    |                      |                    |                      |
| Profit before Tax   | 682,130            | 18,790,686           | 653,722            | 18,838,337           |
| Interest Income   | (682,397)          | (18,688,670)         | (635,387)          | (18,318,398)         |
| Interest Expense  | 1,214,179          | 33,252,477           | 285,287            | 8,224,910            |
| Depreciation of Plant and Equipment   | 3,465              | 94,895               | 12,085             | 348,414              |
| Operating Cash Flows before changes in Working Capital                          | 1,217,377          | 33,449,388           | 315,707            | 9,093,263            |
| Inventories   | (65,087)           | (1,891,853)          | (42,089)           | (1,204,772)          |
| Trade and Other Receivables, Current  | (14,183,913)       | (413,600,536)        | (8,772,636)        | (256,623,199)        |
| Other Assets, Current   | (7,380)            | (229,494)            | (37,698)           | (1,102,768)          |
| Trade and Other Payables, Current   | 6,889,174          | 200,206,331          | 2,129,090          | 63,203,248           |
| Income Tax  | -                  | 307,518              | -                  | 68,270               |
| <b>Net Cash Flows used in Operating Activities</b>                              | <b>(6,149,829)</b> | <b>(181,758,646)</b> | <b>(6,407,626)</b> | <b>(186,565,958)</b> |
| <b>Cash Flows From Investing Activities :</b>                                   |                    |                      |                    |                      |
| Purchase of Plant and Equipment   | -                  | -                    | (1,930)            | (55,245)             |
| Investment in Subsidiary  | -                  | -                    | (384,977)          | (11,019,736)         |
| Investment in Associate   | -                  | -                    | (41,837)           | (1,197,559)          |
| Interest Received   | 682,397            | 18,688,670           | 635,387            | 18,318,398           |
| <b>Net Cash Flows From Investing Activities</b>                                 | <b>682,397</b>     | <b>18,688,670</b>    | <b>206,643</b>     | <b>6,045,858</b>     |
| <b>Cash Flows from Financing Activities :</b>                                   |                    |                      |                    |                      |
| Increase in Other Financial Liabilities   | 6,482,307          | 189,068,814          | 6,615,140          | 189,354,413          |
| Interest Paid   | (1,214,179)        | (33,252,478)         | (285,287)          | (8,224,910)          |
| Foreign Currency Translation Reserve  | -                  | 1,600,554            | -                  | 3,352,117            |
| <b>Net Cash Flows From Financing Activities</b>                                 | <b>5,268,128</b>   | <b>157,416,890</b>   | <b>6,329,853</b>   | <b>184,481,619</b>   |
| Net (Decrease) / Increase in Cash and Cash Equivalents                          | (199,304)          | (5,653,086)          | 128,870            | 3,961,519            |
| Cash and Cash Equivalents, Cash Flow Statement, Beginning Balance               | 392,494            | 11,234,905           | 263,624            | 7,273,386            |
| <b>Cash and Cash Equivalents, Cash Flow Statement, Ending Balance (Note 16)</b> | <b>193,190</b>     | <b>5,581,819</b>     | <b>392,494</b>     | <b>11,234,905</b>    |

The accompanying notes form an integral part of these Financial Statements

Note : (1) The audited financial statements of the company are prepared in accordance with the laws of the country on incorporation and they do not include the Indian Rupee equivalent figures.

(2) On 31st March 2008 : SG\$ 1 = Rs.28.8929

**NOTES TO FINANCIAL STATEMENTS 31 MARCH, 2008**

**1. GENERAL**

The company is incorporated in Singapore with limited liability. The financial statements are presented in Singapore dollars. The financial statements were approved and authorised for issue by the board of directors on 23 May 2008.

The principal activities of the company are those of manufacture and direct selling of water purifiers and other health related products. The registered office address is: 35 Selegie Road, #04-07 Parklane Shopping Mall, Singapore 188307. The company is domiciled in Singapore.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Accounting Convention**

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("FRS") as issued by the Singapore Accounting Standards Council as well as all related Interpretations to FRS ("INT FRS") and the Companies Act, Cap 50. The financial statements are prepared on a going concern basis under the historical cost convention except where an FRS requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements.

**Basis of presentation**

Consolidated financial statements have not been presented and equity method of accounting has not been used as the company is a wholly owned subsidiary. The address of the parent company presenting the group financial statements is: P.O.Box 936, G.P.O. Mumbai - 400 001.

**Basis of Preparation of the Financial Statements**

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity's accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

**Revenue Recognition**

The revenue amount is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the year arising from the course of the ordinary activities of the entity and it is shown net of related sales taxes, estimated returns, discounts and volume rebates. Revenue from the sale of goods is recognised when significant risks and rewards of ownership are transferred to the buyer, there is neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the amount of revenue and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Interest revenue is recognised using the effective interest method.

**Employee Benefits**

Contributions to defined contribution retirement benefit plans are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it agrees to contribute to an independently administered fund. This includes the government managed retirement benefit plan such as the Central Provident Fund in Singapore. For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

**Income Tax**

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Income tax expense represents the sum of the tax currently payable and deferred tax. Tax and deferred tax are recognised in the income statement except that when they relate to items that initially bypass the income statement and are taken to equity, in which case they are similarly taken to equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each balance sheet date and is reduced, if necessary, by the amount of any

**NOTES TO FINANCIAL STATEMENTS 31 MARCH, 2008 (Cont'd)****SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). A deferred tax liability is not recognised for all taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures because (a) the company is able to control the timing of the reversal of the temporary difference; and (b) it is probable that the temporary difference will not reverse in the foreseeable future.

**Foreign Currency Transactions**

The functional currency is the Singapore dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each balance sheet date, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the balance sheet and fair value dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in the income statement except when deferred in equity as qualifying cash flow hedges. The presentation is in the functional currency.

**Borrowing Costs**

All borrowing costs that are interest and other costs incurred in connection with the borrowing of funds that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of that asset until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. Other borrowing costs are recognised as an expense in the period in which they are incurred. The interest expense is calculated using the effective interest rate method.

**Plant and Equipment**

Depreciation is provided on a straight-line basis to allocate the gross carrying amounts less their residual values over their estimated useful lives of each part of an item of these assets. The annual rates of depreciation are as follows:

Plant and equipment – 33%

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

Plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. The gain or loss arising from the derecognition of an item of plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in the income statement. The residual value and the useful life of an asset is reviewed at least at each financial year-end and, if expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Cost also includes acquisition cost, any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent cost are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement when they are incurred.

**Subsidiaries**

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities accompanying a shareholding of more than one half of the voting rights or the ability to appoint or remove the majority of the members of the board of directors or to cast the majority of votes at meetings of the board of directors. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. In the company's own separate financial statements, the investments in subsidiaries are stated at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The net book value of the subsidiaries are not necessarily indicative of the amounts that would be realised in a current market exchange.

**Associates**

An associate is an entity including an unincorporated entity in which the investor has a substantial financial interest (usually not less than 20% of the voting power), significant influence and that is neither a subsidiary nor a joint venture of the investor. Significant



**NOTES TO FINANCIAL STATEMENTS 31 MARCH, 2008 (Cont'd)**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Investments in associates are stated at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for an associate is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The book values of the associates are not necessarily indicative of the amounts that would be realised in a current market exchange.

**Leased Assets**

Leases are classified as finance leases if substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. At the commencement of the lease term, a finance lease is recognised as an asset and as liability in the balance sheet at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine; if not, the lessee's incremental borrowing rate is used. Any initial direct costs of the lessee are added to the amount recognised as an asset. The excess of the lease payments over the recorded lease liability are treated as finance charges which are allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred. The assets are depreciated as owned depreciable assets. Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in the income statement on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

**Impairment of Non-Financial Assets**

The carrying amount of such assets (other than (i) intangible assets not yet available for use, (ii) goodwill and other indefinite life intangible assets) is reviewed at each reporting date for indications of impairment and where impairment is found, the asset is written down through the income statement to its estimated recoverable amount. Irrespective of whether there is any indication of impairment, an annual impairment test is performed at the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use.

The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in the income statement. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each reporting date non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**Financial Assets**

Initial recognition and measurement:

A financial asset is recognised on the balance sheet when, and only when, the entity becomes a party to the contractual provisions of the instrument. The initial recognition of financial assets is at fair value normally represented by the transaction price. The transaction price for financial asset not classified at fair value through income statement includes the transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs incurred on the acquisition or issue of financial assets classified at fair value through profit are expensed immediately. The transactions are recorded at the trade date.

Subsequent measurement based on the classification of the financial assets in one of the following four categories under FRS 39 is as follows:

1. Financial assets at fair value through profit and loss: As at year end date there were no financial assets classified in this category.
2. Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that are for sale immediately or in the near term are not to be classified in this category. These assets are carried at amortised costs using the effective interest method (except that short-duration receivables with no

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**NOTES TO FINANCIAL STATEMENTS 31 MARCH, 2008 (Cont'd)**
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant) minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility. Impairment charges are provided only when there is objective evidence that an impairment loss has been incurred as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Losses expected as a result of future events, no matter now likely, are not recognised. For impairment, the carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in the income statement. The trade and other receivables are classified in this category.

3. Held-to-maturity financial assets: As at year end date there were no financial assets classified in this category.
4. Available for sale financial assets: As at year end date there were no financial assets classified in this category.

**Derecognition of financial assets:**

Irrespective of the legal form of the transactions performed, financial assets are derecognised when they pass the "substance over form" based derecognition test prescribed by FRS 39 relating to the transfer of risks and rewards of ownership and the transfer of control.

**Cash and cash equivalents:**

Cash and cash equivalents include bank and cash balances, on demand deposits and any highly liquid debt instruments purchased with an original maturity of three months or less. For the cash flow statement the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management.

**Hedging**

The entity is exposed to currency risks. There is no arrangement to reduce currency exposures through derivatives and other hedging instruments.

**Financial Liabilities****Initial recognition and measurement:**

A financial liability is recognised on the balance sheet when, and only when, the entity becomes a party to the contractual provisions of the instrument. The initial recognition of financial liability is at fair value normally represented by the transaction price. The transaction price for financial liability not classified at fair value through income statement includes the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs incurred on the acquisition or issue of financial liability classified at fair value through profit are expensed immediately. The transactions are recorded at the trade date. Financial liabilities including bank and other borrowings are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

**Subsequent measurement:**

Subsequent measurement based on the classification of the financial liabilities in one of the following two categories under FRS 39 is as follows:

1. Liabilities at fair value through profit and loss: As at year end date, there were no financial liabilities classified in this category.
2. Other financial liabilities: All liabilities, which have not been classified as in the previous category fall into this residual category. These liabilities are carried at amortised cost using the effective interest method. Trade and other payables and borrowing are classified in this category. Items classified within current trade and other payables are not usually re-measured, as the obligation is usually known with a high degree of certainty and settlement is short-term.

**Fair Value of Financial Instruments**

The carrying values of current financial assets and financial liabilities including cash, accounts receivable, short-term borrowings, accounts payable approximate their fair values due to the short-term maturity of these instruments. Disclosures of fair value are not made when the carrying amount is a reasonable approximation of fair value. The fair values of non-current financial instruments may not be disclosed unless there are significant items at the end of the year and in the event the fair values are disclosed in the relevant notes. The maximum exposure to credit risk is the fair value of the financial instruments at the balance sheet date. The fair value of a financial instrument is derived from an active market. The appropriate quoted market price for an asset held or liability to be issued is usually the current bid price without any deduction for transaction costs that may be incurred on sale or other disposal and, for an asset to be acquired or liability held, the asking price.

**NOTES TO FINANCIAL STATEMENTS 31 MARCH, 2008 (Cont'd)**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**Inventories**

Inventories are measured at the lower of cost (first in first out method) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A write down on cost is made for where the cost is not recoverable or if the selling prices have declined. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

**Equity**

Equity instruments are contracts that give a residual interest in the net assets of the company. Ordinary shares are classified as equity. Equity instruments are recognised at the amount of proceeds received net of incremental costs directly attributable to the transaction. The shares have no par value. Dividends on equity are recognised as liabilities when they are declared. Interim dividends are recognised when paid.

**Provisions**

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in the income statement in the period they occur.

**Critical Judgements, Assumptions and Estimation Uncertainties**

There were no critical judgements made in the process of applying the entity's accounting policies that have the most significant effect on the amounts recognised in the financial statements. The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

**Allowances for Doubtful Accounts:**

An allowance is made for doubtful accounts for estimated losses resulting from the subsequent inability of the customers to make required payments. If the financial conditions of the customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required in future periods. Management specifically analyses accounts receivables and analyses historical bad debt, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when evaluating the adequacy of the allowance for doubtful accounts. At the balance sheet date, the receivables are not measured at fair value and their fair values might change materially within the next financial year.

**3. RELATED PARTY TRANSACTIONS**

A related party is an entity or person that directly or indirectly through one or more intermediaries controls, is controlled by, or is under common or joint control with, the entity in governing the financial and operating policies, or that has an interest in the entity that gives it significant influence over the entity in financial and operating decisions. It also includes members of the key management personnel or close members of the family of any individual referred to herein and others who have the ability to control, jointly control or significantly influence by or for which significant voting power in such entity resides with, directly or indirectly, any such individual. This includes parents, subsidiaries, fellow subsidiaries, associates, joint ventures and post-employment benefit plans, if any.

**3.1 Related companies:**

The company is a subsidiary of Eureka Forbes Limited, incorporated in India. The company's ultimate parent company is Forbes Gokak Limited, incorporated in India. Related companies in these financial statements include the members of the parent company's group of companies.

There are transactions and arrangements between the company and members of the group and the effects of these on the basis determined between the parties are reflected in these financial statements. The current intercompany balances are unsecured without fixed repayment terms and interest unless stated otherwise. For non-current balances an interest is imputed based on the prevailing market interest rate for similar debt less the interest rate if any provided in the agreement for the balance.

## NOTES TO FINANCIAL STATEMENTS 31 MARCH, 2008 (Cont'd)

## 3. RELATED PARTY TRANSACTIONS (Cont'd)

## 3.1 Related companies (Cont'd)

Significant related company transactions :

In addition to the transactions and balances disclosed elsewhere in the notes to the financial statements, this item includes the following :

|                    | <b>Parent<br/>Company<br/>2008<br/>SG\$</b>     | <b>Parent<br/>Company<br/>2008<br/>INR</b>     | <b>Parent<br/>Company<br/>2007<br/>SG\$</b>     | <b>Parent<br/>Company<br/>2007<br/>INR</b>     |
|--------------------|---|--|---|--|
| Interest Expenses  | 1,138,731                                       | 31,186,198                                     | 244,360   | 7,044,972                                      |
| Purchases of Goods | 2,866,457                                       | 78,503,085                                     | 2,026,352                                       | 58,420,336                                     |
|                    | <b>Subsidiary<br/>Company<br/>2008<br/>SG\$</b> | <b>Subsidiary<br/>Company<br/>2008<br/>INR</b> | <b>Subsidiary<br/>Company<br/>2007<br/>SG\$</b> | <b>Subsidiary<br/>Company<br/>2007<br/>INR</b> |
| Sale of Goods      | 63,483  | 1,738,596                                      | 70,294  | 2,026,576                                      |
|                    | <b>Associate<br/>Company<br/>2008<br/>SG\$</b>  | <b>Associate<br/>Company<br/>2008<br/>INR</b>  | <b>Associate<br/>Company<br/>2007<br/>SG\$</b>  | <b>Associate<br/>Company<br/>2007<br/>INR</b>  |
| Interest Income    | 375,212   | 10,275,856                                     | 182,183   | 5,252,391                                      |
| Sale of Goods      | 2,056,515                                       | 56,321,365                                     | 814,476   | 23,481,587                                     |
|                    | <b>Related<br/>Party<br/>2008<br/>SG\$</b>      | <b>Related<br/>Party<br/>2008<br/>INR</b>      | <b>Related<br/>Party<br/>2007<br/>SG\$</b>      | <b>Related<br/>Party<br/>2007<br/>INR</b>      |
| Interest Expense   | 73,660  | 2,017,312                                      | -   | -  |

## 3.2 Key management compensation

Key management personnel are the directors and they did not receive any compensation during the year. They received compensation from related corporations in their capacity as directors and/or executives of those related corporations.

## 3.3 Other receivables from and other payables to related parties

The trade transactions and the trade receivables and payables balances arising from sales and purchases of goods and services are disclosed elsewhere in the notes to the financial statements.

The movements in other receivables from and other payables to related parties are as follows:

|  | <b>Parent<br/>Company<br/>2008<br/>SG\$</b> | <b>Parent<br/>Company<br/>2008<br/>INR</b> | <b>Parent<br/>Company<br/>2007<br/>SG\$</b> | <b>Parent<br/>Company<br/>2007<br/>INR</b> |
|--|---|--|---|--|
| <u>Other payables</u>  |   |  |   |  |
| Balance at beginning of the year   | (5,900,000)                                 | (170,468,110)                              | -   | -  |
| Amount paid in and settlement of liabilities on behalf of the Company    | (6,233,279)                                 | (180,097,507)                              | (5,900,000)                                 | (168,883,960)                              |
| Amount paid out and settlement of liabilities on behalf of another party | 2,536,798                                   | 73,295,451                                 | -   | -  |
| Balance at end of the year   | (9,596,481)                                 | (277,270,166)                              | (5,900,000)                                 | (168,883,960)                              |

**EURO FORBES INTERNATIONAL PTE. LTD. (Registration No: 200412038H)**  
**(Incorporated in the Republic of Singapore)**

**NOTES TO FINANCIAL STATEMENTS 31 MARCH, 2008 (Cont'd)**

**3.3 Other receivables from and other payables to related parties (Cont'd)**

|  | <b>Subsidiary<br/>Company<br/>2008<br/>SG\$</b> | <b>Subsidiary<br/>Company<br/>2008<br/>INR</b> | <b>Subsidiary<br/>Company<br/>2007<br/>SG\$</b> | <b>Subsidiary<br/>Company<br/>2007<br/>INR</b> |
|--|---|--|---|--|
| <u>Other receivables</u>   |   |  |   |  |
| Balance at beginning of the year   | 3,353   | 96,878   | –   | –  |
| Amount paid out and settlement of liabilities on behalf of another party | 214,206   | 6,189,032                                      | 3,353   | 95,978   |
| Balance at end of the year   | 217,559   | 6,285,910                                      | 3,353   | 95,978   |
|  | <b>Associate<br/>Company<br/>2008<br/>SG\$</b>  | <b>Associate<br/>Company<br/>2008<br/>INR</b>  | <b>Associate<br/>Company<br/>2007<br/>SG\$</b>  | <b>Associate<br/>Company<br/>2007<br/>INR</b>  |
| <u>Other receivables</u>   |   |  |   |  |
| Balance at beginning of the year   | 2,004,015                                       | 57,901,805                                     | –   | –  |
| Amount paid out and settlement of liabilities on behalf of another party | 2,714,055                                       | 78,416,920                                     | 2,004,015                                       | 57,363,727                                     |
| Balance at end of the year   | 4,718,070                                       | 136,318,725                                    | 2,004,015                                       | 57,363,727                                     |
|  | <b>Related<br/>Party<br/>2008<br/>SG\$</b>      | <b>Related<br/>Party<br/>2008<br/>INR</b>      | <b>Related<br/>Party<br/>2007<br/>SG\$</b>      | <b>Related<br/>Party<br/>2007<br/>INR</b>      |
| <u>Other payables</u>  |   |  |   |  |
| Balance at beginning of the year   | –   | –  | –   | –  |
| Amount paid in and settlement of liabilities on behalf of the company    | (2,120,000)                                     | (61,252,948)                                   | –   | –  |
| Balance at end of the year   | (2,120,000)                                     | (61,252,948)                                   | –   | –  |
| <b>4. REVENUE</b>  | <b>2008<br/>SG\$</b>                            | <b>2008<br/>INR</b>                            | <b>2007<br/>SG\$</b>                            | <b>2007<br/>INR</b>                            |
| Sale of goods  | 9,111,457                                       | 249,533,651                                    | 5,430,340                                       | 156,558,331                                    |
| <b>5. INTEREST INCOME</b>  | <b>2008<br/>SG\$</b>                            | <b>2008<br/>INR</b>                            | <b>2007<br/>SG\$</b>                            | <b>2007<br/>INR</b>                            |
| Interest income  | 682,397   | 18,688,670                                     | 635,387   | 18,318,398                                     |
| <b>6. OTHER CHARGES</b>  | <b>2008<br/>SG\$</b>                            | <b>2008<br/>INR</b>                            | <b>2007<br/>SG\$</b>                            | <b>2007<br/>INR</b>                            |
| Foreign exchange adjustment losses                                       | 484,011   | 13,255,512                                     | 176,220   | 5,080,475                                      |
| <b>7. FINANCE COSTS</b>  | <b>2008<br/>SG\$</b>                            | <b>2008<br/>INR</b>                            | <b>2007<br/>SG\$</b>                            | <b>2007<br/>INR</b>                            |
| Interest expense   | 1,214,179                                       | 33,252,477                                     | 285,287   | 8,224,910                                      |
| <b>8. EMPLOYEE BENEFIT EXPENSE</b>                                       | <b>2008<br/>SG\$</b>                            | <b>2008<br/>INR</b>                            | <b>2007<br/>SG\$</b>                            | <b>2007<br/>INR</b>                            |
| Employee benefit expense   | 509,150   | 13,943,989                                     | 292,353   | 8,428,625                                      |
| Total employee benefit expense   | 509,150   | 13,943,989                                     | 292,353   | 8,428,625                                      |

## NOTES TO FINANCIAL STATEMENTS 31 MARCH, 2008 (Cont'd)

## 9. INCOME TAX

|                     | 2008<br>SG\$ | 2008<br>INR | 2007<br>SG\$ | 2007<br>INR |
|---------------------|--------------|-------------|--------------|-------------|
| Current tax expense | 163,000      | 4,709,543   | 165,000      | 4,723,026   |

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 18.0% to profit before income tax as a result of the following differences:

| <b>Tax rate reconciliation:</b>          | 2008<br>SG\$ | 2008<br>INR | 2007<br>SG\$ | 2007<br>INR |
|--|--------------|-------------|--------------|-------------|
| Profit before tax                        | 682,130      | 18,790,686  | 653,722      | 18,838,337  |
| Income tax expense at the statutory rate | 122,783      |             | 117,670      |             |
| Non allowable items                      | 67,608       |             | 59,841       |             |
| Deferred tax valuation allowance         | (196)        |             | (439)        |             |
| Tax exemption                            | (27,450)     |             | (14,291)     |             |
| Other items less than 3 %                | 255          |             | 2,219        |             |
| Total income tax expense                 | 163,000      |             | 165,000      |             |
| Effective Tax rate                       | 23.9%        |             | 25.2%        |             |

**Deferred Tax:**

The deferred tax amounts and movements in the year are as follows:

|   | Balance sheet |              | Net Change in income statement |              |
|---|---------------|--------------|--------------------------------|--------------|
|   | 2008<br>SG\$  | 2007<br>SG\$ | 2008<br>SG\$                   | 2007<br>SG\$ |
| Deferred tax assets:  |               |              |                                |              |
| Excess of tax written down value over net book value of plant and equipment | -             | 196          | 196                            | 439          |
| Total deferred tax assets   | -             | 196          | 196                            | 439          |
| Deferred tax assets valuation allowance                                     | -             | (196)        | (196)                          | (439)        |
| Deferred tax liabilities  | -             | -            | -                              | -            |

There is no income tax consequences of dividends to shareholders of the company.

## 10. PLANT AND EQUIPMENT

| <b>Cost:</b>                     | 2008<br>SG\$ | 2008<br>INR | 2007<br>SG\$ | 2007<br>INR |
|----------------------------------|--------------|-------------|--------------|-------------|
| At the beginning of year         | 36,257       | 970,656     | 34,327       | 915,411     |
| Additions                        | -            | -           | 1,930        | 55,245      |
| Disposals                        | -            | -           | -            | -           |
| At end of year                   | 36,257       | 970,656     | 36,257       | 970,656     |
| <b>Accumulated depreciation:</b> |              |             |              |             |
| At the beginning of year         | 32,149       | 689,105     | 20,064       | 340,691     |
| Depreciation for the year        | 3,465        | 94,895      | 12,085       | 348,414     |
| Disposals                        | -            | -           | -            | -           |
| At end of year                   | 35,614       | 784,000     | 32,149       | 689,105     |
| <b>Net book value:</b>           |              |             |              |             |
| At end of year                   | 643          | 186,656     | 4,108        | 281,551     |

The depreciation expense is charged to administrative expenses.

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**NOTES TO FINANCIAL STATEMENTS 31 MARCH, 2008 (Cont'd)**

**11. INVESTMENT IN SUBSIDIARY**

|   | <b>2008</b> | <b>2008</b> | <b>2007</b> | <b>2007</b> |
|---|-------------|-------------|-------------|-------------|
|   | <b>SG\$</b> | <b>INR</b>  | <b>SG\$</b> | <b>INR</b>  |
| Quoted equity shares at cost  | 384,977     | 11,019,736  | 384,977     | 11,019,736  |
| Analysis of above amount denominated<br>in non-functional currency: |             |             |             |             |
| Malaysian Ringgit   | 384,977     | 11,019,736  | 384,977     | 11,019,736  |
| Share of net book value   | 93,067      |             | 275,544     |             |

The subsidiary held by the company is listed below:

**Name of subsidiary, country of incorporation,  
place of operations and principal activities**

**Percentage of equity held group**

|  | 2,008 | 2,007 |
|--|-------|-------|
|  | %     | %     |
| Euro Forbes International Sdn Bhd (a) Malaysia                 | 90    | 90    |
| Direct selling of water purifiers and other health<br>products |       |       |

(a) Other independent auditors. Audited by firms of accountants other than member firms of RSM International of which RSM Chio Lim in Singapore is a member.

30% of the interest in subsidiary is held by an individual on behalf of the company via a trust deed made on 15 May 2006.

60% of the interest in subsidiary is held by an another company on behalf of the company via a trust deed made on 31 January 2007.

**12. INVESTMENT IN ASSOCIATE**

|   | <b>2008</b> | <b>2008</b> | <b>2007</b> | <b>2007</b> |
|---|-------------|-------------|-------------|-------------|
|   | <b>SG\$</b> | <b>INR</b>  | <b>SG\$</b> | <b>INR</b>  |
| Quoted equity shares at cost  | 41,837      | 1,197,559   | 41,837      | 1,197,559   |
| Analysis of above amount denominated<br>in non-functional currency: |             |             |             |             |
| Thai Baht   | 41,837      | 1,197,559   | 41,837      | 1,197,559   |
| Share of net book value (negative)                                  | (1,066,110) | -           | (146,485)   | -           |

The associate held by the company is listed below:

**Name of associate, country of incorporation,  
place of operations and principal activities**

**Percentage of equity held group**

|  | 2008 | 2007 |
|--|------|------|
|  | %    | %    |
| Euro P2P Direct (Thailand) Co Ltd. (a) Thailand                | 49   | 49   |
| Direct selling of water purifiers and other health<br>products |      |      |

(a) Other independent auditors. Audited by firms of accountants other than member firms of RSM International of which RSM Chio Lim in Singapore is a member.

**13. INVENTORIES**

|  | <b>2008</b> | <b>2008</b> | <b>2007</b> | <b>2007</b> |
|--|-------------|-------------|-------------|-------------|
|  | <b>SG\$</b> | <b>INR</b>  | <b>SG\$</b> | <b>INR</b>  |
| Goods for resale at cost                                     | 107,176     | 3,096,625   | 42,089      | 1,204,772   |
| Changes in inventories of finished goods (increase)          | 65,087      | 1,880,552   | (42,089)    | (1,204,772) |
| The amount of inventories included in cost of goods sold     | 5,759,720   | 157,740,300 | 2,918,783   | 84,149,390  |
| There are no inventories pledged as security for liabilities |             |             |             |             |

## NOTES TO FINANCIAL STATEMENTS 31 MARCH, 2008 (Cont'd)

## 14. TRADE AND OTHER RECEIVABLES

|  | 2008<br>SG\$      | 2008<br>INR        | 2007<br>SG\$      | 2007<br>INR        |
|--|-------------------|--------------------|-------------------|--------------------|
| <b>Trade Receivables</b>   |                   |                    |                   |                    |
| Outside parties  | 12,145,516        | 350,919,179        | 6,282,414         | 179,830,320        |
| Parent Company (Note 3)  | 339               | 9,795              | -                 | -                  |
| Subsidiary (Note 3 and 11)   | 126,652           | 3,659,344          | 70,294            | 2,012,124          |
| Associate (Note 3 and 12)  | 2,682,403         | 77,502,402         | 814,475           | 23,313,858         |
| Subtotal   | <u>14,954,910</u> | <u>432,090,720</u> | <u>7,167,183</u>  | <u>205,156,302</u> |
| <b>Other Receivables</b>   |                   |                    |                   |                    |
| Outside Parties  | 5,800,126         | 167,582,461        | 5,088,669         | 145,660,125        |
| Parent Company (Note 3)  | 2,756,468         | 79,642,354         | -                 | -                  |
| Subsidiary (Note 3 and 11)   | 217,559           | 6,285,910          | 3,353             | 95,978             |
| Associate (Note 3 and 12)  | 4,718,070         | 136,318,725        | 2,004,015         | 57,363,733         |
| Less: Allowance for impairment                                       | (162,100)         | (4,683,539)        | (162,100)         | (4,640,015)        |
| Subtotal   | <u>13,330,123</u> | <u>385,145,911</u> | <u>6,933,937</u>  | <u>198,479,820</u> |
| Total trade and other receivables                                    | <u>28,285,033</u> | <u>817,236,631</u> | <u>14,101,120</u> | <u>403,636,122</u> |
| Total current portion  | <u>18,011,444</u> | <u>520,402,851</u> | <u>7,283,590</u>  | <u>208,488,382</u> |
| Non current portion – other receivables:                             |                   |                    |                   |                    |
| Associate (Note 3)   | 4,718,070         | 136,318,725        | 2,004,015         | 57,363,733         |
| Outside Parties  | 5,717,619         | 165,198,594        | 4,975,615         | 142,423,994        |
| Less: Allowance for impairment                                       | (162,100)         | (4,683,539)        | (162,100)         | (4,640,015)        |
| Total non-current portion  | <u>10,273,589</u> | <u>296,833,780</u> | <u>6,817,530</u>  | <u>195,147,711</u> |
| Movement in above allowance:   |                   |                    |                   |                    |
| Balance at beginning of year and end of year                         | <u>162,100.00</u> | <u>4,683,539</u>   | <u>162,100</u>    | <u>4,640,015</u>   |
| Analysis of the above amount denominated in non functional currency: |                   |                    |                   |                    |
| Thai Baht  | 4,158,880         | 120,162,104        | 1,673,694         | 47,908,487         |
| Malaysian Ringgit  | 3,391             | 97,976             | 135,141           | 3,868,330          |
| Philippine Peso  | -                 | -                  | 29,678            | 849,515            |
| United Arab Emirates Dhiram  | 70,705            | 2,042,872          | 120,477           | 3,448,582          |
| United States Dollar   | <u>8,749,685</u>  | <u>252,803,774</u> | <u>5,917,671</u>  | <u>169,389,782</u> |

Non-current other receivables include working capital loans to distributors. An interest at 10% per year is charged. The term of the working capital loan states that the distributors shall repay the working capital loans in full together with interest or in such installments as may be decided by the company. Further, the company has a right to call upon the distributors to repay the loan along with interest any time after the period of 3 years from the date of first disbursement of the loan.

## 15. OTHER ASSETS, CURRENT

|                             | 2008<br>SG\$  | 2008<br>INR      | 2007<br>SG\$  | 2007<br>INR      |
|-----------------------------|---------------|------------------|---------------|------------------|
| Deposits to secure services | 28,029        | 809,839          | 24,758        | 708,683          |
| Prepayments                 | 39,927        | 1,153,607        | 35,818        | 1,025,269        |
|                             | <u>67,956</u> | <u>1,963,446</u> | <u>60,576</u> | <u>1,733,952</u> |



**EURO FORBES INTERNATIONAL PTE. LTD. (Registration No: 200412038H)**  
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**NOTES TO FINANCIAL STATEMENTS 31 MARCH, 2008 (Cont'd)**

**16. CASH AND CASH EQUIVALENTS**

|  | <b>2008</b> | <b>2008</b> | <b>2007</b> | <b>2007</b> |
|--|-------------|-------------|-------------|-------------|
|  | <b>SG\$</b> | <b>INR</b>  | <b>SG\$</b> | <b>INR</b>  |
| Not restricted in use  | 193,190     | 5,581,819   | 392,494     | 11,234,905  |
| Analysis of above amount denominated in non functional currency: |             |             |             |             |
| United States Dollar   | 39,073      | 1,128,932   | 65,221      | 1,866,912   |
| United Arab Emirates Dirham                                      | 27,392      | 791,434     | 13,430      | 384,426     |

The cash and cash equivalent amounts does not earn any interest.

**17. SHARE CAPITAL**

|   | <b>Number of</b> | <b>Issued share capital</b> |            |
|---|------------------|-----------------------------|------------|
|   | <b>Shares</b>    | <b>SG\$</b>                 | <b>INR</b> |
| <b>Ordinary Shares of no par value:</b>                     |                  |                             |            |
| Balance at 1 April 2006 and 31 March 2007 and 31 March 2008 | 3,500,000        | 3,500,000                   | 93,885,000 |

The ordinary shares of no par value carry no right to fixed income and are fully paid. The company is not subject to any externally imposed capital requirements.

The objectives when managing capital are: to safeguard the company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk. The management sets the amount of capital in proportion to risk. The management manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

**18. OTHER FINANCIAL LIABILITIES**

|  | <b>2008</b>       | <b>2008</b>        | <b>2007</b>      | <b>2007</b>        |
|--|-------------------|--------------------|------------------|--------------------|
|  | <b>SG\$</b>       | <b>INR</b>         | <b>SG\$</b>      | <b>INR</b>         |
| <b>Non Current:</b>  |                   |                    |                  |                    |
| Parent Company Loans Payable (Note 3)  | 10,977,447        | 317,170,278        | 5,900,000        | 168,883,960        |
| Related Party (Note 3)   | 2,120,000         | 61,252,948         | -                | -                  |
|  | <u>13,097,447</u> | <u>378,423,226</u> | <u>5,900,000</u> | <u>168,883,960</u> |
| <b>Current:</b>  |                   |                    |                  |                    |
| Bank loans (Secured) (Note 18 A)   | -                 | -                  | 715,140          | 20,470,453         |
| Total  | 13,097,447        | 378,423,226        | 6,615,140        | 189,354,413        |
| The non-current portion is repayable as follows:                             |                   |                    |                  |                    |
| Due within 2 to 5 years:   |                   |                    |                  |                    |
| Parent Company Loans Payable (Note 3)  | 10,977,447        | 317,170,278        | 5,900,000        | 168,883,960        |
| The floating rate interest rate paid were as follows:                        |                   |                    |                  |                    |
| Parent Company Loans Payable (Note 3)  | 12% -12.75%       | -                  | 12% -12.25%      | -                  |
| Related Party (Note 3)   | 12% - 12.75%      | -                  | -                | -                  |
| Analysis of above non-current amount denominated in non-functional currency: |                   |                    |                  |                    |
| United States dollars  | 500,000           | -                  | 500,000          | -                  |

The carrying value of long-term debt approximates the fair values.

The agreement for the loans payable to the Parent Company provides that they are unsecured, with the above interest rates based on market rates and repayable after one year.

## NOTES TO FINANCIAL STATEMENTS 31 MARCH, 2008 (Cont'd)

## 18A. BANK LOANS (SECURED)

|  | 2008<br>SG\$ | 2008<br>INR | 2007<br>SG\$   | 2007<br>INR |
|--|--------------|-------------|----------------|-------------|
| Bank loans (Secured)   | –            | –           | 715,140        | 20,470,453  |
| Total short-term borrowings                                      | –            | –           | 715,140        | 20,470,453  |
| The range of floating rate interest rates paid were as:          |              |             |                |             |
| Bank loans   | –            | –           | 6.63% to 6.97% | –           |
| Analysis of above amount denominated in non functional currency: |              |             |                |             |
| United States dollars  | –            | –           | 715,140        | 20,470,453  |

The short-term borrowings carry floating rates of interest. The carrying amounts are assumed to be a reasonable approximation of fair values. These are due within 3 months.

The bank loan was secured by a floating charge on the company's assets.

## 19. TRADE AND OTHER PAYABLES

|  | 2008<br>SG\$      | 2008<br>INR        | 2007<br>SG\$     | 2007<br>INR        |
|--|-------------------|--------------------|------------------|--------------------|
| <b>Trade Payables;</b>   |                   |                    |                  |                    |
| Parent Company (Note 3)  | 2,567,370         | 74,178,765         | 2,085,371        | 59,692,494         |
| Outside parties and accrued liabilities                          | 2,715,052         | 78,445,726         | 2,227,908        | 63,772,530         |
| Subtotal   | <u>5,282,422</u>  | <u>152,624,491</u> | <u>4,313,279</u> | <u>123,465,023</u> |
| <b>Other Payables;</b>   |                   |                    |                  |                    |
| Parent Company (Note 3)  | 1,155,832         | 33,395,338         | –                | –                  |
| Other Payables   | 4,764,199         | 137,651,525        | –                | –                  |
| Subtotal   | <u>5,920,031</u>  | <u>171,046,864</u> | –                | –                  |
| Total Trade and Other Payables                                   | <u>11,202,453</u> | <u>323,671,354</u> | <u>4,313,279</u> | <u>123,465,023</u> |
| Analysis of above amount denominated in non functional currency: |                   |                    |                  |                    |
| United Arab Emirates Dhiram                                      | 21,242            | 613,743            | 60,102           | 1,720,384          |
| Indian Rupee   | 1,155,832         | 33,395,338         | 746,471          | 21,367,284         |
| United States dollars  | 2,695,056         | 77,867,984         | 1,322,796        | 37,864,242         |
| Philippines Peso   | 841,120           | 24,302,396         | 595,331          | 17,040,993         |
| Indonesia Rupiah   | <u>1,376,281</u>  | <u>39,764,749</u>  | <u>1,165,060</u> | <u>33,349,143</u>  |

The average credit period taken to settle non-related trade payables is about 180 days (2007: 180 days). The other payables are with short-term durations. The carrying amounts are assumed to be a reasonable approximation of fair values.

## 20. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS

## 20A. FINANCIAL RISK MANAGEMENT

The main purpose of the financial instruments is to raise finance for the entity's operations. The main risks arising from the entity's financial instruments are credit risk, interest risk, liquidity risk, foreign currency risk and market price risk comprising interest rate and currency risk exposures. However these risks are low or minimal. The financial instruments comprise some cash and liquid resources, receivables, and payables, and some borrowings. Credit risk on cash balances is limited because the counter-parties are banks with high credit ratings. An ongoing credit evaluation is performed of the debtors' financial condition and a loss from impairment is recognised in the income statement. There is significant concentration of credit risk, as the exposure is spread over a large number of counter-parties and customers unless otherwise disclosed in the notes to the financial statements. There are no derivatives transactions.

The management has certain practices for the management of financial risks. However these are not documented in formal written documents. The following guidelines are followed: All financial risk management activities are carried out and monitored by senior management staff. All financial risk management activities are carried out following good market practices. It may consider investing

**NOTES TO FINANCIAL STATEMENTS 31 MARCH, 2008 (Cont'd)**

in shares or similar instruments only in the case of temporary excess of liquidity.

The company is exposed to currency and interest rate risks. There is no arrangement to reduce such risk exposures through derivatives and other hedging instruments.

**20B CREDIT RISK ON FINANCIAL ASSETS**

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations consist principally of cash, cash equivalents and trade and other accounts receivable. Credit risk on cash balances and derivative financial instruments is limited because the counter-parties are banks with high credit ratings. The exposure to credit risk is controlled by setting limits on the exposure to individual customers and these are disseminated to the relevant persons concerned and compliance is monitored by management.

The average credit period generally granted to non-related receivable customers is about 180 days (2007: 180 days) but some customers take a longer period to settle the amounts. A large portions of the balances remains unsettled at the date of this report.

Other receivables are normally with no fixed terms and not therefore there is no maturity. A large portion of the balances remains unsettled at the date of this report.

Current receivables with a short duration are not disclosed and the carrying amounts are assumed to be a reasonable approximation of fair values.

|   | <b>2008</b> | <b>2007</b> |
|---|-------------|-------------|
|   | <b>SG\$</b> | <b>SG\$</b> |
| <b>Concentration of trade receivable customers:</b> |             |             |
| Top 1 customer                                      | 7,029,320   | 3,865,899   |
| Top 2 customers                                     | 11,158,233  | 5,993,238   |
| Top 3 customers                                     | 13,840,636  | 6,807,714   |

**20C LIQUIDITY RISK**

The liquidity risk is managed on the basis of expected maturity dates of the financial liabilities.

The average credit period taken to settle non-related trade payables is about 180 days (2007: 180 days). The other payables are with short-term durations. The carrying amounts are assumed to be a reasonable approximation of fair values.

It is expected that all the liabilities will be paid at their contractual maturity. In order to meet such cash commitments the operating activity is expected to generate sufficient cash inflows. In addition, the financial assets are held for which there is a liquid market and that are readily available to meet liquidity needs.

**20D INTEREST RATE RISK**

The interest rate risk exposure, is mainly on financial liabilities and financial assets. The interest rate risk on financial assets is not significant. The interest rates on financial liabilities are disclosed in the respective notes.

**20E FOREIGN CURRENCY RISK**

There is exposure to foreign currency risk as part of its normal business. It is not significant.

**21. OPERATING LEASE PAYMENT COMMITMENTS**

At the balance sheet date the total of future minimum lease payments under non-cancellable operating lease are as follows:

|   | <b>2008</b> | <b>2007</b> |
|---|-------------|-------------|
|   | <b>SG\$</b> | <b>SG\$</b> |
| Not later than one year                           | 116,248     | 55,552      |
| Later than one year and not later than five years | 44,000      | –           |
| Rental expense for the year                       | 108,487     | 85,132      |

Operating lease payments are for rentals payable by the company for its office premise. The lease rental terms are negotiated for an average term of 12 to 36 months and rentals are subject to an escalation clause but the amount of the rent increase is not to exceed a certain percentage. Such increases are not included in the above amounts.

**22. CHANGES AND ADOPTION OF FINANCIAL REPORTING STANDARDS**

The XBRL format has been used for the first time. Adoption of the new XBRL format has resulted in some reclassifications in the balance sheet and the income statement and related notes but these did not require modifications to financial statements measurements.

## NOTES TO FINANCIAL STATEMENTS 31 MARCH, 2008 (Cont'd)

For the year ended 31 March 2008 the following new or revised Singapore Financial Reporting Standards were adopted for the first time. The new or revised standards did not require any material modification of the measurement method or the presentation in the financial statements.

| FRS No.     | Title  |
|-------------|--|
| FRS 1       | Presentation of Financial Statements Amendments relating to capital disclosures                          |
| INT FRS 105 | Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (*) |
| FRS 40      | Investment Property (*)  |
| INT FRS 107 | Applying the Restatement Approach under FRS 29 Financial Reporting in Hyperinflationary Economies (*)    |
| INT FRS 108 | Scope of FRS 102   |
| INT FRS 109 | Reassessment of Embedded Derivatives (*)   |
| INT FRS 110 | Interim Financial Reporting and Impairment (*)   |

(\*) Not relevant to the entity.

## 23 FUTURE CHANGES IN ACCOUNTING STANDARDS

The following new or revised Singapore Financial Reporting Standards that have been issued will be effective in future. The transfer to the new or revised standards from the effective dates is not expected to have a material impact on the financial statements.

| FRS No.     | Title  | Effective date for periods beginning on or after |
|-------------|--|--|
| FRS 23      | Borrowing Costs  | 1.1.2009   |
| FRS 107     | Financial Instruments: Disclosures                           | 1.1.2008   |
| FRS 107     | Financial Instruments: Disclosures – Implementation Guidance | 1.1.2008   |
| FRS 108     | Operating Segments (*)                                       | 1.1.2009   |
| INT FRS 111 | FRS102 – Group and Treasury Share Transactions (*)           | 1.1.2007   |
| INT FRS 112 | Service Concessions Arrangements (*)                         | 1.1.2008   |

(\*) Not relevant to the entity.

## 24 CHANGES IN ACCOUNTING POLICIES, RECLASSIFICATIONS AND COMPARATIVE FIGURES

Effective from 1 January 2007 the XBRL format was adopted as mentioned in Note 22. Adoption of the standards has resulted in some reclassification to conform with current year presentation. The reclassification to financial statements presentation are summarised below:

|                   | After<br>reclassification<br>SG\$ | Before<br>reclassification<br>SG\$ | Difference<br>SG\$ |
|-------------------|-----------------------------------|------------------------------------|--------------------|
| Financial expense | –                                 | (461,507)                          | 461,507            |
| Finance costs     | (285,287)                         | –                                  | (285,287)          |
| Other charges     | (176,220)                         | –                                  | (176,220)          |

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# FORBES AQUAMALL LIMITED

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(a wholly owned Subsidiary Company)

Annual Report and Accounts  
for the year ended 31<sup>st</sup> March, 2008

**DIRECTORS:**

S.L. Goklaney *Chairman*  
P.J. Reddy  
A.V. Suresh  
J.N. Ichhaporia  
P.V.K. Raman  
R. Ganguly  
Vicco Siyem

**PRINCIPAL BANKERS :**

Industrial Development Bank of India Limited

**AUDITORS :**

T A M & Co.

**REGISTERED OFFICE :**

G.S. Road, 9<sup>th</sup> Mile,  
Baridua, Dist. Ri-Bhoj,  
P.O. Amerigog,  
Meghalaya.

**REPORT OF THE DIRECTORS OF FORBES AQUAMALL LIMITED**

To

The Shareholders,  
Gentlemen,

Your Directors submit herewith their Report and the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2008.

**1. FINANCIAL RESULTS:**

|  | <b>Current Year</b><br><b>Rupees</b> | <b>Previous Year</b><br><b>Rupees</b> |
|--|--------------------------------------|---------------------------------------|
| <b>PROFIT BEFORE DEPRECIATION</b>                            | 3,49,99,863                          | 2,43,52,467                           |
| Less : Depreciation  | 69,10,951                            | 6,20,010                              |
| <b>PROFIT BEFORE TAX</b>                                     | 2,80,88,912                          | 2,37,32,457                           |
| Less : Provision for Taxation (Including fringe Benefit tax) | 32,06,043                            | 27,00,217                             |
| <b>PROFIT AFTER TAX</b>                                      | 2,48,82,869                          | 2,10,32,240                           |
| Add : Profit brought forward from previous year              | 7,41,03,217                          | 5,48,70,977                           |
| Amount available for appropriations                          | 9,89,86,086                          | 7,59,03,217                           |
| <b>APPROPRIATIONS</b>  |                                      |                                       |
| Transferred to General Reserve                               | 24,00,000                            | 18,00,000                             |
| Balance carried to Balance Sheet                             | 9,65,86,086                          | 7,41,03,217                           |

**2. DIVIDEND:**

To conserve resources in view of the Company's growing working capital requirements, your Directors do not recommend any dividend for the year under review (Previous Year – Nil).

**3. OPERATIONS:**

During the year, your Company has taken up the manufacture of vacuum cleaners during the year, in addition to its existing business of water purifiers. To enable the Company to take up the manufacture of vacuum cleaners, two units have been set up at Bhimtal in Utranchal and at Chennai. Both the units had commenced commercial operations during the year.

Due to this the year the Company has registered a growth of 108% in sales turnover. The profit before tax also grew by 18.4 % to Rs.28.09 Mn. This was after considering the write off of intangible assets to the extent of Rs.5.2 Mn and the initial costs involved in the setting up of the two units.

During the year under review your Company has further extended the range of water purification systems and the Directors are happy to report that all the products being manufactured by the Company have been meeting the specified quality standards and have been well accepted in the market.

Supplying high quality products is a focus area for your Company which is also taking several steps in its endeavour towards achieving zero defects and enhancing customer

satisfaction. Constant upgradations are being made in the manufacturing infrastructure to improve the quality and productivity.

**4. COMMUNITY SERVICES:**

Your Company, in line with the group's philosophy, has been making efforts to be a responsible corporate citizen. The Company has been involved in providing Water Purifiers to the various Charitable organizations and Old Age Homes; providing scholarships to the needy students of primary schools; and organising awareness programmes.

**5. DIRECTORS:**

Mr. P.V.K Raman was appointed as additional Director of the Company whose term of office expires with the forthcoming Annual General Meeting. The Company has received a notice under Section 257 of the Act from a member proposing his candidature for the office of a Director.

Mr. R.Ganguly & Mr. Vicco Syiem, Directors retire by rotation and are eligible for re-appointment.

**6. AUDITORS :**

You are requested to appoint Auditors for the current year and fix their remuneration. The retiring Auditors, M/s. TAM & Co., Chartered Accountants, (formerly M/s. K.A. Mehta & Co., Chartered Accountants, offer themselves for re-appointment.

**7. ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE:**

The information in accordance with the provision of Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the Annexure hereto.

**8. PARTICULARS REGARDING EMPLOYEES:**

The Company has no employee drawing remuneration of Rs.24,00,000/- per annum and over Rs.2,00,000/- per month if employed for a part of the year.

Hence, Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, does not apply.

**9. DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to Section 217(AA) of the Companies Act, 1956, the Directors based on the representations received from the Operating Management confirm –

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;
- (ii) that they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the company for that period;

(iii) that they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of this Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) that they have prepared the annual accounts on a going concern basis.

**10. SECRETARIAL COMPLIANCE CERTIFICATE:**

In terms of Sub-Section I of Section 383A of the Companies Amendment Act 2000, the Company has obtained a Secretarial Compliance Certificate from a practicing Company Secretary.

**11. APPRECIATION:**

The Directors wish to convey their appreciation to all the employees for their individual and collective contribution to the Company's performance. We would also like to place on record our appreciation to the Government of Meghalaya and its various agencies for the support and assistance provided in the smooth running of the unit.

On behalf of the  
Board of Directors

PLACE : MUMBAI  
DATED : 27<sup>th</sup> May 2008

**S.L.GOKLANEY**  
*Chairman*

**ANNEXURE TO THE DIRECTORS' REPORT**

[Information Under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 2007.]

**A. CONSERVATION OF ENERGY**

**1. Energy Conservation Measures taken :**

The manufacturing operations of the Company do not need substantial energy inputs. However, your company has been looking at different ways of reducing the energy consumption and conserving energy in day-to-day operations through conscious efforts.

**2. Additional investments and proposals, if any, being implemented for reduction of consumption of energy:**

The Company has been putting a lot of emphasis in making its operations as much eco-friendly as possible with the least pollution.

**3. Impact of the measures at (1) and (2) above for reduction of energy consumption and consequent impact on the cost of production of goods:**

The impact on the cost of production of goods is marginal but awareness amongst the people has been significant.

**B. TECHNOLOGY ABSORPTION**

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

**1. Specific areas in which R & D carried out by the Company:**

For all the products manufactured by the Company, totally indigenous technology has been used. Continuous efforts are being made towards development and improvement of product quality, incorporating additional features to improve product performance and value engineering to control costs. The Company is also working on different technologies for Water Purification systems and is producing special accessories to treat specific water contaminants like iron, fluoride, arsenic etc.

**2. Benefits derived as a result of above efforts :**

The efforts described in (1) above were directed towards better product quality, cost reduction in specific areas and productivity improvement. This would also help in expanding the application areas for Water Purifiers.

**3. Future Plan of Action :**

Efforts would be directed towards adopting the latest technology for water purification and following international best practices for manufacture. The main focus would continue to be on enhancing product quality, optimising costs, enhancing human asset value through training and development and improving overall performance thereby achieving improved operating efficiency and customer delight.

**4. Expenditure on R & D :**

There has been significant work done in the areas of electronics, value engineering and development of new models of water purifiers in association with the parent Company.

**5. Technology absorption, adaptation and innovation:**

The Company has not imported any technology during the last five years and has fully absorbed the indigenous technology for the models currently produced.

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Earnings in Foreign Exchange during the year under review was Rs.Nil and the Outgo was Rs.74,60,845/-.



**SECRETARIAL COMPLIANCE CERTIFICATE FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2008  
IN RESPECT OF FORBES AQUAMALL LIMITED**

Registration No. of the Company : 13-06900  
Date of Incorporation : 28<sup>th</sup> August, 2002  
Nominal Capital : Rs. 50,00,000/  
Paid Up Capital : Rs. 50,00,000/

To

The Members

Forbes Aquamall Limited

G.S.Road, 9<sup>th</sup> Mile, Baridua, Dist. Ri-Bhoi,

P.O. Amerigog - 781 023, MEGHALAYA.

I have examined the registers, records, books and papers of **FORBES AQUAMALL LIMITED** (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on **31<sup>st</sup> March 2008**. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The company has kept and maintained all registers as stated in **Annexure 'A'** to this certificate, as per the provisions of the Act and the rules made there under and all entries therein have been duly recorded.
2. The company has duly filed the forms and returns as stated in **Annexure 'B'** to this certificate, with the Concerned Registrar of Companies as required under the Act and the rules made thereunder.
3. The company, being a Public Limited Company, the provisions of section 3 (1) (iii) of the Act are not applicable.
4. The Board of Directors duly met **4** times respectively on **30<sup>th</sup> June, 2007, 21<sup>st</sup> September, 2007, 24<sup>th</sup> December, 2007 and 10<sup>th</sup> March, 2008** in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The company has not closed its Register of Members during the financial year.
6. The Annual General Meeting for the financial year ended on **31<sup>st</sup> March, 2007** was held on **16-07-2007** after giving shorter notice on **30-06-2007** to the members of the company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
7. **No** Extra-Ordinary General Meeting was held during the financial year.
8. The company has not advanced any loans to its directors or persons or firms or companies referred to under section 295 of the Act.
9. The company has not entered into any contracts falling within the purview of section 297 of the Act.
10. The company has made necessary entries in the register maintained under section 301 of the Act.
11. As there were no instances falling within the purview of section 314 of the Act, the company has not obtained any approvals from the Board of Directors, Members or Central Government.
12. The company has not issued any duplicate share certificates during the financial year.
13. (i) There was no allotment/transfer/transmission of securities during the financial year.  
(ii) The Company has not declared any dividend during the financial year.  
(iii) The Company has duly complied with the provisions of section 217 of the Act during the financial year.
14. The Board of Directors of the company is duly constituted. Mr. P.V.K. Raman was appointed as Additional Director w.e.f. 10<sup>th</sup> March, 2008. However there was no appointment of Alternate Directors and Directors to fill casual vacancy during the Financial Year. The company has not yet filed FORM 32 with the ROC.

15. The Company has not appointed any Managing Director / Whole-time Director / Manager during the financial year.
16. The company has not appointed any sole selling agents during the financial year.
17. The Company did not seek any approvals of the Central Government, Company law Board, Regional Director and Registrar of Companies during the Financial Year.
18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The company has not issued any shares during the financial year.
20. The company has not bought back any shares during the financial year.
21. The company does not have any preference shares or debentures.
22. There were no transactions necessitating the company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The company has not invited / accepted any deposits (including unsecured loans) falling within the purview of section 58A during the financial year.
24. The company has not made any borrowings during the financial year.
25. The company has not made any loans or advances or given guarantees or provided securities to other bodies corporate during the financial year and consequently no entries have been made in the register kept for the purpose.
26. The company has not altered the provisions of the Memorandum with respect to situation of the company's registered office from one state to another during the financial year.
27. The company has not altered the provisions of the Memorandum with respect to the objects of the company during the financial year.
28. The company has not altered the provisions of the Memorandum with respect to name of the company during the financial year.
29. The company has not altered the provisions of the Memorandum with respect to share capital of the company during the year.
30. The company has not altered its Articles of Association during the financial year.
31. As per the information given to me and explanations furnished to me there was no prosecution initiated against the company nor any show cause notice was received by the company and no fines or penalties or any other punishments was imposed on the company during the financial year.
32. The company has not received any money as security from its employees during the financial year.
33. The Company is regular in paying provident fund dues with respective authorities.

Place : SECUNDERABAD

Date : 26<sup>th</sup> May, 2008.

Lalit Mohan Chandna  
*Practising Company Secretary*  
C.P.No. 2642.

**COMPLIANCE CERTIFICATE OF FORBES AQUAMALL LIMITED  
FOR THE YEAR ENDED 31ST MARCH 2008****ANNEXURE A****Registers as maintained by the Company Statutory Registers**

1. Register of Members u/s 150
2. Minutes books of Meetings (Board & General Meetings) u/s 193
3. Register of contracts, companies and firms in which director's are interested u/s 301.
4. Register of Directors, Managing Director, Manager and Secretary u/s 303
5. Register of Director's Shareholdings u/s 307

**ANNEXURE B**

Forms and Returns as filed by the Company with Registrar of Companies, Shillong during the financial year ending **31<sup>st</sup> March, 2008.**

| <b>S.No.</b> | <b>Form No./<br/>Return</b> | <b>Filed<br/>under<br/>section</b> | <b>Date of<br/>filing</b> | <b>Whether<br/>filed within<br/>prescribed<br/>time<br/>Yes/No</b> | <b>If delay in<br/>filing<br/>whether<br/>requisite<br/>additional<br/>fee paid<br/>Yes/No</b> | <b>Event</b>  |
|--------------|-----------------------------|------------------------------------|---------------------------|--|--|---|
| 1            | Schedule V                  | 159                                | 29.09.07                  | No   | Yes  | Annual Return up to 16.07.2007 for the Financial year 2007-2008 |
| 2            | Schedule VI                 | 220                                | 29.09.07                  | No   | Yes  | Annual Accounts for the F/year 2007-2008                        |
| 3            | Compliance Certificate      | 383A                               | 29.09.07                  | No   | Yes  | Compliance Certificate for the Financial year 2007-2008         |

**AUDITORS' REPORT TO THE MEMBERS OF FORBES AQUAMALL LIMITED**

1. We have audited the attached balance sheet of Forbes Aquamall Limited ('the company') as at 31<sup>st</sup> March 2008, and also the profit and loss account and the cash flow statement of the company for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that :
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
  - (iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
  - (iv) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - (v) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2008, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (a) in the case of the balance sheet, of the state of affairs of the company as at 31<sup>st</sup> March 2008;
    - (b) in the case of the profit and loss account, of the profit for the year ended on that date; and
    - (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

**For T A M & CO.**  
Chartered Accountants

M.Y. Bamboat  
Partner  
M. No. 105794

MUMBAI, Dated: 27<sup>th</sup> May 2008

**ANNEXURE TO THE AUDITOR'S REPORT**

(Referred to in paragraph 3 of our report of even date)

- i (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and as informed no material discrepancies were identified on such verification.
- (c) There was no substantial disposal of fixed assets during the year.
- ii (a) The management has conducted physical verification of inventory at reasonable intervals during the year. In our opinion, having regard to the nature and location of stocks the frequency of physical verification is reasonable.
- (b) In our opinion and according to the information and explanation given to us, procedures of physical verification of inventory followed by management are reasonable and adequate in relation to the size of company and the nature of its business.
- (c) The company is maintaining proper records of inventory in respect of all the factories, *except for the Chennai factory which has been newly set up during the year*. In our opinion, the discrepancies noticed on physical verification of stock were not material in relation to the operations of the company and the same have been properly dealt with in the books of accounts.
- iii (a) As per the information furnished, the Company has not granted any loans, secured or unsecured to companies, firms or parties, covered in the register maintained under section 301 of the Companies Act, 1956.
- (b) As per the information furnished, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- iv In our opinion and according to the information and explanations given to us, that some of the item purchased are of a special nature and comparative alternative quotations are not available, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal controls system in respect of these areas.
- v (a) Based on audit procedure applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, that some of the items purchased are of special nature and comparable alternative quotations are not available, the transaction made in pursuance of contract or arrangement entered in the register mentioned under Section 301 and exceeding the value of five lakhs rupees in respect of any party during the year, have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- vi The Company has not accepted any deposits during the year from the public within the meaning of provisions of Sections 58A, 58AA and any other relevant provision of Companies Act, 1956 and rules made there under.
- vii In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii To the best of our knowledge and according to the information and explanations given to us the central government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 for any of the products of the company.
- ix (a) According to the information and explanation given to us and based on the books as produced and examined by us, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, income-tax, sales-tax, wealth-tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it. The provisions of Employees State Insurance Act are not applicable to the company.
- (b) According to the information and explanations given to us, no undisputed amount payable in respect of provident fund, investor education and protection fund, income tax, wealth tax, service tax, sales tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding as at the year end for a period of more than six months from the date they become payable.
- (c) According to the information and explanations given to us, there are no outstanding dues of income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess which have not been deposited on account of any dispute.
- x The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- xi Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the

Company has not defaulted in repayment of dues to bank and the company did not have any dues to a financial institution or debenture holders during the year.

- xii According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- xiv In our opinion, the Company is not dealing in or trading in shares, securities, debentures or other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the company.
- xv According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- xvi The Company has not taken any term loans during the year.
- xvii According to the information and explanations given to us and on an overall examination of the balance sheet and cash flow statement of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- xviii According to the information and explanations given to us the Company has not made any preferential allotment of shares to the parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix The Company did not have any outstanding debentures during the year.
- xx The Company has not raised any money by way of Public issues during the year.
- xxi Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, no fraud on or by the Company has been noticed or reported during the course of our audit.

**For T A M & CO.**  
Chartered Accountants

M.Y. Bamboat  
Partner  
M. No.105794

MUMBAI, Dated : 27th May, 2008

# FORBES AQUAMALL LIMITED

## BALANCE SHEET AS AT 31ST MARCH, 2008

|                               | Schedule                                     | Rupees | As at<br>31.03.2008<br>Rupees | As at<br>31.03.2007<br>Rupees |
|-------------------------------|--|--------|-------------------------------|-------------------------------|
| <b>FUNDS EMPLOYED</b>         |  |        |                               |                               |
| 1.                            | SHARE CAPITAL                                | 'A'    | 50,00,000                     | 50,00,000                     |
| 2.                            | RESERVES AND SURPLUS                         | 'B'    | 10,62,46,503                  | 8,13,63,634                   |
| 3.                            | TOTAL SHAREHOLDERS' FUNDS                    |        | 11,12,46,503                  | 8,63,63,634                   |
| 4.                            | SECURED LOANS                                | 'C'    | 3,96,81,771                   | –                             |
| 5.                            | DEFERRED TAX LIABILITY (Net) [Refer Note 14] |        | 2,07,414                      | 2,07,414                      |
| 6.                            | TOTAL FUNDS EMPLOYED                         |        | 15,11,35,688                  | 8,65,71,048                   |
| <b>APPLICATION OF FUNDS :</b> |  |        |                               |                               |
| 7.                            | FIXED ASSETS                                 | 'D'    |                               |                               |
|                               | Gross Block                                  |        | 6,88,23,054                   | 69,23,882                     |
|                               | Less : Depreciation                          |        | 98,53,999                     | 29,43,048                     |
|                               | Net Block                                    |        | 5,89,69,055                   | 39,80,834                     |
|                               | Capital Work-in-Progress                     |        | 1,10,61,431                   | –                             |
|                               |  |        | 7,00,30,486                   | 39,80,834                     |
| 8.                            | INVESTMENTS                                  | 'E'    | 3,94,943                      | 2,76,50,436                   |
| 9.                            | CURRENT ASSETS, LOANS AND ADVANCES           | 'F'    | 22,61,53,339                  | 9,46,27,270                   |
| 10.                           | Less : CURRENT LIABILITIES AND               |        |                               |                               |
|                               | <b>PROVISIONS</b>                            | 'G'    | 14,54,43,080                  | 3,96,87,493                   |
| 11.                           | NET CURRENT ASSETS                           |        | 8,07,10,259                   | 5,49,39,777                   |
| 12.                           | TOTAL ASSETS (NET)                           |        | 15,11,35,688                  | 8,65,71,048                   |
| 13.                           | NOTES TO THE ACCOUNTS                        | 'J'    |                               |                               |

Per our report attached

For **TAM & CO**  
Chartered Accountants

**M. Y. BAMBOAT**  
Partner

S. L. Goklaney

Chairman

P. J. REDDY  
A. V. SURESH  
J. N. ICHHAPORIA  
P V K RAMAN

Directors

Mumbai, Dated : 27th May, 2008

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

|   | Schedule | Rupees        | Year Ended<br>31.03.2008<br>Rupees | Previous<br>Year<br>Rupees |
|---|----------|---------------|------------------------------------|----------------------------|
| 1. INCOME :                                       |          |               |                                    |                            |
| Sales (Gross)                                     |          | 48,65,06,557  |                                    | 23,33,53,178               |
| Less : Excise Duty [Refer Note 2]                 |          | (4,78,20,478) |                                    | (1,50,88,106)              |
| Sales (Net)                                       |          |               | 43,86,86,079                       | 21,82,65,072               |
| 2. OTHER INCOME                                   | 'H'      |               | 33,64,099                          | 27,05,203                  |
|   |          |               | <u>44,20,50,178</u>                | <u>22,09,70,275</u>        |
| 3. EXPENDITURE :                                  |          |               |                                    |                            |
| a) Trading, Manufacturing & Other Expenses        | 'I'      | 40,69,72,531  |                                    | 19,66,17,808               |
| b) Depreciation                                   |          | 69,10,951     |                                    | 6,20,010                   |
| c) Interest                                       |          | 77,784        |                                    | -                          |
|   |          |               | <u>41,39,61,266</u>                | <u>19,72,37,818</u>        |
| 4. PROFIT BEFORE TAX                              |          |               | 2,80,88,912                        | 2,37,32,457                |
| 5. PROVISION FOR TAXATION                         |          |               |                                    |                            |
| Current Year Income Tax Provision                 |          | 30,81,118     |                                    | 26,51,675                  |
| Current Year Fringe Benefit Tax Provision         |          | 1,24,925      |                                    | 99,000                     |
|   |          |               | <u>32,06,043</u>                   | <u>27,00,217</u>           |
| 6. PROFIT AFTER TAX                               |          |               | 2,48,82,869                        | 2,10,32,240                |
| 7. PROFIT BROUGHT FORWARD FROM PREVIOUS YEAR      |          |               | 7,41,03,217                        | 5,48,70,977                |
| 8. AMOUNT AVAILABLE FOR APPROPRIATIONS            |          |               | 9,89,86,086                        | 7,59,03,217                |
| 9. APPROPRIATIONS:                                |          |               |                                    |                            |
| Transferred to General Reserve                    |          |               | 24,00,000                          | 18,00,000                  |
| 10. SURPLUS CARRIED TO BALANCE SHEET              |          |               | <u>9,65,86,086</u>                 | <u>7,41,03,217</u>         |
| Number of Equity Shares                           |          |               | 5,00,000                           | 5,00,000                   |
| Face Value per share                              |          |               | 10.00                              | 10.00                      |
| Profit After Tax available to Equity Shareholders |          |               | 2,48,82,869                        | 2,10,32,240                |
| Basic and Diluted Earning per share               |          |               | 49.77                              | 43.50                      |
| 11. NOTES TO THE ACCOUNTS                         | 'J'      |               |                                    |                            |

Per our report attached

For **TAM & CO**  
Chartered Accountants

**M. Y. BAMBOAT**  
Partner

S. L. Goklaney

*Chairman*

P. J. REDDY  
A. V. SURESH  
J. N. ICHHAPORIA  
P V K RAMAN

*Directors*

Mumbai, Dated : 27th May, 2008



# FORBES AQUAMALL LIMITED

## SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008

### SCHEDULE 'A' – SHARE CAPITAL

|  | As at<br>31.03.2008<br>Rupees | As at<br>31.03.2007<br>Rupees |
|--|-------------------------------|-------------------------------|
| AUTHORISED   |                               |                               |
| 5,00,000 (Previous Year 5,00,000) Equity Shares of Rs.10/- each  | 50,00,000                     | 50,00,000                     |
| ISSUED, SUBSCRIBED AND FULLY PAID UP:  |                               |                               |
| 5,00,000 (Previous year 5,00,000) Equity Shares of Rs.10/- each  | 50,00,000                     | 50,00,000                     |
| Of the above Shares :  |                               |                               |
| 1. 4,99,940 Equity Shares are held by the Holding Company<br>Aquamall Water Solutions Limited and 60 shares are<br>held by individuals jointly with Aquamall Water Solutions Limited |                               |                               |

### SCHEDULE 'B' – RESERVES AND SURPLUS

|   | As at<br>31.03.2008<br>Rupees | As at<br>31.03.2007<br>Rupees |
|---|-------------------------------|-------------------------------|
| 1. CAPITAL RESERVE                        |                               |                               |
| Capital Subsidy                           | 2,60,417                      | 2,60,417                      |
| 2. GENERAL RESERVE                        |                               |                               |
| As per last Balance Sheet                 | 70,00,000                     | 52,00,000                     |
| Transferred from / (to) Profit & Loss A/c | 24,00,000                     | 18,00,000                     |
|   | 94,00,000                     | 70,00,000                     |
| 3. PROFIT AND LOSS ACCOUNT                | 9,65,86,086                   | 7,41,03,217                   |
|   | 10,62,46,503                  | 8,13,63,634                   |

### SCHEDULE 'C' – SECURED LOANS

|   | As at<br>31-03-2008<br>Rupees | As at<br>31-03-2007<br>Rupees |
|---|-------------------------------|-------------------------------|
| Cash Credit   |                               |                               |
| (Secured by hypothecation of stock in trade and book debts  |                               |                               |
| Further, secured by way of equitable mortgage by deposit of | 3,96,81,771                   | –                             |
| title deeds in respect of company's immovable properties)   | 3,96,81,771                   | –                             |

### SCHEDULE 'D' – FIXED ASSETS

| DESCRIPTION OF ASSETS       | GROSS BLOCK         |                        |                |                     | DEPRECIATION BLOCK  |                 |                     | NET BLOCK           |                     |
|-----------------------------|---------------------|------------------------|----------------|---------------------|---------------------|-----------------|---------------------|---------------------|---------------------|
|                             | AS ON<br>01-04-2007 | ADDITIONS/<br>EXPENSES | DELE-<br>TIONS | AS ON<br>31.03.2008 | AS ON<br>01-04-2007 | FOR THE<br>YEAR | AS ON<br>31.03.2008 | AS ON<br>31.03.2008 | AS ON<br>31-03-2007 |
| CAPITALISED                 |                     |                        |                |                     |                     |                 |                     |                     |                     |
| 1. BUILDINGS                | 4,71,737            | –                      | –              | 4,71,737            | 1,74,206            | 29,753          | 2,03,959            | 2,67,778            | 2,97,531            |
| 2. ELECTRICAL INSTALLATIONS | 6,12,479            | 10,33,064              | –              | 16,45,543           | 2,86,671            | 475,829         | 7,62,500            | 8,83,043            | 3,25,808            |
| 3. COMPUTERS                | 6,98,357            | 6,77,365               | –              | 13,75,722           | 5,42,940            | 1,37,813        | 6,80,753            | 6,94,969            | 1,55,417            |
| 4. PLANT AND MACHINERY      | 34,86,924           | 57,16,008              | –              | 92,02,932           | 11,83,962           | 6,64,262        | 18,48,224           | 73,54,708           | 23,02,962           |
| 5. PATTERNS AND DIES        | 69,676              | 53,536                 | –              | 1,23,212            | 26,714              | 15,609          | 42,323              | 80,889              | 42,962              |
| 6. FURNITURE AND FIXTURES   | 5,63,467            | 17,66,898              | –              | 23,30,365           | 3,57,738            | 2,56,584        | 6,14,321            | 17,16,044           | 2,05,729            |
| 7. OFFICE EQUIPMENTS        | 8,27,407            | 82,914                 | –              | 9,10,321            | 3,02,665            | 76,565          | 3,79,230            | 5,31,091            | 5,24,742            |
| 8. LABORATORY EQUIPMENTS    | 1,93,835            | –                      | –              | 1,93,835            | 68,152              | 17,482          | 85,635              | 1,08,200            | 1,25,683            |
| 9. MOTOR CAR                | –                   | 5,69,387               | –              | 5,69,387            | –                   | 37,055          | 37,055              | 5,32,332            | –                   |
| 10. INTANGIBLE ASSETS       | –                   | 5,20,00,000            | –              | 5,20,00,000         | –                   | 52,00,000       | 52,00,000           | 4,68,00,000         | –                   |
| TOTAL                       | 69,23,882           | 6,18,99,172            | –              | 6,88,23,054         | 29,43,048           | 69,10,951       | 98,53,999           | 5,89,69,055         | 39,80,834           |
| 12 CAPITAL WORK-IN-PROGRESS | –                   | –                      | –              | –                   | –                   | –               | –                   | 1,10,61,431         | –                   |
| GRAND TOTAL                 | 69,23,882           | 6,18,99,172            | –              | 6,88,23,054         | 29,43,048           | 69,10,951       | 98,53,999           | 7,00,30,486         | 39,80,834           |
| AS AT 31.03.2007            | 59,53,228           | 10,33,584              | 62,930         | 69,23,882           | 23,23,038           | 6,20,010        | 29,43,048           | 39,80,834           | –                   |

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2008

SCHEDULE 'E' – INVESTMENTS

|  | Nos.            | Rupees  | As at<br>31.03.2008<br>Rupees | As at<br>31.03.2007<br>Rupees |
|--|-----------------|---|-------------------------------|-------------------------------|
| <b>CURRENT INVESTMENTS</b>   |                 |   |                               |                               |
| <b>NON-TRADE INVESTMENTS – QUOTED</b>  |                 |   |                               |                               |
| Equity Shares of -   |                 |   |                               |                               |
| IDFC Ltd.  |                 |   |                               | 81,192                        |
| Fully paid Equity Shares of Rs.10/- each   | (2,388)         |   |                               |                               |
| Bank of Baroda   |                 |   |                               | 33,53,630                     |
| Fully paid Equity Shares of Rs.10/- each   | (14,581)        |   |                               |                               |
| Andhra Bank  |                 |   |                               | 18,19,939                     |
| Fully paid Equity Shares of Rs.10/- each   | (22,524)        |   |                               |                               |
| RPLI PO – QIB - R  |                 |   |                               |                               |
| Fully paid Equity Shares of Rs.10/- each   | 1,399<br>(1399) | 83,940  |                               | 83,940                        |
| Power Finance Corporation Limited  |                 |   |                               |                               |
| Fully paid Equity Shares of Rs.10/- each   | 2,491<br>(2491) | 2,11,735  |                               | 2,11,735                      |
| Power Grid Corporation Limited   | 1909            | 99,268  |                               | –                             |
| Fully paid Equity Shares of Rs.10/- each   | (Nil)           |   | 3,94,943                      | 55,50,436                     |
| <b>NON-TRADE INVESTMENTS - UNQUOTED</b>  |                 |   |                               |                               |
| HDFC MF Monthly Income Plan-Long Term-Growth<br>(Sold during the year 2,09,254.635 Units)        |                 |   | –                             | 30,00,000                     |
| SBI Arbitrage Opportunities Fund-Growth<br>(Sold during the year 5,10,000 Units)                 |                 |   | –                             | 51,00,000                     |
| DSP Merrill Lynch Fixed Term Plan Series 1 I-Growth<br>(Sold during the year 2,75,156.581 Units) |                 |   | –                             | 50,00,000                     |
| Sundaram BNP Paribas Fixed Term Plan Series XXV-Growth<br>(Sold during the year 5,00,000 Units)  |                 |   | –                             | 50,00,000                     |
| Birla Fixed Term Plan Quarterly Series 11<br>(Sold during the year 1,00,000 Units)               |                 |   | –                             | 40,00,000                     |
|  |                 |   | <u>3,94,943</u>               | <u>2,76,50,436</u>            |
| <b>QUOTED INVESTMENTS</b>  |                 |   | 3,94,943                      | 55,50,436                     |
| <b>UNQUOTED INVESTMENTS</b>  |                 |   | –                             | 2,21,00,000                   |
| <b>TOTAL</b>   |                 |   | <u>3,94,943</u>               | <u>2,76,50,436</u>            |
| Market Value of Quoted Investments   |                 |   |                               |                               |
| Investments acquired and sold during the year other than shown above :                           |                 |   |                               |                               |
| a.   | 2,13,481.803    | Units of Rs.10/- each Reliance Floating Rate Growth Plan Growth       |                               |                               |
| b.   | 3,95,550.844    | Units of Rs.10/- each Principal Cash Management Fund - Liquid Option  |                               |                               |
| c.   | 7,91,640.279    | Units of Rs.10/- each Principal Cash Management Fund - Liquid Option  |                               |                               |
| d.   | 10,00,000.000   | Units of Rs.10/- each SBI-SHF-Liquid Plus                             |                               |                               |
| e.   | 5,00,000.000    | Units of Rs.10/- each HDFC Monthly Income Plan                        |                               |                               |
| f.   | 4,00,000.000    | Units of Rs.10/- each Birla Fixed Term Plan-Quarterly since-22 Growth |                               |                               |
| g.   | 2,99,281.724    | Units of Rs.10/- each Birla Fixed Term Plan-Quarterly since-22 Growth |                               |                               |
| h.   | 3,12,215.104    | Units of Rs.10/- each Sundram Mutual Fund                             |                               |                               |

# FORBES AQUAMALL LIMITED

## SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008

### SCHEDULE 'F' – CURRENT ASSETS, LOANS AND ADVANCES

|  | Rupees    | Rupees       | As at<br>31.03.2008<br>Rupees | As at<br>31.03.2007<br>Rupees |
|--|-----------|--------------|-------------------------------|-------------------------------|
| 1. CURRENT ASSETS:   |           |              |                               |                               |
| [i] Stock-in-trade: *  |           |              |                               |                               |
| Raw material and Components  |           | 12,24,86,895 |                               | 2,31,36,265                   |
| Packing Material   |           | 12,15,581    |                               | 9,84,317                      |
| Stores and spare parts   |           | 12,00,119    |                               | 79,377                        |
| Work-in-Progress   |           | –            |                               | –                             |
| Finished Goods   |           | 25,43,799    |                               | 1,04,769                      |
| * (As valued and certified by the Management<br>at lower of cost and net realisable value) |           |              | 12,74,46,394                  | 2,43,04,728                   |
| [ii] Sundry Debtors (Unsecured)<br>(Considered good unless otherwise stated)               |           |              |                               |                               |
| [a] Debts outstanding for a period exceeding<br>six months                                 |           | 20,100       |                               | –                             |
| [b] Other debts [Due from holding company<br>(Previous Year Nil)]                          |           | 5,44,67,743  |                               | 4,43,94,818                   |
|  |           |              | 5,44,87,843                   | 4,43,94,818                   |
| [iii] Cash and Bank Balances:  |           |              |                               |                               |
| Cash, cheques on hand and remittance in transit  |           | 61,324       |                               | 88,243                        |
| With Scheduled Banks :   |           |              |                               |                               |
| In Current Accounts  |           | 1,84,67,446  |                               | 1,47,11,690                   |
| In Deposit Accounts  |           | –            |                               | –                             |
|  |           |              | 1,85,28,770                   | 1,47,99,933                   |
| 2. LOANS AND ADVANCES  |           |              |                               |                               |
| (Unsecured, Considered Good unless otherwise stated)                                       |           |              |                               |                               |
| [i] Advances recoverable in cash or<br>in kind or for value to be received                 |           | 1,18,86,263  |                               | 41,94,386                     |
| [ii] Advance Payment of Income Tax   | 99,62,315 |              |                               | 63,30,413                     |
| Advance Payment of Fringe Benefit Tax  | 3,57,073  |              |                               | 2,83,228                      |
|  |           | 1,03,19,388  |                               | 66,13,641                     |
| [iii] Deposits :   |           |              |                               |                               |
| With Government Authorities  | 4,17,043  |              |                               | 1,26,564                      |
| With Others  | 30,67,638 |              |                               | 1,93,200                      |
|  |           | 34,84,681    |                               | 3,19,764                      |
|  |           |              | 2,56,90,332                   | 1,11,27,792                   |
|  |           |              | 22,61,53,339                  | 9,46,27,270                   |

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2008

SCHEDULE 'G' – CURRENT LIABILITIES AND PROVISIONS

|  | Rupees      | As at<br>31.03.2008<br>Rupees | As at<br>31.03.2007<br>Rupees |
|--|-------------|-------------------------------|-------------------------------|
| 1. CURRENT LIABILITIES   |             |                               |                               |
| Sundry Creditors:  |             |                               |                               |
| Small Scale Industrial Undertakings<br>[Refer Note 15]                               | 3,01,84,713 |                               | 1,20,11,193                   |
| Others<br>[Including Rs.1,35,73,831/- (Previous<br>Year Nil due to Holding Company)] | 9,36,87,180 |                               | 2,00,78,789                   |
|  |             | 12,38,71,893                  | 3,20,89,982                   |
| Other Current Liabilities  |             | 85,26,953                     | 2,11,336                      |
|  |             | 13,23,98,846                  | 323,01,318                    |
| 2. PROVISION :   |             |                               |                               |
| For Income Tax   |             | 91,72,450                     | 60,91,332                     |
| For Fringe Benefit Tax   |             | 2,91,700                      | 1,66,775                      |
| For Expenses   |             | 34,65,779                     | 11,28,068                     |
| For Retirement and other Employee Benefits   |             | 68,313                        | –                             |
| For Leave encashment   |             | 45,992                        | –                             |
|  |             | 14,54,43,080                  | 3,96,87,493                   |

SCHEDULE 'H' – OTHER INCOME

|  |  |           |           |
|--|--|-----------|-----------|
| 1. Interest from Deposits, Loans & Advances (Gross)<br>[Tax deducted at source Rs.Nil;<br>(Previous year Rs.1,54,765/-)] |  | 79,393    | 7,38,934  |
| 2. Dividend Received on Mutual Funds   |  | –         | 75,293    |
| 3. Profit on Sale of Investments (Net)   |  | 30,76,392 | 13,86,438 |
| 4. Excess / Short Provisions written back  |  | 6,507     | 3,68,035  |
| 5. Miscellaneous Income  |  | 2,01,807  | 1,36,503  |
|  |  | 33,64,099 | 27,05,203 |

# FORBES AQUAMALL LIMITED

## SCHEDULE ANNEXED TO AND FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

### SCHEDULE 'I' – MANUFACTURING, TRADING AND OTHER EXPENSES

|  | Rupees    | Rupees      | Year Ended<br>31.03.2008<br>Rupees | Previous<br>Year<br>Rupees |
|--|-----------|-------------|------------------------------------|----------------------------|
| 1. RAW MATERIAL AND COMPONENTS CONSUMED :      |           |             | 35,75,21,398                       | 17,20,24,577               |
| 2. COST OF RAW MATERIAL AND COMPONENTS SOLD    |           |             | 22,88,887                          |                            |
| 2. PAYMENTS TO AND PROVISIONS FOR EMPLOYEES:   |           |             |                                    |                            |
| Salaries, Wages and Bonus                      |           | 86,84,654   |                                    | 52,77,581                  |
| Contribution to Provident Fund and other Funds |           | 2,24,765    |                                    | –                          |
| Workmen and Staff Welfare Expenses             |           | 4,94,298    |                                    | 5,13,553                   |
|  |           |             | 94,03,717                          | 57,91,134                  |
| 3. OPERATIONS AND OTHER EXPENSES :             |           |             |                                    |                            |
| Packing Material Consumed                      |           | 1,35,08,954 |                                    | 61,93,878                  |
| Stores Consumed                                |           | 45,63,651   |                                    | 37,53,133                  |
| Power, Electricity and Water Charges           |           | 8,61,052    |                                    | 5,50,722                   |
| REPAIR & MAINTENANCE                           |           |             |                                    |                            |
| Building                                       | 6,63,084  |             |                                    | –                          |
| Machinery                                      | 1,52,136  |             |                                    | 2,11,564                   |
| Other Assets                                   | 13,67,302 |             |                                    | 9,34,625                   |
|  |           | 21,82,522   |                                    | 11,46,189                  |
| Insurance                                      |           | 4,39,359    |                                    | 1,94,387                   |
| Rent   |           | 23,22,205   |                                    | 8,10,651                   |
| Rates, Taxes and Filing Fees                   |           | 8,93,696    |                                    | 7,88,730                   |
| Travelling Expenses                            |           | 5,99,286    |                                    | 2,97,974                   |
| Auditors' Remuneration:                        |           |             |                                    |                            |
| Audit Fees                                     | 80,618    |             |                                    | 75,000                     |
| Tax Audit Fees                                 | 12,500    |             |                                    | 6,500                      |
| Out of Pocket expenses                         | 42,125    |             |                                    | 18,378                     |
|  |           | 1,35,243    |                                    | 99,878                     |
| Freight and Octroi                             |           | 83,47,297   |                                    | 22,925                     |
| Directors' Sitting Fees                        |           | 80,000      |                                    | 70,000                     |
| Loss In Value of Investment                    |           | –           |                                    | –                          |
| Legal & Professional Charges                   |           | 17,32,162   |                                    | 17,29,645                  |
| Other Establishment Expenses                   |           | 45,32,131   |                                    | 19,27,578                  |
|  |           |             | 4,01,97,559                        | 1,75,85,689                |
| Carried Forward .....                          |           |             | 40,94,11,561                       | 19,54,01,400               |
| Brought Forward .....                          |           |             | 40,94,11,561                       | 19,54,01,400               |
| 4. ADJUSTMENT FOR STOCKS :                     |           |             |                                    |                            |
| (Other than Raw Material and Components)       |           |             |                                    |                            |
| (a) Opening Stock :                            |           |             |                                    |                            |
| Finished Goods                                 | 1,04,769  |             |                                    | 1,67,427                   |
| Work-in-Progress                               | –         |             |                                    | 11,53,750                  |
|  |           | 1,04,769    |                                    | 13,21,177                  |
| (b) Closing Stock :                            |           |             |                                    |                            |
| Finished Goods                                 | 25,43,799 |             |                                    | 1,04,769                   |
| Work-in-Progress                               | –         |             |                                    | –                          |
|  |           | 25,43,799   |                                    | 1,04,769                   |
|  |           |             | (24,39,030)                        | 12,16,408                  |
|  |           |             | 40,69,72,531                       | 19,66,17,808               |

**SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008****SCHEDULE 'J'- NOTES TO THE ACCOUNTS****1. SIGNIFICANT ACCOUNTING POLICIES****a) Basis of Accounting**

The Financial Statements are prepared under historical cost convention and on accrual basis.

**b) Fixed Assets**

Fixed Assets are stated at cost less depreciation. Cost comprises of the purchase price and any attributable cost of bringing the assets to its working condition for its intended use.

**c) Investments**

Current Investments are carried at lower of cost and quoted/fair value. Long term investments are carried at cost. Provision for diminution in the value of long term investment is made only if such decline is not temporary in the opinion of the Management.

**d) Inventories**

Inventories are valued at cost or net realisable value, whichever is lower by using first-in-first-out basis. For new units set up during the year the inventories are valued at First-in-first out (FIFO) method and for existing units, inventories are valued on Weighted average basis.

**e) Sales**

Sales are accounted for on despatch / delivery of goods to the customers and are net of sales returns, discounts, Sales Tax and Excise Duty, as applicable.

**f) Depreciation**

Depreciation is provided on the written down value method and at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956.

**g) Foreign Currency Transactions**

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction at the rates under the relative forward exchange contracts. Transactions not covered by forward exchange contracts and outstanding at the year end are translated at the exchange rates prevailing at the year end and the profit / loss so determined; and also the realized exchange gains / losses are recognized in the Profit and Loss Account.

**h) Pre-Operative Expenses**

Expenses incurred prior to the commencement of commercial production have been capitalised and were shown under the general group heading of 'Miscellaneous Expenditure' except to the extent that they are written off to Profit and Loss Account.

**i) Taxation:**

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

**j) Earnings Per Share :**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period.

**k) Technical know how fees**

Expenditure incurred for acquiring designs and drawings for manufacture of vacuum cleaners is amortised over the estimated useful life of 5 years.

# FORBES AQUAMALL LIMITED

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

### SCHEDULE 'J'- NOTES TO THE ACCOUNTS (Contd.)

#### 1) Retirement Benefits

Post employment and other long term employee benefits are charged off in the year in which the employee has rendered services. The amount charged off is recognised at the present value of the amounts payable determined using actuarial valuation techniques.

2. One of the Company's factories is located in the North Eastern states in a notified area eligible for Central Excise benefits. Net Excise Duty paid on sale of goods is eligible for refund. Excise Duty which has been netted off against gross sales is the duty amount using CENVAT credit availed on purchases.
3. Estimated amount of contracts remaining to be executed on Capital accounts and not provided for – Nil
4. Contingent liabilities not provided for : Nil
5. The disclosures required under Accounting standard 15 "Employee Benefits" notified in the Companies (Accounting Standards) Rules 2006, are given below :

#### Defined Contribution Plan

Contribution to defined Contribution plan, recognised are charged off for the year are as under:

|  | In Rupees |
|--|-----------|
| Employer's contribution to Provident Fund      | 37,799    |
| Employer's contribution to superannuation fund | 65,817    |
| Employer's contribution to Pension scheme      | 39,175    |

#### Defined Benefit plan

The employees' gratuity fund scheme managed by Life Insurance Corporation of India is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognised in the same manner.

| A   | Gratuity (funded) | Leave Encashment<br>(Unfunded) |
|---|-------------------|--------------------------------|
| Change in benefit obligation  |                   |                                |
| Defined Benefit obligation at beginning of year   | –                 | –                              |
| Current service cost  | 20,420            | 11,870                         |
| Interest cost   | –                 | –                              |
| Actuarial (gain)/loss   | 47,893            | 34,122                         |
| Benefits paid   | –                 | –                              |
| Defined Benefit obligation at year end  | 68,313            | 45,992                         |
| B   |                   |                                |
| Change in fair value of plan assets   |                   |                                |
| Fair value of plan assets at beginning of the year  | –                 | –                              |
| Expected return on plan assets  | –                 | –                              |
| Actuarial gain/(loss)   | –                 | –                              |
| Employer contribution   | –                 | –                              |
| Benefits paid   | –                 | –                              |
| Fair value of plan assets at year end   | –                 | –                              |
| Actual return on plan assets  | –                 | –                              |
| C   |                   |                                |
| Expenses recognised during the year<br>(Under the head "Payments to & provisions for employees – Schedule I") |                   |                                |
| Fair value of plan assets as at 31 <sup>st</sup> March, 2008  | –                 | –                              |
| Present value of obligation as at 31 <sup>st</sup> March, 2008  | 68,313            | 45,992                         |
| Amount recognised in Profit & Loss Account  | (68,313)          | (45,992)                       |

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

**SCHEDULE 'J'- NOTES TO THE ACCOUNTS (Contd.)**

6. The amount of exchange differences included in the profit and loss account is a net loss of Rs.1.58 lacs (net loss previous year – Rs.1.40 lacs)

|                                    | 2007-2008<br>Rupees | 2006-2007<br>Rupees |
|------------------------------------|---------------------|---------------------|
| 7. Value of Imports on CIF basis : |                     |                     |
| Raw Materials & Components         | 74,60,845           | 40,41,317           |

|                                  |      | For the year ended<br>31.03.2008 | For the year ended<br>31.03.2007 |
|----------------------------------|------|----------------------------------|----------------------------------|
|                                  | Unit | Quantity                         | Value (Rupees)                   |
| a) Printed Circuit Boards        | Nos  | 77,001                           | 3,53,00,973                      |
| b) Aluminium                     | Kgs  | 63,662                           | 81,57,682                        |
| c) Acrilo Butadyne Styryne (ABS) | Kgs  | 94,528                           | 86,10,284                        |
| d) Electric Motors               | Nos  | 29,066                           | 2,01,75,583                      |
| e) Others                        | —    |                                  | 28,52,85,846                     |
|                                  |      | <u>35,75,30,368</u>              | <u>17,20,24,577</u>              |

|               | 2007-08             | 2006-07             |
|---------------|---------------------|---------------------|
|               | Rupees              | Rupees              |
| d) Indigenous | 29,93,59,988        | 16,58,61,782        |
| e) Imported   | 5,81,70,380         | 61,62,795           |
|               | <u>35,75,30,368</u> | <u>17,20,24,577</u> |
|               | 100.00              | 100.00              |
|               | 2007-08<br>Rupees   | 2006-2007<br>Rupees |

10. Expenditure in Foreign Currency on account of travel, subscription, certification, etc. – NIL – – NIL –

11. Particulars in respect of goods manufactured:

| Class of goods manufactured  | Unit | Annual Capacity<br>Installed | Actual<br>Production |
|--|------|------------------------------|----------------------|
| i) Water Purifier (Depolluting) Equipment<br>(Water Filter-cum-Purifier) | Nos. | 1,00,000<br>(1,00,000)       | 77,001<br>(71,765)   |
| ii) Vacuum Cleaners  | Nos. | 3,90,000<br>(-)              | 51,267<br>(-)        |
| iii) Forbes Iron Remover   | Nos. | 24,000<br>(24,000)           | 11,863<br>(11,696)   |
| iv) Forbes Ironil  | Nos. | 12,000<br>(12,000)           | 9,654<br>(8,182)     |
| v) 10" Iron Remover Core Assembly  | Nos. | 24,000<br>(24,000)           | 3,760<br>(13,404)    |

(Figures in brackets pertain to previous year)



# FORBES AQUAMALL LIMITED

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

### SCHEDULE 'J'- NOTES TO THE ACCOUNTS (Contd.)

Per Industrial Policy, 1991, as amended, no licences are required for the products manufactured by the Company.

12. (a) Particulars of Inventory and Turnover of manufactured products:

| Class of goods  | Unit | Opening Stock |                        | Closing Stock |                          | Sales/Disposals    |                                |
|---|------|---------------|------------------------|---------------|--------------------------|--------------------|--------------------------------|
|   |      | Nos.          | Rs.                    | Nos.          | Rs.                      | Nos.               | Rs.                            |
| i) Water Purifier (Depolluting) Equipment (Water Filter-cum-Purifier) | Nos. | 36<br>(72)    | 1,05,234<br>(1,64,718) | 34<br>(36)    | 95,160 @<br>(1,05,234) * | 77,003<br>(71,801) | 23,02,97,178<br>(21,67,94,001) |
| ii) Vacuum Cleaners   | Nos. | (-)           | (-)                    | 1,088<br>(-)  | 24,48,000<br>(-)         | 50,179<br>(-)      | 14,68,28,498<br>(-)            |
| iii) Forbes Iron Remover  | Nos. | (6)           | (2,000)                | (0)           | (0)                      | 11,863<br>(11,702) | 59,90,910<br>(59,09,605)       |
| iv) Forbes Ironil   | Nos. | —<br>(-)      | —<br>(-)               | 3<br>(-)      | 639<br>(-)               | 9,651<br>(8182)    | 82,03,350<br>(69,54,700)       |
| v) 10" Iron Remover Core Assembly                                     | Nos. | (4-)          | (709)                  | (0)           | (0)                      | 3,760<br>(13,408)  | 8,83,600<br>(31,50,880)        |
| vi) Components  |      |               |                        |               |                          |                    | 7,06,67,344<br>(5,43,992)      |
| <b>TOTAL</b>  |      |               | 1,05,234<br>(1,67,427) |               | 25,43,795<br>(1,05,234)  |                    | 46,28,70,880<br>(23,33,53,178) |

\* Includes value of Accessories.

Sales and Disposals includes free samples, shortages, breakages etc., and is net of returns.

b) Particulars of Inventory, Purchase and Turnover of Traded goods:

| Class of goods    | Unit | Opening Stock |          | Purchases    |                    | Closing Stock |          | Sales / Disposals |                    |
|-------------------|------|---------------|----------|--------------|--------------------|---------------|----------|-------------------|--------------------|
|                   |      | Nos.          | Rs.      | Nos.         | Rs.                | Nos.          | Rs.      | Nos.              | Rs.                |
| i) Vacuum Cleaner | Nos. | —<br>(-)      | —<br>(-) | 6,513<br>(-) | 2,12,71,458<br>(-) | —<br>(-)      | —<br>(-) | 6,513<br>(-)      | 2,12,71,458<br>(-) |
| <b>TOTAL</b>      |      | —<br>(-)      | —<br>(-) | 6,513<br>(-) | 2,12,71,458<br>(-) | —<br>(-)      | —<br>(-) | 6,513<br>(-)      | 2,12,71,458<br>(-) |

Figures in brackets pertains to previous year

13. The Company has a single business segment as per Accounting Standard 17 dealing with "Segment Reporting" issued by the Institute of Chartered Accountants of India.
14. As required under Accounting Standard 18 on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the list of related parties and their transactions is attached.
15. The Company is entitled to deduction under section 80IB of the Income Tax Act, 1961. The Deferred Tax in respect of timing differences which originate during the tax holiday period and reverse during the tax holiday period are not recognised as specified in Accounting Standard 22 "Accounting for Taxes on Income" .
16. Total outstanding dues to small scale industries have been determined to the extent such parties have been identified on the basis of information available with the Company. The list of small scale industries to whom the Company owes any sum which is outstanding for more than 30 days as on 31<sup>st</sup> March 2008 are :

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

**SCHEDULE 'J'- NOTES TO THE ACCOUNTS (Contd.)**

| S.No. | SSI Undertaking Name       | S.No. | SSI Undertaking Name       |
|-------|----------------------------|-------|----------------------------|
| 1     | Ambika Engg. Works         | 23    | Printech Solutions         |
| 2     | Ashok Rubber Works         | 24    | Quality Anodizers          |
| 3     | Micro Tech                 | 25    | Sankhla Industries         |
| 4     | Agrawal Fastners Pvt Ltd.  | 26    | Solid Electronics          |
| 5     | Brahmputra Packing         | 27    | Sri Lakshmi Agencies       |
| 6     | Binu Enterprises           | 28    | S.N.Rubber Works           |
| 7     | Excel Engineering Industri | 29    | Seagull Graphics           |
| 8     | Eskay Kaycee Industries Pv | 30    | Sucharitha Power Systems   |
| 9     | Filtrex International Pvt  | 31    | Shree Ganesh Industries.   |
| 10    | Filtrex Technologies Pvt L | 32    | Span Plastic (P) Ltd.      |
| 11    | Golden Technologies        | 33    | Sri Lakshmi Sai Graphics   |
| 12    | Charminar press tools      | 34    | Sujana Associates          |
| 13    | Lakshmi Enterprises        | 35    | Sumayya Industries         |
| 14    | M N Engineering Works      | 36    | S.V. Electronics           |
| 15    | Mica Polytech Pvt Ltd      | 37    | Stypack Private Limited    |
| 16    | Maruti Engineering Company | 38    | Triple 'Sss' Rubbers & Pla |
| 17    | N.K.Engineers              | 39    | U.S. Engineerings (P) Ltd. |
| 18    | Marktac Displays           | 40    | Venkateswara Optics        |
| 19    | Merit Enterprises          | 41    | Vijay Plastic Industries   |
| 20    | Oxford Packaging Pvt Ltd.  | 42    | Vijetha Polytek Pvt Ltd    |
| 21    | Precision Metal Stampings  | 43    | Vijetha Polytek Pvt Ltd    |
| 22    | Pennar Profiles Limited    |       |                            |

The Company has not received the required information from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. Hence disclosures, if any relating to amounts unpaid as at the year end together with interest paid/payable as required under the said Act have not been made.

# FORBES AQUAMALL LIMITED

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

### SCHEDULE 'J'- NOTES TO THE ACCOUNTS (Contd.)

17. Additional information as required under Part IV of Schedule VI of Companies Act, 1956.  
Balance Sheet Abstract and Company's General Business Profile.

I. Registration Details

Registration No. 

|   |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|---|
| 1 | 3 | - | 0 | 6 | 9 | 0 | 0 |
|---|---|---|---|---|---|---|---|

 State Code 

|   |   |
|---|---|
| 1 | 3 |
|---|---|

Balance Sheet Date 

|   |   |
|---|---|
| 3 | 1 |
|---|---|

|   |   |
|---|---|
| 0 | 3 |
|---|---|

|   |   |   |   |
|---|---|---|---|
| 2 | 0 | 0 | 8 |
|---|---|---|---|

Date                      Month                      Year

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

|              |                   |
|--------------|-------------------|
| Public Issue | Rights Issue      |
| N I L        | N I L             |
| Bonus Issue  | Private Placement |
| N I L        | N I L             |

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

|                      |                       |
|----------------------|-----------------------|
| Total Liabilities    | Total Assets          |
| 1 5 1 1 3 6          | 1 5 1 1 3 6           |
| Source of Funds      | Reserves & Surplus    |
| Paid-Up Capital      | Unsecured Loans       |
| 5 0 0 0 1            | N I L                 |
| Secured Loans        | Investments           |
| 3 9 6 8 2            | 3 9 4                 |
| Application of Funds | Deferred Tax Assets   |
| Net Fixed Assets     | Accumulated Losses    |
| 7 0 0 3 0            | N I L                 |
| Net Current Assets   | Total Expenditure     |
| 8 0 7 1 0            | 4 1 3 9 6 1           |
| Misc. Expenditure    | Profit/Loss After Tax |
| N I L                | 2 4 8 8 3             |

IV. Performance of Company (Amount in Rs. Thousands)

|                            |                           |
|----------------------------|---------------------------|
| Turnover & Other Income    | Total Expenditure         |
| 4 4 2 0 5 0 4              | 4 1 3 9 6 1               |
| + - Profit/Loss Before Tax | + - Profit/Loss After Tax |
| ✓ 2 8 0 8 9                | ✓ 2 4 8 8 3               |
| Earnings Per Share In Rs.  | Dividend Rate %           |
| 4 9 . 7 7                  | N I L                     |

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

|                          |                           |
|--------------------------|---------------------------|
| Item code No. (ITC Code) | 8 4 2 1 2 1 0 0           |
| Product Description      | W A T E R P U R I F I E R |
|                          | ( D E P O L L U T I N G ) |
|                          | E Q U I P M E N T         |
|                          | ( W A T E R F I L T E R - |
|                          | C U M - P U R I F I E R ) |
| Item code No. (ITC Code) | 8 5 0 9 1 0 . 0 0         |
| Product Description      | V A C U U M C L E A N E   |
|                          |                           |
|                          |                           |

18. Previous year's figures have been regrouped or rearranged wherever necessary.

**Related Party Disclosure – As specified by Accounting Standard 18**

## I) Name of related Party and nature of relationship where control exists are as under:

## A. Enterprises having more than one half of Voting Powers:

Aquamall Water Solutions Limited  
 Eureka Forbes Limited  
 Forbes & Company Limited (Formerly known as Forbes Gokak Ltd.)  
 Shapoorji Pallonji & Co. Ltd.  
 Sterling Investment Corp. Pvt. Ltd

## B. Enterprises that are under common control:

Forbes Doris & Naess Maritime Ltd  
 Forbes Finance Ltd  
 Forbes Sterling Star Ltd.  
 Next Gen Publishing Ltd.  
 Forbes Container Lines Ltd.  
 Forbes Smart Data Ltd.  
 Latham India Limited  
 Forbes Tinsley Company Limited  
 Forbes Campbell Services Limited  
 Volkart Fleming Shipping & Services Limited  
 Forbes Aquatech Ltd.  
 Euro Forbes International PTE Ltd  
 Forbes Facility Services Ltd  
 Forbes Technosys Limited  
 Forbes Bumi Armada Ltd.  
 Forbes Concept Hospitality Services Limited  
 ForbesLux group AG

## II) Transactions with Related Parties:

| Nature of Transactions         | Related Party referred to<br>in A above |
|--------------------------------|---|
| 1. <b>Purchases</b>            |   |
| Goods and Materials            | 16,96,09,295                            |
| Fixed Assets                   | 5,20,52,601                             |
| 2. <b>Sales</b>                |   |
| Goods and Materials            | 49,18,40,044                            |
| 3. <b>Expenses</b>             |   |
| Rent and other service charges | 28,58,290                               |
| Interest                       |   |
| Provision / Write offs         |   |
| 4. <b>Income</b>               |   |
| Rent and other service charges | 1,47,447                                |
| 5. <b>Finance</b>              |   |
| Loans and Advances Given       |   |
| Loans and Advances Taken       | 78,000                                  |
| Repayment of Advances Given    |   |
| Repayment of Advances Taken    | 78,000                                  |
| 6. <b>Dividend paid</b>        |   |
| 7. <b>Outstanding</b>          |   |
| Receivables                    | 5,05,07,012                             |
| Payables                       | 3,75,08,761                             |
| ICDs taken                     |   |
| Other Deposits Given           | 5,28,420                                |

# FORBES AQUAMALL LIMITED

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

(Rupees)

|  | 2007-2008      |               | 2006-2007      |              |
|--|----------------|---------------|----------------|--------------|
| PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS  |                | 2,80,88,912   | 2,37,32,457    |              |
| Adjusted for   |                |               |                |              |
| Depreciation   | 69,10,951      |               | 6,20,010       |              |
| Profit on Sale of Investments  | (30,76,392)    |               | (13,86,438)    |              |
| Interest Income  | (79,393)       |               | (7,38,934)     |              |
| Dividend Income  | —              |               | (75,293)       |              |
| Pre-Operative Expenses Written off   | —              |               | —              |              |
| Interest Expenditure   | 77,784         |               | —              |              |
| Loss in value of Investments   | —              |               | —              |              |
|  |                | 38,32,950     |                | (15,80,655)  |
|  |                | 3,19,21,862   |                | 2,21,51,802  |
| OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS  |                |               |                |              |
| Changes in   |                |               |                |              |
| Trade and Other Receivables  | (2,09,49,818)  |               | (2,50,05,503)  |              |
| Inventories  | (10,30,72,582) |               | 57,12,863      |              |
| Trade Payables and Others  | 10,23,66,155   |               | 1,15,04,541    |              |
| Leave Encashment Provision   | 68,313         |               | —              |              |
| Provision for Gratuity   | 45,992         | (2,15,41,940) | —              | (77,88,099)  |
| Other Adjustments  | —              |               | —              |              |
| Capital subsidy short received   | —              |               | —              |              |
| Refund of previous year advance tax  | —              |               | —              | —            |
|  |                | (2,15,41,940) |                | (77,88,099)  |
| CASH GENERATED FROM OPERATIONS   |                | 1,03,79,922   |                | 1,43,63,703  |
| Direct Taxes Paid  |                | (37,05,747)   |                | (27,55,759)  |
| (a) NET CASH FROM OPERATING ACTIVITIES   |                | 66,74,175     |                | 1,16,07,944  |
| CASH FLOW FROM INVESTING ACTIVITIES  |                |               |                |              |
| Purchase of Fixed Assets (including adjustments on account of capital work-in-progress and capital advances) | (7,29,60,603)  |               | (9,70,654)     |              |
| Purchase of Investments  | (4,84,00,000)  |               | (10,72,30,471) |              |
| Sale of Investments  | 7,87,31,885    |               | 9,17,21,234    |              |
| Interest Received  | 79,393         |               | 7,38,934       |              |
| Dividend Received  | —              |               | 75,293         |              |
| (b) NET CASH FROM / (USED IN) INVESTING ACTIVITIES   |                | (4,25,49,325) |                | (156,65,664) |
| CASH FLOW FROM FINANCING ACTIVITIES  |                |               |                |              |
| Decrease/Increase in Intercompany Deposit  | —              |               | —              |              |
| Decrease / Increase in cash credit & Demand loan   | 3,96,81,771    |               | —              |              |
| Increase in investments  | —              |               | —              |              |
| Investment Income  | —              |               | —              |              |
| Interest paid  | (77,784)       |               | —              |              |
| Dividend paid (includes Corporate Dividend Tax)  | —              |               | —              |              |
| (c) NET CASH FROM / (USED IN) FINANCING ACTIVITIES   |                | 3,96,03,987   |                | —            |
| NET DECREASE / INCREASE IN CASH AND CASH EQUIVALENTS (a) + (b) + (c)   |                | 37,28,837     |                | (40,57,720)  |
| CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE YEAR, COMPRISING:                                    |                |               |                |              |
| Cash, Cheques on hand & Remittances in transit   | 88,243         |               | 1,04,865       |              |
| Balance with scheduled banks on current accounts and deposit accounts  | 1,47,11,690    |               | 1,87,52,788    |              |
|  | 1,47,99,933    |               | 1,88,57,653    |              |
| CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR, COMPRISING:   |                |               |                |              |
| Cash, Cheques on hand & remittances in transit   | 61,324         |               | 88,243         |              |
| Balances with scheduled banks on current accounts and deposit accounts                                       | 1,84,67,446    |               | 1,47,11,690    |              |
| NET DECREASE / INCREASE AS DISCLOSED ABOVE   |                | 1,85,28,770   |                | 1,47,99,933  |
|  |                | 37,28,837     |                | (40,57,720)  |

Note: Figures for the previous year have been regrouped wherever necessary.

Per our report attached  
For **TAM & CO**  
Chartered Accountants

**M. Y. BAMBOAT**  
Partner

Mumbai, Dated : 27th May, 2008

S. L. Goklaney

Chairman

P. J. REDDY  
A. V. SURESH  
J. N. ICHHAPORIA  
P V K RAMAN

Directors

Mumbai, Dated : 27th May, 2008

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# FORBES BUMI ARMADA LIMITED

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(a wholly owned Subsidiary Company)

Annual Report and Accounts  
for the year ended 31<sup>st</sup> March, 2008

**DIRECTORS:**

Shapoor P. Mistry

*Chairman*

N.C. Singhal

Ravi Shankar

Hassan Assad Bassma

Jonathan Edward Duckett

Chan Chee Beng

**BANKERS:**

Industrial Development Bank of India Ltd.

**AUDITORS:**

U.V. Shah & Co.

**REGISTERED OFFICE:**

Forbes Building,

Charanjit Rai Marg,

Fort,

Mumbai - 400 001.

**REPORT OF THE DIRECTORS**

The Shareholders,

Your Directors submit their Report and the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2008.

**1. FINANCIAL RESULTS:**

|   | <b>Current Year<br/>Rupees</b> | <b>Previous Year<br/>Rupees</b> |
|---|--------------------------------|---------------------------------|
| PROFIT / (LOSS) BEFORE TAX                      | (25,52,012)                    | (4,869)                         |
| <b>Less: Provision for Taxation</b>             | -                              | -                               |
| (i) Current Tax                                 | -                              | -                               |
| (ii) Deferred Tax                               | -                              | -                               |
| (iii) Fringe Benefit Tax                        | -                              | -                               |
| Add : Prior Year Expenses                       | 6,97,191                       | -                               |
| <b>PROFIT / (LOSS) AFTER TAX</b>                | (32,49,203)                    | (4,869)                         |
| Add: Balance brought forward from the last year | (4,869)                        | -                               |
| Balance carried to Balance Sheet                | (32,54,072)                    | (4,869)                         |
|   | -                              | -                               |

**2. OPERATIONS:**

The Company responded to a number of Tenders during the period, albeit unsuccessfully so far. Efforts in this regard shall continue and a Head of Business Development is expected to join shortly to provide focused effort.

**3. DIRECTORATE:**

Mr. Shapoor P. Mistry, Mr. Ravishankar Srinivasan, Mr. Hassan Assad Basma, Mr. Chan Chee Beng and Mr. Jonathan Edward Duckett had been appointed as Additional Director of the Company effective from 28<sup>th</sup> September, 2007. And Mr. N.C. Singhal had been appointed as an Additional Director of the Company effective from 7<sup>th</sup> March, 2008. In terms of the provisions of Section 260 of the Companies Act, 1956, Mr. Shapoor P. Mistry, Mr. Ravishankar Srinivasan, Mr. Hassan Assad Basma, Mr. Chan Chee Beng, Mr. Jonathan Edward Duckett and Mr. N.C. Singhal will hold office upto the date of forth coming Annual General Meeting and the items regarding their appointment as Director of the Company are included in the Notice convening the Annual General Meeting.

The Board of Directors commends their appointment.

**4. AUDITORS:**

You are requested to appoint Auditors for the current year and to fix their remuneration. The retiring Auditors, M/s. U.V. Shah & Co., Chartered Accountants, offer themselves for re-appointment and they are not disqualified u/s. 226(3) of the Companies Act, 1956.

**5. PARTICULARS REGARDING EMPLOYEES:**

The Company did not have any employee who was drawing a remuneration of Rs.24,00,000/- or more in aggregate if employed throughout the financial year or Rs.2,00,000/- or more per month if employed for a part of the financial year.

**6. COMPLIANCE AUDIT CERTIFICATE:**

Pursuant to Section 383A of the Companies Act, 1956, Secretarial Compliance Certificate received from M/s. Sanjay Dholakia & Associates., is attached herewith.

**7. DIRECTOR'S RESPONSIBILITY STATEMENT:**

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors based on the representations received from the Operating Management confirm:-

- (a) that in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;

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

**8. INFORMATION REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.**

**Conservation of energy and technology absorption:**

Since the Company does not own any manufacturing facility, particulars relating to conservation of energy and technology absorption are not applicable.

**Foreign exchange earnings and outgo:**

The Company has not earned and used any foreign exchange during the year.

For and on behalf of the Board of Directors

**(SHAPOOR P. MISTRY)**  
*Chairman*

Mumbai, Dated: 11<sup>th</sup> June, 2008



**COMPLIANCE CERTIFICATE**

To  
The Members,  
**Forbes Bumi Armada Limited**

We have examined the registers, records, books and papers of Forbes Bumi Armada Limited, (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31<sup>st</sup> March, 2008. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made thereunder and all entries therein have been duly recorded.
2. The company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, or other authorities within the time prescribed under the Act and the rules made thereunder.
3. The company is a public limited company and the restrictions mentioned in section 3(1)(iii) of the Act is not applicable to public limited companies.
4. The Board of Directors duly met 7 times on 9<sup>th</sup> June, 2007, 23<sup>rd</sup> July, 2007, 24<sup>th</sup> August, 2007, 27<sup>th</sup> August, 2007, 28<sup>th</sup> September, 2007, 17<sup>th</sup> October, 2007 and 7<sup>th</sup> March, 2008 and Circular Resolution dated 21<sup>st</sup> December, 2007 in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed.
5. The company was not required to close its Register of Members during the financial year.
6. The annual general meeting for the financial year ended on 31<sup>st</sup> March, 2007 was held on 23<sup>rd</sup> July, 2007 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. Three extra ordinary general meetings were held on 29<sup>th</sup> August, 2007, 17<sup>th</sup> October, 2007 and 7<sup>th</sup> March, 2008 and One Statutory Meeting was held on 24<sup>th</sup> August, 2007 during the financial year after giving due notice to the members of the company and the resolutions passed there at were duly recorded in Minutes Book maintained for the purpose.
8. The company has not advanced any loans to its directors and/or persons or firms or companies referred in the section 295 of the Act.
9. The company has not entered into any contracts falling within the purview of section 297 of the Act.
10. The company has made necessary entries in the Register maintained under section 301 of the Act.
11. As there were no instances falling within the purview of section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, Members or Central Government, as the case may be.
12. The company has not issued any duplicate share certificates during the financial year.
13. The Company has:
  - (i) not made any transmission of securities during the financial year. The Company has made allotment Equity shares during the year and delivered the share certificates for on lodgment thereof for transfer of 50,000 Equity shares during the year.
  - (ii) not deposited any amount in a separate bank account as no dividend was declared during the financial year.
  - (iii) not posted warrants to any member of the company, as no dividend was declared during the financial year.
  - (iv) no unpaid dividend, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid and as are required to be transferred to Investor Education and Protection Fund.
  - (v) duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the company is duly constituted. There were appointments and resignations of Directors during the financial year.
15. No Managing Directors / Whole Time Director /Manager were appointed during the financial year.
16. The company has not appointed any sole-selling agents during the financial year.

17. The company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar or such other applicable authorities as may be prescribed in the Act during the year under review.
18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The company has issued share certificates in respect of shares issued during the financial year.
20. The company has not bought back any shares during the financial year.
21. There was no redemption of preference shares or debentures during the financial year.
22. There were no transaction necessitating the company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The company has accepted inter-corporate deposits during the financial year.
24. The company has made borrowings by way of Inter corporate deposits during the financial year.
25. The company has not made any investments, given loans and given guarantees to other bodies corporate and consequently no entries have been made in the register kept for the purpose during the year.
26. The company has not altered the provisions of the memorandum with respect to situation of the company's registered office from one state to another during the year under scrutiny.
27. The company has not altered the provisions of the memorandum with respect to the objects of the company during the year under scrutiny.
28. The company has not altered the provisions of the memorandum with respect to name of the company during the year under scrutiny.
29. The company has not altered the provisions of the memorandum with respect to share capital of the company regarding during the year under scrutiny.
30. The company has not altered its articles of association during financial year.
31. There was no prosecution initiated against or show cause notices received by the company during the financial year for offences under the Act.
32. The company has not received any money as security from its employees during the financial year under certification as per provisions of section 417(1) of the Act.
33. The company was not required to deposit both employee's and employer's contribution to Provident Fund with prescribed authorities pursuant to section 418 of the Act.

For Sanjay Dholakia & Associates

**(SANJAY R. DHOLAKIA)**  
*Practising Company Secretary*  
*Proprietor*

Place : Mumbai  
Date : 11<sup>th</sup> June, 2008

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# FORBES BUMI ARMADA LIMITED

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## Annexure A

Registers as maintained by the Company

1. Register of Members u/s. 150.
2. Register of Directors, Managing Director, Manager and Secretaries u/s. 303.
3. Register of Director's Shareholding u/s. 307.
4. Minutes of the Annual General Meeting/Extra Ordinary General Meeting and Board Meeting under section 193 with Attendance Register.
5. Register of Contracts u/s. 301.

For Sanjay Dholakia & Associates

(SANJAY R. DHOLAKIA)  
*Practising Company Secretary*  
*Proprietor*

Place : Mumbai

Date : 11<sup>th</sup> June, 2008

## Annexure B

**Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending on 31<sup>st</sup> March, 2008.**

1. Form 23AC for Balance Sheet as at 31/3/2007 and Form 23ACA for Profit & Loss Account for the year ended 31<sup>st</sup> March, 2007 filed with the Registrar of Companies, Maharashtra on 20<sup>th</sup> November, 2007.
2. Form 20B for Annual Return made up to 23<sup>rd</sup> July, 2007, filed with the Registrar of Companies, Maharashtra on 20<sup>th</sup> November, 2007.
3. Form No. 5 and Form No. 23 in respect of Increase in Authorised share capital from Crores passed at the Extra Ordinary General Meeting held on 7<sup>th</sup> March, 2008 were filed with the Registrar of Companies, Maharashtra on 17<sup>th</sup> April, 2008.
5. Form No. 2 in respect of allotment of 4,00,000 Equity Shares made on 12<sup>th</sup> December, 2007 was filed with the Registrar of Companies, Maharashtra on 18<sup>th</sup> December, 2007.
6. Form No. 2 in respect of allotment of 50,000 Equity Shares made on 28<sup>th</sup> September, 2007 was filed with the Registrar of Companies, Maharashtra on 24<sup>th</sup> October, 2007.
7. Form No. 22 in respect of Statutory Report in respect of Statutory Meeting held on 24<sup>th</sup> August, 2007 filed with the Registrar of Companies, Maharashtra on 3<sup>rd</sup> September, 2007.
8. Form No. 23 in respect of resolution passed by Members at the Extra Ordinary General Meeting held on 29<sup>th</sup> August, 2007 filed with the Registrar of Companies, Maharashtra on 25<sup>th</sup> September, 2007.
9. Form No. 23 in respect of resolution passed by Members at the Extra Ordinary General Meeting held on 17<sup>th</sup> October, 2007 filed with the Registrar of Companies, Maharashtra on 16<sup>th</sup> November, 2007.
10. Form No. 32 in respect of appointment of Director w e f 28<sup>th</sup> September, 2007 filed with the Registrar of Companies, Maharashtra on 11<sup>th</sup> December, 2007.
11. Form No. 32 in respect of appointment of Director w e f 28<sup>th</sup> September, 2007 filed with the Registrar of Companies, Maharashtra on 31<sup>st</sup> March, 2008.
12. Form No. 32 in respect of appointment of Director w e f 7<sup>th</sup> March, 2008 filed with the Registrar of Companies, Maharashtra on 2<sup>nd</sup> April, 2008.
13. Form No. 32 in respect of appointment of Director w e f 28<sup>th</sup> September, 2007 filed with the Registrar of Companies, Maharashtra on 11<sup>th</sup> April, 2008.
14. Form No. 32 in respect of resignation of Director w e f 28<sup>th</sup> September, 2007 filed with the Registrar of Companies, Maharashtra on 24<sup>th</sup> April, 2008.

For Sanjay Dholakia & Associates

(SANJAY R. DHOLAKIA)  
*Practising Company Secretary*  
*Proprietor*

Place : Mumbai

Date : 11<sup>th</sup> June, 2008

**AUDITORS REPORT**

**AUDITORS' REPORT TO THE MEMBERS OF FORBES BUMI ARMADA LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2008.**

1. We have audited the attached Balance Sheet of FORBES BUMI ARMADA LIMITED as at 31st March 2008 and also the Profit & Loss Account for year ended on the date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express the opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 as amended by the Companies (Auditors' Report) (Amendment) Order, 2004, (together the 'Order') issued by the Central Government of India in terms of Section 227(4A) of the Companies Act 1956, and on the basis of such checks of the books and the records of the company and according to information and explanations given to us, we enclose in the annexure a statement on the matter as specified in paragraph 4 & 5 of the said order, to the extent applicable to the company.
4. Further to our comments in the annexure referred to in paragraph 2 above, we report that:
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of the books.
  - (iii) The Balance Sheet and Profit and Loss Account referred to in this report are in agreement with the books of account.
  - (iv) In our opinion, the Balance Sheet and Profit & Loss Account comply with the accounting standards referred to in sub section (3C) of section 211 of the Companies Act, 1956.
  - (v) On the basis of information and explanation received by us, none of the directors are, prima facie, as at 31<sup>st</sup> March 2008 disqualified from being appointed as directors of the company under clause (g) of sub section (I) of Section 274 of the Companies Act, 1956.
  - (vi) In our opinion, and to the best of our information and according to the explanations given to us, the accounts subject to notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
    - (i) In the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 2008;
    - (ii) In the case of the Profit and Loss Account of the loss for the year ended on that date and
    - (iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date

For **U.V. Shah & Co.**  
*Chartered Accountants*

**(UDAY SHAH)**  
*Proprietor*  
**Membership No. : 35626**

Date : 11<sup>th</sup> June, 2008

**ANNEXURE TO THE AUDITOR'S REPORT TO THE MEMBERS OF FORBES BUMI ARMADA LIMITED FOR THE PERIOD ENDED 31ST MARCH 2008**

(Referred to in paragraph 3 of our report of even date)

- 1) In our opinion and according to the information and explanations given to us, and the nature of the Companies activities during the year have been such that the requirement of paragraph 4 (i), (ii), (iv), (vi), (viii), (xi), (xiii), and (xiv) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not, on facts, applicable and hence no comments have been offered there under.
- 2) **Loans taken / granted**
  - (a) As per the information and explanations given to us, the company has not granted any loan, secured or unsecured to companies, firm or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4 (iii) (b), (c) and (d) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
  - (b) The company has not taken any loans during the year, secured or unsecured, from the Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, clauses (iii) (f), and (iii) (g) of paragraph 4 of the Order are not applicable
- 3) **Section 301**
  - a) As per the information and explanations given to us, there are no transactions made in pursuance of contracts or arrangements that need to be entered in register maintained under Section 301 of the Companies Act, 1956. Accordingly, clauses (v) (a), and (v) (b) of paragraph 4 of the Order are not applicable
  - b) The companies Paid-up Capital and Reserves are not exceeding Rs.50 lakhs as at the commencement of the financial year, hence this clause (vii) is not applicable.
- 4) **Payment of Statutory Dues**

According to the information and explanations given to us, No undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues payable to appropriate authorities were outstanding as at 31<sup>st</sup> March, 2008 for a period of more than six months from the date they became payable.
- 5) **Grant of Secured Loans and Advances**

The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 6) **Provision of Guarantee**

According to the information and explanations given to us, The Company has not given any guarantee for loans taken by others from Banks or financial Institutions.
- 7) **Term Loans**

According to the information and explanations given to us, The Company has not raised any term loan under review and hence question of its application of the clause does not arise.
- 8) **Usage of Funds**

According to the information and explanations given to us, The company has not raised any funds on short term basis which have been used during the year for long term investment and vice versa.
- 9) **Preferential Allotments**

During the year under audit, the company has made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956. In our opinion, each of the transactions has been made at prices; which are not prejudicial to the interest of the company.

10) **Creation of security for Debenture Issue**

In our opinion and according to the information and explanations given to us, the Company has not issued any secured debentures during the period covered by our report. Accordingly, the provisions of clause 4(xix) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.

11) **Disclosure of end use of Fund**

During the year, the company has not raised money by public issue and hence the question of disclosure and verification of end use if such monies does not arise.

12) **Frauds**

To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For **U.V. Shah & Co.**  
*Chartered Accountants*

**(UDAY SHAH)**  
*Proprietor*

**Membership No. : 35626**

Date : 11<sup>th</sup> June, 2008

# FORBES BUMI ARMADA LIMITED

## BALANCE SHEET AS ON 31ST MARCH, 2008

|  | Schedule | As on<br>31st March 2008<br>Rs. | As on<br>31st March 2007<br>Rs. |
|--|----------|---------------------------------|---------------------------------|
| <b>SOURCES OF FUNDS</b>                          |          |                                 |                                 |
| <b>Shareholder's Funds</b>                       |          |                                 |                                 |
| Share Capital                                    | 1        | 5,000,000                       | –                               |
| <b>Share Application Money</b>                   |          |                                 |                                 |
| Advance Against Share Application Money          | 2        | 1,513,154                       | –                               |
| <b>Loan Funds</b>                                |          |                                 |                                 |
| Unsecured Loans                                  | 3        | –                               | –                               |
| <b>TOTAL</b>                                     |          | <u>6,513,154</u>                | <u>–</u>                        |
| <b>APPLICATION OF FUNDS</b>                      |          |                                 |                                 |
| <b>Fixed Assets</b>                              | 4        | –                               | –                               |
| <b>Current Assets, Loans and Advances</b>        |          |                                 |                                 |
| Cash and Bank Balances                           | 5        | 3,010,812                       | –                               |
| Loans and Advances                               | 6        | 511,660                         | –                               |
| Sundry Debtors                                   | 7        | –                               | –                               |
|  |          | <u>3,522,472</u>                | <u>–</u>                        |
| <i>Less</i> : Current Liabilities and Provisions | 8        |                                 |                                 |
| Current Liabilities                              |          | 263,390                         | 189,269                         |
| Provision  |          | –                               | –                               |
|  |          | <u>263,390</u>                  | <u>189,269</u>                  |
| Net Current Assets                               |          | 3,259,082                       | (189,269)                       |
| Misc. Expenses                                   |          |                                 |                                 |
| Preliminary Expenses                             |          | –                               | 184,400                         |
| Profit & Loss Account                            |          | 3,254,072                       | 4,869                           |
| <b>TOTAL</b>                                     |          | <u>6,513,154</u>                | <u>–</u>                        |
| Notes to Accounts                                | 12       |                                 |                                 |

The Schedules referred to above form an integral part of the Balance Sheet

As per our report of even date attached.

U.V. SHAH & CO.  
*Chartered Accountants*

(Uday V Shah)  
*Proprietor*  
M.NO 35626

Shapoor P Mistry

Chairman

N C Singhal  
Ravi Shankar  
Hassan Assad Basma  
Jonathan Edward Duckett  
Chan Chee Beng

Directors

Place : Mumbai  
Dated : June 11, 2008

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

|  | Schedule | For the<br>year ended on<br>31 March 2008<br>Rs. | For the<br>year ended on<br>31st March 2007<br>Rs. |
|--|----------|--|--|
| <b>INCOME</b>  |          |  |  |
| Income from Operations                               |          |  | –  |
| Other Income   | 9        | –  |  |
|  |          | –  | –  |
| <b>EXPENDITURE</b>                                   |          |  |  |
| Administration & Other Expenses                      | 10       | 2,552,012  | 4,869  |
|  |          | 2,552,012  | 4,869  |
| Loss before Tax                                      |          | (2,552,012)                                      | (4,869)  |
| Provision for Tax                                    |          |  |  |
| – Current  |          | –  | –  |
| – Deferred   |          | –  | –  |
| – Fringe Benefit tax                                 |          | –  | –  |
| Add/Less:  |          |  |  |
| Prior Period Expenses                                | 11       | 697,191  | –  |
| Loss for the year after tax carried to Balance Sheet |          | (3,249,203)                                      | (4,869)  |
| <b>Add : BALANCE BROUGHT FORWARD FROM LAST YEAR</b>  |          |  |  |
| Amount transferred                                   |          | (4,869)  | –  |
| <b>BALANCE CARRIED TO BALANCE SHEET</b>              |          | (3,254,072)                                      | (4,869)  |
| Notes to Accounts                                    | 12       |  |  |

Basic and Diluted Earnings per Share

The Schedules referred to above form an integral part of the Balance Sheet

As per our report of even date attached.

U.V. SHAH & CO.  
Chartered Accountants

(Uday V Shah)  
Proprietor  
M.NO 35626

Shapoor P Mistry

Chairman

N C Singhal  
Ravi Shankar  
Hassan Assad Basma  
Jonathan Edward Duckett  
Chan Chee Beng

Directors

Place : Mumbai

Dated : June 11, 2008



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**FORBES BUMI ARMADA LIMITED**

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**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008**

|   | As on<br>31st March 2008<br>Rs. | As on<br>31st March 2007<br>Rs. |
|---|---------------------------------|---------------------------------|
| <b>SCHEDULE "1"</b>                                     |                                 |                                 |
| <b>SHARE CAPITAL</b>                                    |                                 |                                 |
| Authorised  |                                 |                                 |
| 10,00,000 Equity Shares of Rs. 10 each.                 | 10,000,000                      | <i>10,000,000</i>               |
|   | <u>10,000,000</u>               | <u>10,000,000</u>               |
| Issued, Subscribed & Paid                               |                                 |                                 |
| 5,00,000 Equity Shares of Rs. 10/- each fully paid      | 5,000,000                       | -                               |
|   | <u>5,000,000</u>                | <u>-</u>                        |
| <b>SCHEDULE "2"</b>                                     |                                 |                                 |
| Share Application Money                                 |                                 |                                 |
| Advance against Share capital                           | 1,513,154                       | -                               |
|   | <u>1,513,154</u>                | <u>-</u>                        |
| <b>SCHEDULE "3"</b>                                     |                                 |                                 |
| <b>UNSECURED LOANS</b>                                  |                                 |                                 |
|   | -                               | -                               |
|   | <u>-</u>                        | <u>-</u>                        |
| <b>SCHEDULE "4"</b>                                     |                                 |                                 |
| <b>FIXED ASSETS</b>                                     |                                 |                                 |
|   | -                               | -                               |
|   | <u>-</u>                        | <u>-</u>                        |
| <b>SCHEDULE "5"</b>                                     |                                 |                                 |
| <b>CASH AND BANK BALANCES</b>                           |                                 |                                 |
| Balances with scheduled banks                           |                                 |                                 |
| - in CC Accounts  | -                               | -                               |
| - in Current Accounts                                   | 3,010,812                       | -                               |
| - in Term Deposit                                       | -                               | -                               |
| - Cash in hand  | -                               | -                               |
|   | <u>3,010,812</u>                | <u>-</u>                        |
| <b>SCHEDULE "6"</b>                                     |                                 |                                 |
| <b>LOANS AND ADVANCES</b>                               |                                 |                                 |
| (Unsecured - considered good, unless otherwise stated ) |                                 |                                 |
| Advances recoverable in cash                            | 511,660                         |                                 |
| or in kind or for value to be received                  |                                 |                                 |
|   | <u>511,660</u>                  | <u>-</u>                        |

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008**

|  | As on<br>31st March 2008<br>Rs. | As on<br>31st March 2007<br>Rs. |
|--|---------------------------------|---------------------------------|
| <b>SCHEDULE "7"</b>                                    |                                 |                                 |
| <b>SUNDRY DEBTORS</b>                                  |                                 |                                 |
| Debtors  | -                               | -                               |
|  | -                               | -                               |
| <b>SCHEDULE "8"</b>                                    |                                 |                                 |
| <b>CURRENT LIABILITIES AND PROVISIONS</b>              |                                 |                                 |
| Sundry Creditors                                       | 256,753                         | 189,269                         |
| Other Liabilities                                      | 6,637                           | -                               |
|  | <u>263,390</u>                  | <u>189,269</u>                  |
| <b>SCHEDULE "9"</b>                                    |                                 |                                 |
| <b>Income</b>  |                                 |                                 |
| Direct Income  |                                 |                                 |
| <b>Indirect Income</b>                                 |                                 |                                 |
| Income From Operations                                 | -                               | -                               |
|  | -                               | -                               |
| <b>SCHEDULE "10"</b>                                   |                                 |                                 |
| <b>ADMINISTRATIVE EXPENSES</b>                         |                                 |                                 |
| Business Promotion Expenses (Gift for Conf. & Seminar) | 176,172                         | -                               |
| Bank Charges   | 39,304                          | -                               |
| Domestic Travel Lodging & Boarding                     | 36,782                          | -                               |
| Domestic Travel conveyance                             | 74,206                          | -                               |
| Domestic Travel Ticket                                 | 42,087                          | -                               |
| Local Travel - Lodging & Boarding                      | 31,150                          | -                               |
| Foreign Travel Air Ticket                              | 104,514                         | -                               |
| Car Hire charges                                       | 73,849                          | -                               |
| Conference & Seminar Expenses                          | 786,520                         | -                               |
| Legal & Professional Charges                           | 875,471                         | -                               |
| Preliminary Expenses W/off                             | 185,401                         | -                               |
| Tender Fees  | 90,000                          | -                               |
| Miscellaneous Expenses                                 | 36,555                          | 4,869                           |
|  | <u>2,552,012</u>                | <u>4,869</u>                    |
| <b>SCHEDULE "11"</b>                                   |                                 |                                 |
| Prior Period Expenses                                  | 697,191                         | -                               |
|  | <u>697,191</u>                  | <u>-</u>                        |

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# FORBES BUMI ARMADA LIMITED

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## SCHEDULES “1” TO “12” ANNEXED TO AND FORMING PART OF THE ACCOUNTS

### SCHEDULE “ 12 “ NOTES TO THE ACCOUNTS

#### 1. SIGNIFICANT ACCOUNTING POLICIES :

##### A. BASIS OF ACCOUNTING:

The Financial Statement are prepared under historical cost convention, on accrual basis, and are in accordance with the requirements of the Companies Act. 1956, and comply with the Accounting Standard referred to in Sub- section (3C) of Section 211 of the said Act.

##### B. FIXED ASSETS

There are no Fixed Assets.

##### C. TAX ON INCOME

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income- Tax Act, 1961.

Deferred tax is recognised on timing differences, being the difference between taxable income and accounting Income that originated in one period and are capable of reversal in one of more subsequent periods.

Since there are no timing difference the implementation of Accounting Standard (AS 22) Accounting for Taxes of Income issued by the Institute of Chartered Accountants of India is not required.

##### D. FOREIGN CURRENCY TRANSACTIONS

a Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transactions.

b Monetary assets and liabilities determined in foreign currency are stated at the exchange rates prevailing at the year end.

c Any income or expenses on account of exchange differences either on settlement or on translation is recognized in the profit & loss account.

#### 2. Deferred Taxes

In terms of the provisions of the Accounting Standard No. 22 “ Accounting for tax on Income “ issued by Institute of Chartered Accountants of India, there are Deferred tax assets amounting to Rs. 8,32,348/- on account of business loss.

In compliance with provisions of Accounting Standard and based on General Prudence, the company has not recognized the deferred tax assets while preparing the accounts of the current year.

#### 3. Expenditure in foreign currency

|  | Current Year | Previous Year |
|--|--------------|---------------|
| Operating expenses in foreign currency | 93,331       | NIL           |

#### 4. Auditors' Remuneration (including service tax):

|                                  | Current Year  | Previous Year |
|----------------------------------|---------------|---------------|
| Audit Fees                       | 5,618         | 2,809         |
| In other capacities :            |               |               |
| – Tax Audit                      |               |               |
| – Taxation                       | 3,933         |               |
| – Certification & other services | 3370          |               |
| <b>Total</b>                     | <b>12,921</b> | <b>2,809</b>  |

5. RELATED PARTY DISCLOSURE

a. List of related parties and relationships

Venture in respect of which the company is a joint venture

Forbes & Company Ltd.

Bumi Armada (Singapore) Pte. Ltd.

Group companies

Forbes Edumetry Ltd.

Eureka Forbes Ltd.

Forvol International Services Ltd.

b. Transaction with related parties (including detail of significant related party transactions):

Nature of transaction

1. Reimbursement of expenditure incurred on behalf of the company

|                       | Current Year | Previous Year |
|-----------------------|--------------|---------------|
| Forbes & Company Ltd. | 837,600      | 186,460       |
| Forbes Edumetry Ltd.  | 21,050       | -             |
|                       | 858,650      | 186,460       |

2. Services provided to the company

|  | Current Year | Previous Year |
|--|--------------|---------------|
| Eureka Forbes Ltd. Guest House Service             | 6,000        | 0.00          |
| Forvol International Services Ltd. Travel services | 12,849       | 0.00          |
|  | 18,849       | -             |

3. Contributions towards equity and Advance share application money:

|                                   | Current Year | Previous Year |
|-----------------------------------|--------------|---------------|
| Forbes & Company Ltd.             | 2,550,000    | 0.00          |
| Bumi Armada (Singapore) Pte. Ltd. | 3,963,154    | 0.00          |
|                                   | 6,513,154    | -             |

6. Additional information as required under Schedule VI of the Companies Act,1956 has not been furnished as the same is not applicable

7. Figures for previous year have been regrouped wherever necessary.

For U.V. SHAH & CO.  
Chartered Accountants

(Uday V Shah)  
Proprietor  
M.NO 35626

Place : Mumbai  
Dated : 11<sup>th</sup> June, 2008

Shapoor P Mistry Chairman

N C Singhal  
Ravi Shankar  
Hassan Assad Basma  
Jonathan Edward Duckett  
Chan Chee Beng } Directors

# FORBES BUMI ARMADA LIMITED

## 10. ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV TO THE COMPANIES ACT, 1956 BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### I) Registration Details:

|                    |   |                       |                       |
|--------------------|---|-----------------------|-----------------------|
| Registration No.   | : | U35100MH2006PTC159958 | U35100MH2006PTC159958 |
| State Code         | : | 11                    | 11                    |
| Balance Sheet Date | : | March 31, 2008        | March 31, 2007        |

### II) Capital Raised During the Year: (Amount in Rs. Thousand)

|                   |   |       |     |
|-------------------|---|-------|-----|
| Public Issue      | : | NIL   | NIL |
| Right Issue       | : | NIL   | NIL |
| Bonus Issue       | : | NIL   | NIL |
| Private Placement | : | 5,000 | -   |

### III) Position of Mobilisation and Deployment of Funds: (Amount in Rs. Thousand)

|                       |   |       |       |
|-----------------------|---|-------|-------|
| Total Liabilities     | : | 6,513 | -     |
| Total Assets          | : | 6,513 | -     |
| Sources of Funds      |   |       |       |
| Paid-up Capital       | : | 5,000 | -     |
| Advance Against Share |   |       |       |
| Application Money     |   | 1,513 | -     |
| Reserves and Surplus  | : | -     | -     |
| Secured Loans         | : | -     | -     |
| Unsecured Loans       | : | -     | -     |
| Application of Funds  |   |       |       |
| Net Fixed Assets      | : | -     | -     |
| Investments           | : | -     | -     |
| Net Current Assets    | : | 3,259 | (189) |
| Misc. Expenditure     | : | -     | -     |
| Accumulated Losses    | : | 3,254 | 5     |

### IV) Performance Of Company: (Amount in Rs. Thousand)

|                          |   |         |     |
|--------------------------|---|---------|-----|
| Turnover                 | : | -       | -   |
| Total Expenditure        | : | (3,249) | (5) |
| Profit/Loss Before Tax   | : | (3,249) | (5) |
| Profit/Loss After Tax    | : | (3,249) | (5) |
| Earning Per Share in Rs. | : | (0.65)  | -   |
| Dividend Rate %          | : | NA      | NA  |

### V) Generic Names Of 3 Principal Products / Services of Company: (As per monetary terms)

|    |                          |   |          |          |
|----|--------------------------|---|----------|----------|
| a) | Item Code No. (ITC Code) | : | N.A.     | N.A.     |
|    | Product Description      | : | Shipping | Shipping |
| b) | Item Code No. (ITC Code) | : | -        | -        |
|    | Product Description      | : | -        | -        |
| c) | Item Code No. (ITC Code) | : | -        | -        |
|    | Product Description      | : | -        | -        |

Shapoor P Mistry

Chairman

N C Singhal  
Ravi Shankar

Hassan Assad Basma  
Jonathan Edward Duckett  
Chan Chee Beng

} Directors

Place : Mumbai

Dated : 11<sup>th</sup> June, 2008

CASH FLOW STATEMENTS AS ON 31ST MARCH, 2008

|  | As on<br>31.03.2008 | As on<br>31.03.2007 |
|--|---------------------|---------------------|
| <b>A. Cash Flow from operating activities:</b>         |                     |                     |
| Loss before Tax  | (3,249,203)         | (4,869)             |
| Adjusted for :   |                     |                     |
| Depreciation   | -                   | -                   |
| Operating profit before working capital changes        | (3,249,203)         | (4,869)             |
| Adjustment for :                                       |                     |                     |
| Trade & other receivables                              | (511,660)           | -                   |
| Misc. expenses (Assets)                                | 184,400             | (184,400)           |
| Trade payables   | 74,121              | 189,269             |
| Cash generated from operations                         | (3,502,342)         | -                   |
| Direct taxes (paid) / refund                           |                     |                     |
| Net cash generated from operating activities           | <u>(3,502,342)</u>  | <u>-</u>            |
| <b>B. Cash flow from Investing activities</b>          |                     |                     |
| Purchase of Fixed Assets                               |                     |                     |
| Interest received                                      | -                   | -                   |
| Net Cash from investing activities                     | <u>-</u>            | <u>-</u>            |
| <b>C. Cash flow from financing activities</b>          |                     |                     |
| Proceeds from long term borrowing                      | -                   | -                   |
| Advance Against Share Application Money                | 1,513,154           | -                   |
| Issue of Share Capital                                 | 5,000,000           | -                   |
|  | <u>6,513,154</u>    | <u>-</u>            |
| Net Increase / (decrease) in cash and cash equivalents | 3,010,812           | -                   |
| Cash and cash equivalents at the beginning of the year | -                   | -                   |
| Cash and cash equivalents at the end of the year       | 3,010,812           | -                   |

As per our report of even date attached.

U.V. SHAH & CO.  
Chartered Accountants

(Uday V Shah)  
Proprietor  
M.NO 35626

Place : Mumbai  
Dated : June 11, 2008

Shapoor P Mistry

Chairman

N C Singhal  
Ravi Shankar  
Hassan Assad Basma  
Jonathan Edward Duckett  
Chan Chee Beng

Directors

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# FORBES CAMPBELL HOLDINGS LIMITED

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(a wholly owned Subsidiary Company)

Annual Report and Accounts  
for the period ended 31<sup>st</sup> May, 2007

**DIRECTORS:**

C.G. Shah

*Chairman*

K.C. Mehra

R.T. Doshi

C.A. Karnik

J.G. Kanga

M.L. Khetan

**BANKERS:**

Union Bank of India

**AUDITORS:**

Messrs. Batliboi & Purohit

**REGISTERED OFFICE:**

Forbes Building,

Charanjit Rai Marg,

Fort,

Mumbai - 400 001.

**REPORT OF THE DIRECTORS**

The Shareholders,

The Directors submit their Report and the Audited Accounts of the Company for the period ended 31<sup>st</sup> May, 2007.

**1. FINANCIAL RESULTS:**

|   | <b>Current Period upto<br/>31<sup>st</sup> May, 07<br/>Rupees</b> | <b>Previous Year<br/>31<sup>st</sup> March, 07<br/>Rupees</b> |
|---|---|---|
| <b>Total Income</b>                             | 8,34,978  | 1,16,67,402   |
| <i>Less</i> : Expenditure                       | 35,445  | 97,734  |
| Profit / (Loss) Before Tax                      | <b>7,99,533</b>   | <b>1,15,69,668</b>  |
| <i>Less</i> : Provision for Tax                 |   |   |
| Current Income Tax                              | 2,72,000  | 12,82,000   |
| Fringe Benefit Tax                              | –   | 500   |
| Profit / (Loss) after Tax                       | <b>5,27,533</b>   | <b>1,02,87,168</b>  |
| Add : Amount brought forward from previous year | 3,21,38,079   | 3,53,11,411   |
| Balance available for Appropriations            | <b>3,26,65,612</b>  | <b>4,55,98,579</b>  |
| <b>APPROPRIATIONS TO:</b>                       |   |   |
| Equity Dividend                                 | –   | 1,00,00,000   |
| Dividend Tax                                    | –   | 14,02,500   |
| Transfer to General Reserve                     | –   | 20,58,000   |
| Surplus carried to Balance Sheet                | 3,26,65,612   | 3,21,38,079   |
|   | <b>3,26,65,612</b>  | <b>4,55,98,579</b>  |

**2. AMALGAMATION:**

Shareholders of the Company at their meeting held on 18<sup>th</sup> May, 2007 had approved the amalgamation of the Company with Forbes Finance Limited w.e.f. 1<sup>st</sup> June, 2007. The Scheme has been sanctioned by the High Court, Bombay and High Court, Madras w.e.f. 1<sup>st</sup> June, 2007. Consequent to amalgamation, the result of the Company as from 1<sup>st</sup> June, 2007 are included with Forbes Finance Ltd.

**3. COMPLIANCE REPORT:**

Pursuant to Section 383A of the Co's Act, 1956, Secretarial Compliance Certificate of M/s. Rathi & Associates, Practicing Company Secretary is attached.

**4. PARTICULARS REGARDING EMPLOYEES:**

The Company did not have any employee who was entitled to receipt of Rs.24,00,000/- or more in aggregate for the period ended 31<sup>st</sup> May, 2007 or Rs.2,00,000/- or more per month for a part of the financial year.

**5. DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors based on the representations received from the Operating Management confirm:-

- (a) that in the preparation of the annual accounts, the applicable accounting standards had been followed and that there are no material departures;
- (b) that they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- (c) that they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of



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## FORBES CAMPBELL HOLDINGS LIMITED

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the Company and for preventing and detecting fraud and other irregularities;

- (d) that they have prepared the annual accounts on a going concern basis.

**6. INFORMATION REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.**

- A) Conservation of energy and technology absorption:**  
Since the Company does not own any manufacturing

facility, particulars relating to conservation of energy and technology absorption are not applicable.

**B) Foreign exchange earnings and outgo:**

The Company has not earned and used any foreign exchange during the year.

For and on behalf of the Board of Directors,

Mumbai,  
Dated: 10<sup>th</sup> March, 2008

**(C. G. SHAH)**  
*Chairman*

**SECRETARIAL COMPLIANCE CERTIFICATE**

Registration No. of the Company: U67120MH1974PLC017434

Nominal Capital: Rs. 40,000,000/-

To,  
The Members  
Forbes Campbell Holdings Limited  
Mumbai

We have examined the register, records, books and papers of **FORBES CAMPBELL HOLDINGS LIMITED** (the Company) as required to be maintained under the Companies Act, 1956 (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on **31<sup>st</sup> March 2008** (financial year). In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in **Annexure 'A'** to this certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in **Annexure 'B'** to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made thereunder.
3. The Company being a Public Limited Company, comments are not required.
4. The Board of Directors duly met **Four** times respectively on **18<sup>th</sup> May 2007, 19<sup>th</sup> September 2007, 17<sup>th</sup> December 2007 and 10<sup>th</sup> March 2008** in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book Maintained for the purpose.
5. The Company was not required to close its Register of Members during the financial year.
6. The Annual General Meeting for the financial year ended **31<sup>st</sup> March, 2007** was held on **21<sup>st</sup> May, 2007** after giving shorter notice to the members of the Company and resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meeting was held during the financial year ended 31<sup>st</sup> March 2008.
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under Section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The Company was not required to make any entries in the Register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from Board of Directors, members or Central Government.
12. The Company has not issued any duplicate share certificates during the financial year.
13. (i) The Company has not delivered any securities as there was no Allotment / Transfer / Transmission of securities during the financial year.  
(ii) The Company has not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.  
(iii) The Company was not required to post warrants to any member of the Company.  
(iv) The Company was not required to transfer any amount to the Investor Education and Protection Fund.  
(v) The Company has duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted.
15. The Company has not appointed any Managing Director/Whole time Director/Manager during the financial year.
16. The Company has not appointed any sole selling agents during the financial year.

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## FORBES CAMPBELL HOLDINGS LIMITED

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17. The Company has obtain all necessary approvals of the Central Government, Company Law Board, Regional Director, Registrar and / or such authorities prescribed under the various provisions of the Act during the financial year as detailed below:
  - (i) Amalgamation of the Company with Forbes Finance Limited vide Petition No. 242 of 2007 dated 31<sup>st</sup> Day of March 2008.
18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has not issued any Shares / Debentures or Other Securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of preference shares/debentures during the financial year.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited / accepted any deposits from public within the meaning of Section 58A and rules framed there under.
24. The Company has not made any borrowings during the financial year ended 31<sup>st</sup> March, 2008.
25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate & consequently no entries have been made in the register kept for the purpose.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one State to another during the year under scrutiny.
27. The Company has not altered the provisions of Memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of Memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the year under review.
31. There was/were no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment imposed on the Company during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The company has not constituted a separate Provident Fund trust for its employees or class of its employees as contemplated under Section 418 of the Act.

For **RATHI & ASSOCIATES**  
*Company Secretaries*

**(NARAYAN RATHI)**  
*Partner*

C.P. No. 1104

Place : Mumbai  
Date : 10th March, 2008

## SECRETARIAL COMPLIANCE CERTIFICATE

ANNEXURE "A"

**Statutory Registers as maintained by the Company**

1. Register of Members u/s.150
2. Register of Directors, Managing Director, Manager and Secretary u/s.303
3. Register of Directors Shareholdings u/s.307
4. Register of Disclosures of Interest by Directors u/s.301(3)
5. Minutes Book u/s. 193

**Other Registers**

1. Register of Transfers

"ANNEXURE B"

Forms and Returns as filed by the Company with Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended 31st March 2008.

| Sr. No. | Form No./Return | Filed under Section | For   | Date of Filing | Whether filed within prescribed time Yes/No | If delay in filing whether requisite additional fee paid Yes/No |
|---------|-----------------|---------------------|---|----------------|---|---|
| 1.      | Form No. 21     | 17                  | Notice of Court   | 19/03/2008     | Yes   | No  |
| 2.      | Form No. 61     | 394                 | Filing application for amalgamation with ROC                    | 20/09/2007     | Yes   | No  |
| 3.      | Form No. 32     | 303(2)              | Cessation of Company Secretary                                  | 05/10/2007     | Yes   | No  |
| 4.      | Form No. 23     | 192                 | Special resolution for amalgamation with Forbes Finance Limited | 21/06/2007     | Yes   | No  |
| 5.      | Balance Sheet   | 220                 | Annual Requirement  | 25/06/2007     | No  | Yes   |
| 6.      | Annual Return   | 159                 | Annual Requirement  | 19/07/2007     | Yes   | No  |

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# FORBES CAMPBELL HOLDINGS LIMITED

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## AUDITORS REPORT TO THE MEMBERS OF FORBES CAMPBELL HOLDINGS LIMITED

1. We have audited the attached balance sheet of Forbes Campbell Holdings Limited ("the Company") as at 31<sup>st</sup> May 2007, and also the profit and loss account and the cash flow statement for the period ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order 2004 issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in Paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred in paragraph 3 above, we report that:
  - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper Books of Account as required by law have been kept by the Company so far as appears from our examination of those books.
  - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standard referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956.
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> May, 2007, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> May, 2007 from being appointed as a director in terms of clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.
  - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the Accounting Principles generally accepted in India;
    - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> May 2007.
    - (ii) in the case of the Profit and Loss Account, of the profit for the period ended on that date.
    - (iii) in the case of the Cash Flow Statement, of the cash flows for the period ended on that date.

For **BATLIBOI & PUROHIT**  
*Chartered Accountants*

**(ATUL MEHTA)**  
*Partner*

Place : Mumbai

Dated : 10<sup>th</sup> March, 2008

Membership No. 15935

## ANNEXURES TO AUDITORS REPORT

Annexure Referred to in paragraph 3 of our report of even date to the members of FORBES CAMPBELL HOLDINGS LTD on the accounts for the period ended 31<sup>st</sup> May, 2007.

- i. The company does not have any fixed assets. Accordingly the provision of clause 4(i) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable.
- ii. Company does not have any inventory. Accordingly the provision of clause 4(ii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable.
- iii. (a) Company has granted unsecured loans to two parties covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.5,76,50,000 and the year end balance of loans granted to such parties was Rs.5,60,00,000.
  - (b) In our opinion and according to the information and explanations given to us, rate of interest and other terms and conditions of loan given by the company are not prima facie prejudicial to the interest of the company.

- (c) In respect of the loans granted, repayment of the principal amount is stipulated and the payment of interest have been regular except in case of interest free loan given to Latham India Ltd.
- (d) Based on the Audit procedures and the information and explanations given to us, there is an overdue amount in respect of loan given to Latham India Ltd for which the Company is taking reasonable steps for recovery of the principal amount. However, the Company has made necessary provision for the same.
- (e) As informed the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- iv. The Company does not have any inventory or fixed assets hence the provisions of clause 4(iv) of Companies (Auditor's Report), 2003 (as amended) in respect of internal control is not applicable.
- v. There are no contracts or arrangements with the company covered under Section 301 of the Companies Act., 1956.
- vi. The company has not accepted any deposits from the public within the meaning of provision of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under.
- vii. In our opinion the Company has an internal audit system commensurate with its size and nature of its business.
- viii. The Company being an investment company is not required to maintain cost records under clause (d) of Sub-section (1) of Section 209 of the Companies Act, 1956.
- ix. (a) The company is regular in depositing undisputed statutory dues including provident fund, Investor education and protection fund, Employees State Insurance, Income Tax, Service Tax, Cess and other material statutory dues applicable to it with the appropriate authorities. Sales Tax, Wealth Tax, Customs Duty and Excise Duty are not applicable to the company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees state insurance, Income Tax , Wealth Tax, Service Tax, Sales Tax, Customs Duty, Excise Duty, cess and other undisputed statutory dues were outstanding at the year end for a period of more than six months from the date they become payable.
- (c) According to the information and explanations given to us, there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and cess which have not been deposited on account of any dispute.
- x. The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- xi. The Company did not have any dues to financial institution, banks or debenture holders during the year.
- xii. Company has not granted any loans and advances on the basis of securities by way of pledge of shares, debentures and other securities.
- xiii. Company is not a chit fund / nidhi / mutual benefit fund / societies. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditors Report) Order 2003 (as amended) are not applicable to the company.
- xiv. In our opinion, the Company is not trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditors Report) Order 2003 (as amended) are not applicable to company
- xv. According to the information and explanations given to us the company has not given any guarantee for loans taken by others from bank or financial institutions.
- xvi. The Company did not have any term loans outstanding during the year.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we are of the opinion that the company has not raised any funds on short term basis.
- xviii. Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the companies Act, 1956.
- xix. The Company did not have outstanding debentures during the year.
- xx. Company has not raised any money by public issues during the year.
- xxi. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statement and as per the information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

For **BATLIBOI & PUROHIT**  
*Chartered Accountants*

**(ATUL MEHTA)**  
*Partner*

Place : Mumbai

Dated : 10<sup>th</sup> March, 2008

Membership No. 15935

# FORBES CAMPBELL HOLDINGS LIMITED

## BALANCE SHEET AS AT 31ST MAY, 2007

|  | Schedule<br>No. | Rupees            | Rupees                   | <i>As at<br/>31-Mar-2007<br/>Rupees</i> |
|--|-----------------|-------------------|--------------------------|---|
| <b>SOURCES OF FUNDS:</b>                         |                 |                   |                          |   |
| 1. SHAREHOLDERS FUNDS:                           |                 |                   |                          |   |
| A. Share Capital                                 | A               | 20,000,000        |                          | 20,000,000                              |
| B. Reserves & Surplus                            | B               | <u>54,154,612</u> |                          | <u>53,627,079</u>                       |
|  |                 |                   | 74,154,612               | <u>73,627,079</u>                       |
|  |                 |                   | <u><b>74,154,612</b></u> | <u><b>73,627,079</b></u>                |
| <b>APPLICATION OF FUNDS:</b>                     |                 |                   |                          |   |
| 1. INVESTMENTS:                                  | C               |                   | 17,416,403               | 17,416,403                              |
| 2. CURRENT ASSETS, LOANS AND ADVANCES:           |                 |                   |                          |   |
| A. Sundry Debtors                                |                 | 645,772           |                          | -                                       |
| B. Cash and Bank Balances                        |                 | 111,748           |                          | 1,943,148                               |
| C. Loans and Advances                            |                 | <u>56,011,026</u> |                          | <u>54,283,820</u>                       |
|  |                 | 56,768,546        |                          | 56,226,968                              |
| <i>Less</i> : CURRENT LIABILITIES AND PROVISIONS |                 |                   |                          |   |
| A. Sundry Creditors                              | E               | 30,337            |                          | 16,292                                  |
| B. Provisions                                    |                 | <u>-</u>          |                          | <u>-</u>                                |
|  |                 | 30,337            |                          | <u>16,292</u>                           |
| <b>NET CURRENT ASSETS</b>                        |                 |                   | <u>56,738,209</u>        | <u>56,210,676</u>                       |
|  |                 |                   | <u><b>74,154,612</b></u> | <u><b>73,627,079</b></u>                |
| NOTES TO THE ACCOUNTS (SCHEDULE 'F')             |                 |                   |                          |   |
|  |                 | F                 |                          |   |

As per our report of even date attached

For **BATLIBOI & PUROHIT**  
Chartered Accountants

**ATUL MEHTA**  
Partner

Membership No. 15935

Mumbai, Dated 10th March, 2008

C.G. Shah

*Chairman*

K.C. Mehra

R.T. Doshi

C.A. Karnik

M.L. Khetan

*Directors*

## PROFIT &amp; LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MAY, 2007

|  | <u>Rupees</u> | <u>Rupees</u>     | <u>As at<br/>31-Mar-2007<br/>Rupees</u> |
|--|---------------|-------------------|---|
| <b>1. INCOME:</b>  |               |                   |   |
| Dividend (Gross)   |               | –                 | 4,888,932                               |
| INTEREST (GROSS)   |               | 834,978           | 3,905,141                               |
| (Tax Deducted at Source Rs.189206/- Previous Year Rs.882201/-) |               |                   |   |
| Profit on Sale of Investments                                  |               | –                 | 2,223,329                               |
| Provision for Doubtful Loan, no longer required written back   |               | –                 | 650,000                                 |
|  |               | <u>834,978</u>    | <u>11,667,402</u>                       |
| <b>2. EXPENDITURE:</b>   |               |                   |   |
| Auditors Remuneration:   |               |                   |   |
| Audit Fees   | 7,500         |                   | 7,500                                   |
| Tax Audit Fees   | –             |                   | 5,000                                   |
| Service Tax  | 927           |                   | 1,545                                   |
| Out of Pocket Expenses   | 110           |                   | 59                                      |
|  |               | <u>8,537</u>      | <u>14,104</u>                           |
| Professional Tax   |               | –                 | 2,500                                   |
| Directors Fees   |               | 12,000            | 46,000                                  |
| Miscellaneous Expenses   |               | 14,908            | 35,130                                  |
|  |               | <u>35,445</u>     | <u>97,734</u>                           |
| 3. Provision for Taxation – Income Tax                         |               | 272,000           | 1,282,000                               |
| Fringe Benefit Tax   |               | –                 | 500                                     |
| 4. Profit / (Loss) after Tax                                   |               | 527,533           | 10,287,168                              |
| 5. Surplus as per previous year Accounts                       |               | 32,138,079        | 35,311,411                              |
| 6. Balance Available for Appropriation                         |               | <u>32,665,612</u> | <u>45,598,579</u>                       |
| 7. Appropriations to:  |               |                   |   |
| Interim Dividend   |               | –                 | 10,000,000                              |
| Proposed Dividend  |               | –                 | –                                       |
| Dividend Tax   |               | –                 | 1,402,500                               |
| Transfer to General Reserves                                   |               | –                 | 2,058,000                               |
| Surplus carried to Balance Sheet                               |               | 32,665,612        | 32,138,079                              |
|  |               | <u>32,665,612</u> | <u>45,598,579</u>                       |
| No. of Equity Shares   |               | 2,000,000         | 2,000,000                               |
| Face value per share   |               | 10                | 10                                      |
| Basic and Diluted Earning per share                            |               | 0.26              | 5.14                                    |

NOTES TO THE ACCOUNTS (SCHEDULE 'F')

F

As per our report of even date attached

For **BATLIBOI & PUROHIT**  
Chartered Accountants

C.G. Shah

Chairman

**ATUL MEHTA**  
PartnerK.C. Mehra  
R.T. Doshi  
C.A. Karnik  
M.L. Khetan

Directors

Membership No. 15935

Mumbai, Dated 10th March, 2008



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**FORBES CAMPBELL HOLDINGS LIMITED**

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**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MAY, 2007****SCHEDULE 'A' – SHARE CAPITAL**

|   | Rupees            | <i>As at<br/>31-Mar-2007<br/>Rupees</i> |
|---|-------------------|---|
| <b>AUTHORISED:</b>  |                   |   |
| 20,00,000 Equity Shares of Rs.10/- each   | 20,000,000        | 20,000,000                              |
| 15,00,000 12% Cumulative Redeemable pref. Share of Rs.10/- each   | 15,000,000        | 15,000,000                              |
| 5,00,000 Unclassified Share of Rs.10/- each   | 5,000,000         | 5,000,000                               |
|   | <u>40,000,000</u> | <u>40,000,000</u>                       |
| <b>ISSUED SUBSCRIBED AND PAID-UP:</b>   |                   |   |
| 20,00,000 Equity Shares of Rs.10/- each Fully paid-up<br>(Out of the above, 1280000 shares are held by Forbes Finance Ltd.<br>which is 100% subsidiary of Forbes & Co. Ltd. AND Forbes & Co.<br>Ltd. is a subsidiary of Sterling Investment Corporation Pvt. Ltd. The<br>ultimate holding Company is Shapoorji Pallonji & Company Ltd.) | 20,000,000        | 20,000,000                              |
|   | <u>20,000,000</u> | <u>20,000,000</u>                       |

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**SCHEDULE 'B' – RESERVES & SURPLUS**

|  | Rupees            | <i>As at<br/>31-Mar-2007<br/>Rupees</i> |
|--|-------------------|---|
| <b>RESERVES FUND</b>                         |                   |   |
| Balance as per last balance sheet            | 21,489,000        | 19,431,000                              |
| Add : Transferred from Profit & Loss Account | –                 | 2,058,000                               |
|  | <u>21,489,000</u> | <u>21,489,000</u>                       |
| <b>SURPLUS:</b>                              |                   |   |
| As per Profit & Loss Account                 | 32,665,612        | 32,138,079                              |
|  | <u>54,154,612</u> | <u>53,627,079</u>                       |

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MAY, 2007

SCHEDULE 'C' – INVESTMENTS (LONG TERM TRADE INVESTMENTS)

|   | Rupees                   | <i>As at<br/>31-Mar-2007<br/>Rupees</i> |
|---|--------------------------|---|
| <b>1. QUOTED-EQUITY SHARES:</b>                                       | NIL                      | NIL                                     |
| <b>2. UNQUOTED-EQUITY SHARES:</b>                                     |                          |   |
| Forbes Services Ltd.<br>5000 fully paid shares of Rs.10/- each.       | 50,000                   | 50,000                                  |
| Tornado Appliances Ltd.<br>2400 fully paid shares of Rs.10/- each.    | 24,003                   | 24,003                                  |
| Warrior (Investment) Ltd.<br>720000 fully paid shares of Rs.10/- each | 17,366,400               | 17,366,400                              |
| P.T.Gokak , Indonesia<br>687 fully paid shares of US \$ 1000/- each.  | 5,639,486                | 5,639,486                               |
| Forbes Technosys Ltd.<br>215980 fully paid shares of Rs.10/- each.    | 131,035                  | 131,035                                 |
|   | <u>23,210,924</u>        | <u>23,210,924</u>                       |
|   | 23,210,924               | 23,210,924                              |
| Less : PROVISION FOR DIMINUTION IN<br>VALUE OF INVESTMENTS.           | 5,794,521                | 5,794,521                               |
| <b>TOTAL RUPEES</b>   | <b><u>17,416,403</u></b> | <b><u>17,416,403</u></b>                |

|                     | <u>As at 31-05-2007</u>   |                         | <u>As at 31-03-2007</u>   |                         |
|---------------------|---------------------------|-------------------------|---------------------------|-------------------------|
|                     | <u>Aggregate<br/>Cost</u> | <u>Market<br/>Value</u> | <u>Aggregate<br/>Cost</u> | <u>Market<br/>Value</u> |
| Unquoted Investment | 17,416,403                |                         | 17,416,403                |                         |
|                     | <b><u>17,416,403</u></b>  |                         | <b><u>17,416,403</u></b>  |                         |

# FORBES CAMPBELL HOLDINGS LIMITED

## SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MAY, 2007

### SCHEDULE 'D' – CURRENT ASSETS, LOANS AND ADVANCES

|  | Rupees     | Rupees            | <i>As at<br/>31-Mar-2007<br/>Rupees</i> |
|--|------------|-------------------|---|
| <b>1. CURRENT ASSETS:</b>  |            |                   |   |
| Sundry Debtors   |            | 645,772           | –                                       |
| Cash and Bank balances:  |            |                   |   |
| Cash on hand   | 2,329      |                   | 14,329                                  |
| With Scheduled Banks:  |            |                   |   |
| On Current Accounts  | 109,419    |                   | 1,928,819                               |
|  |            | 111,748           | 1,943,148                               |
| <b>2. LOANS AND ADVANCES:</b>  |            |                   |   |
| (UNSECURED, CONSIDERED GOOD)   |            |                   |   |
| Deposits with Companies  |            |                   |   |
| Good and Unsecured   | 56,000,000 |                   | 53,850,000                              |
| Doubtful and Unsecured   | 2,824,000  |                   | 2,824,000                               |
|  | 58,824,000 |                   | 56,674,000                              |
| Less : Provision for Doubtful Loan                                     | 2,824,000  |                   | 2,824,000                               |
|  | 56,000,000 |                   | 53,850,000                              |
| Advances recoverable in cash or in kind or<br>for value to be received |            |                   |   |
| Unsecured, Considered Good   | –          |                   | 500,000                                 |
|  | 56,000,000 |                   | 54,350,000                              |
| Advance Payment of Tax   | 11,026     |                   | (66,180)                                |
| (Net after Provision for Taxation)                                     |            |                   |   |
|  |            | 56,011,026        | 54,283,820                              |
|  |            | <b>56,768,546</b> | <b>56,226,968</b>                       |

### SCHEDULE 'E' – CURRENT LIABILITIES AND PROVISIONS

|                             | Rupees | <i>As at<br/>31-Mar-2007<br/>Rupees</i> |
|-----------------------------|--------|---|
| <b>CURRENT LIABILITIES:</b> |        |   |
| Sundry Creditors            | 30,337 | 16,292                                  |
|                             | 30,337 | 16,292                                  |

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MAY, 2007

SCHEDULE 'F' NOTES TO THE ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF ACCOUNTING:

The Financial Statement are prepared under historical cost convention, on accrual basis, and are in accordance with the requirements of the Companies Act, 1956 and comply with the Accounting Standards referred to in Sub-section (3C) of the Section 211 of the said Act.

B. INVESTMENTS

Long term investments are stated at cost less provision for diminution in value, where applicable. Current investments are stated at lower of cost and fair value.

2. The additional information as required under Schedule VI of the Companies Act, 1956 has not been furnished as the same is not applicable.

3. No amount is due to Small Scale Industries (SSI) as at 31st May, 2007.

4. The accounts for the current year comprise for the months of April and May,2007 as compared to the previous full year. The Company along with Warrior (Investment) Ltd. is to be amalgamated with Forbes Finance Ltd.with effect from 1st June,2007. The shareholders have approved the amalgamation scheme at their meeting held on 18th May,2007 and subsequently the same has been approved by the Honourable High Courts of Mumbai and Madras vide Court Orders dated 29th February,08 and 26th March,08 Pursuant to the above, all assets and liabilities of the Company will be transferred and vested with Forbes Finance Ltd. at their book value with effect from 1st June,2007.

5. Previous year figures are not comparable as current year figures are only for few months.

6. I. Related Party Disclosures: As required by Accounting Standard 18

A. Enterprises collectively having more than one half of voting powers:

| <u>As on 31-5-2007</u>                               | <u>As on 31-3-2007</u>                               |
|--|--|
| Shapoorji Pallonji & Co. Ltd. (Ultimate Holding Co.) | Shapoorji Pallonji & Co. Ltd. (Ultimate Holding Co.) |
| Sterling Investment Corporation Pvt. Ltd.            | Sterling Investment Corporation Pvt. Ltd.            |
| Forbes & Co. Ltd.                                    | Forbes & Co. Ltd.                                    |
| Forbes Finance Ltd.                                  |  |

B. Associate Companies

| <u>As on 31-5-2007</u>              |                                       | <u>As on 31-3-2007</u>              |                                       |
|-------------------------------------|---------------------------------------|-------------------------------------|---------------------------------------|
| Warrior (Investment) Ltd.           | Forbes Sterling Star Ltd.             | Warrior (Investment) Ltd.           | Forbes Sterling Star Ltd.             |
| Forbes Services Ltd.                | Latham India Ltd.                     | Forbes Services Ltd.                | Latham India Ltd.                     |
| Forbes Technosys Ltd.               | Forbes Aquamall Ltd.                  | Forbes Technosys Ltd.               | Forbes Aquamall Ltd.                  |
| Forbes Tinsley Co. Ltd.             | Forbes Doris & Nass Maritime Ltd.     | Forbes Tinsley Co. Ltd.             | Forbes Doris & Nass Maritime Ltd.     |
| Aquamall Water Solutions Ltd.       | Forbes Abans Cleaning Solu. Pvt. Ltd. | Aquamall Water Solutions Ltd.       | Forbes Abans Cleaning Solu. Pvt. Ltd. |
| Eureka Forbes Ltd.                  | Next Gen Publishing Ltd.              | Eureka Forbes Ltd.                  | Next Gen Publishing Ltd.              |
| Volkart Fleming Shipping & Ser.Ltd. | Euro Forbes Int.Pte.Ltd.              | Volkart Fleming Shipping & Ser.Ltd. | Euro Forbes Int.Pte.Ltd.              |

## FORBES CAMPBELL HOLDINGS LIMITED

### II. Transactions with related parties

| Nature of Transactions | Referred to in<br>"A" above |            | Referred to in<br>"B" above |            |
|------------------------|-----------------------------|------------|-----------------------------|------------|
|                        | 31.05.2007                  | 31.03.2007 | 31.05.2007                  | 31.03.2007 |
| <b>Income</b>          |                             |            |                             |            |
| 1. Interest Received   | 253,171                     | 3,886,604  | 581,807                     | 18,537     |
| 2. Dividend Received   | –                           | –          | –                           | 4,320,000  |
| <b>Expenses</b>        |                             |            |                             |            |
| 3. Dividend Paid       | –                           | 7,680,000  | –                           | 4,320,000  |
| <b>Finance</b>         |                             |            |                             |            |
| 4. Deposits Placed     | 3,800,000                   | 23,350,000 | –                           | –          |
| 5. Deposits Refunded   | –                           | 50,500,000 | 1,650,000                   | –          |
| <b>Outstandings</b>    |                             |            |                             |            |
| 6. Deposits Given      | 17,850,000                  | 14,550,000 | 38,150,000                  | 39,800,000 |
| 7. Interest Receivable | 253,171                     | –          | 581,807                     | –          |

### III. Related Party Disclosures

The above transactions includes:

1. All amounts referred in table 'A' are with a single party viz. Forbes Gokak Ltd.
2. Item No.1B,5B, 6B, and 7 B represents transactions with Forbes Finance Ltd.
3. Item No.2B and 3B represents transactions with Warrior (Investment) Ltd.

As per our report of even date attached

For **BATLIBOI & PUROHIT**  
Chartered Accountants

C.G. Shah

Chairman

**ATUL MEHTA**  
Partner

K.C. Mehra  
R.T. Doshi  
C.A. Karnik  
M.L. Khetan

Directors

Membership No. 15935

Mumbai, Dated 10th March, 2008

**Statement pursuant to Part IV of Schedule VI to the Companies Act, 1956.**

Balance Sheet and Company's General Business Profile

**I. Registration Details**

|                    |            |            |    |
|--------------------|------------|------------|----|
| Registration No.   | 17434      | State code | 11 |
| Balance Sheet Date | 31-05-2007 |            |    |

**II. Capital Raised During The Year** (Amount Rs. in Thousands)

|              |     |                   |     |
|--------------|-----|-------------------|-----|
| Public Issue | NIL | Bonus Issue       | NIL |
| Rights Issue | NIL | Private Placement | NIL |

**III. Position of Mobilisation and Deployment of Funds**

(Amount Rs. in Thousands)

|                   |       |              |       |
|-------------------|-------|--------------|-------|
| Total Liabilities | 74155 | Total Assets | 74155 |
|-------------------|-------|--------------|-------|

**Sources of Funds**

|                 |       |                    |       |
|-----------------|-------|--------------------|-------|
| Paid up Capital | 20000 | Reserves & Surplus | 54155 |
| Secured Loans   | NIL   | Unsecured Loans    | NIL   |

**Application of Funds**

|                    |       |                   |       |
|--------------------|-------|-------------------|-------|
| Net Fixed Assets   | NIL   | Investments       | 17417 |
| Net current Assets | 56738 | Misc. Expenditure | NIL   |
| Accumulated Losses | NIL   |                   |       |

**IV. Performance of Company** (Amount Rs. in Thousands)

|                          |      |                         |     |
|--------------------------|------|-------------------------|-----|
| Turnover                 | 835  | Total Expenditure       | 35  |
| Profit/(Loss) Before Tax | 800  | Profit/(Loss) After Tax | 528 |
| Earning Per Share (Rs.)  | 0.26 | Dividend Rate (%)       | NIL |

**V. General Names of Three Principal Products/Services of the Company** (As Per Monetary Terms)

|                          |                     |                |
|--------------------------|---------------------|----------------|
| Item Code No. (ITC Code) | Product Deacription | Investment Co. |
| Item Code No. (ITC Code) | Product Deacription |                |
| Item Code No. (ITC Code) | Product Deacription |                |

# FORBES CAMPBELL HOLDINGS LIMITED

## CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MAY, 2007

|   | Rupees      | 31-05-2007<br>Rupees | 2006-2007<br>Rupees |
|---|-------------|----------------------|---------------------|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>  |             |                      |                     |
| <b>PROFIT BEFORE TAX</b>  |             | 799,533              | 11,569,668          |
| Adjustments:  |             |                      |                     |
| Dividend Income   | –           |                      | (4,888,932)         |
| Interest Income   | (834,978)   |                      | (3,905,141)         |
| Profit on Sale of Investments   | –           |                      | (2,223,329)         |
| Recovery of Doubtful Debts  | –           |                      | (650,000)           |
|   |             | (834,978)            | (11,667,402)        |
| <b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES &amp; OTHER ADJUSTMENTS</b>                    |             | (35,445)             | (97,734)            |
| Change in Debtors/ Advances   | (145,772)   |                      | (500,000)           |
| Direct Taxes Paid   | (349,206)   |                      | (1,132,701)         |
| Change in Sundry Creditors  | 14,045      | (480,933)            | 5,629               |
| (A) NET CASH FLOW FROM OPERATING ACTIVITIES   |             | (516,378)            | (1,724,806)         |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>  |             |                      |                     |
| Dividend Income   | –           |                      | 4,888,932           |
| Interest Income   | 834,978     |                      | 3,905,141           |
| Sale of Investments   | –           |                      | 19,186,081          |
| Recovery of Doubtful Debts  | –           |                      | 650,000             |
| Change in Deposits with Companies   | (2,150,000) |                      | (12,650,000)        |
| Dividend Paid   | –           | –                    | (12,000,000)        |
| Dividend Tax Paid   | –           | –                    | (1,683,000)         |
| (B) NET CASH FLOW FROM INVESTING ACTIVITIES   |             | (1,315,022)          | 2,297,154           |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>  |             |                      |                     |
|   |             | –                    | –                   |
| <b>NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (A+B)</b>                                   |             | (1,831,400)          | 572,348             |
| Cash and Cash Equivalents as at the commencement of the year comprising Cash & Balance with Banks |             | 1,943,148            | 1,370,800           |
| Cash and Cash Equivalents as at the end of the year comprising Cash & Balance with Banks          |             | 111,748              | 1,943,148           |
| <b>NET INCREASE/DECREASE AS DISCLOSED ABOVE</b>   |             | (1,831,400)          | 572,348             |

As per our report of even date attached

For **BATLIBOI & PUROHIT**  
Chartered Accountants

C.G. Shah

Chairman

**ATUL MEHTA**  
Partner

K.C. Mehra  
R.T. Doshi  
C.A. Karnik  
M.L. Khetan

Directors

Membership No. 15935

Mumbai, Dated 10th March, 2008

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**FORBES CAMPBELL SERVICES LIMITED**  
**(Formerly known as Forbes Services Limited)**

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(Subsidiary Company)

Annual Report and Accounts  
for the year ended 31<sup>st</sup> March, 2008

**DIRECTORS:**

C.A. Karnik

*Chairman*

R.T. Doshi

A.T. Shah

M.L. Khetan

**BANKERS:**

Union Bank of India

**AUDITORS:**

Messrs. Atul HVM & Associates

**REGISTERED OFFICE:**

21 A.K. Nayak Marg,

Fort,

Mumbai - 400 001.



**FORBES CAMPBELL SERVICES LIMITED**  
**(Formerly known as Forbes Services Limited)**

**REPORT OF THE DIRECTORS**

Your Directors submit their Report and the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2008.

**1. FINANCIAL RESULTS:**

|  | <b>Current Year<br/>Rupees</b> | <b>Previous Year<br/>Rupees</b> |
|--|--------------------------------|---------------------------------|
| <b>Profit / (Loss) for the year</b>                    | (9,762)                        | (10,423)                        |
| <i>Less</i> : Prior Year Adjustment                    | -                              | 3,338                           |
| Profit / (Loss) Before tax                             | (9,762)                        | (13,761)                        |
| <i>Less</i> : Provision for Taxation                   | -                              | -                               |
| Fringe Benefit Tax                                     | 26,500                         | 25,800                          |
| Profit / (Loss) after Tax                              | (36,262)                       | (39,561)                        |
| <i>Add</i> : Amount brought forward from previous year | 1,08,475                       | 1,48,036                        |
| Surplus carried to Balance Sheet                       | 72,213                         | 1,08,475                        |

**DIRECTORATE:**

Mr. R.T. Doshi & Mr. A.T. Shah retires from the Board by rotation and are eligible for re-appointment. The Board of Directors commends their appointment as a Directors of the Company.

**3. AUDITORS:**

You are requested to appoint Auditors for the current year and to fix their remuneration. The retiring Auditors **M/s. Atul HMV & Associates.**, Chartered Accountants, offer themselves for re-appointment as Auditors of the Company.

**4. PARTICULARS REGARDING EMPLOYEES:**

The Company did not have any employee who was entitled to receipt of Rs.24,00,000/- or more in aggregate throughout the financial year or Rs.2,00,000/- or more per month for a part of the financial year.

**5. DIRECTOR'S RESPONSIBILITY STATEMENT:**

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

- (a) that in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- (b) that they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the

company at the end of the financial year and of the profit or loss of the company for the period;

- (c) that they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) that they have prepared the annual accounts on a going concern basis".

**6. INFORMATION REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.**

**A. Conservation of energy and technology absorption:**  
 Since the Company does not own any manufacturing facility, particulars relating to conservation of energy and technology absorption are not applicable.

**B. Foreign exchange earnings and outgo:**  
 The Company has not earned and used any foreign exchange during the year.

For and on behalf of the Board of Directors,

Mumbai,  
 Dated : 30<sup>th</sup> May, 2008

**(C.A. KARNIK)**  
 Chairman

**AUDITOR'S REPORT TO THE MEMBERS OF FORBES CAMPBELL SERVICES LTD. (ERSTWHILE FORBES SERVICES LTD.)**

1. We have audited the attached Balance Sheet of **FORBES CAMPBELL SERVICES LTD.**, as at 31<sup>st</sup> March 2008 and also the profit & Loss Account and the Cash flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards, which are generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003, as amended by the Companies (Auditors' Report) (Amendment) Order, 2004., issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in Paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (ii) In our opinion, proper Books of account as required by law have been kept by Company so far as appear from our examination of those books;
  - (iii) The Balance sheet and the Profit & Loss Account and Cash flow statements dealt with by this report are in agreement with the Books of Accounts;
  - (iv) In our opinion, the Balance sheet and the Profit & Loss Account and Cash flow statement dealt with by this report comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956;
  - (v) On the basis of written representations received from the Directors as on 31<sup>st</sup> March, 2008 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March, 2008 from being appointed as a Director in terms of Clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.
  - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true & fair view in conformity with the accounting principles generally accepted in India.
    - (a) in the case of the Balance sheet of the state of affairs of the Company, as at 31<sup>st</sup> March 2008,
    - (b) in the case of Profit & Loss Account of the Loss for the year ended on that date, and
    - (c) in the case of the Cash Flow Statement, of the cash flow of the company for the year ended on that date.

For **Atul HMV & Associates**  
*Chartered Accountants*

**(HEMANSHU M. VORA)**  
*Partner*

Membership No. 100283

Place : Mumbai

Dated : 30<sup>th</sup> May, 2008

**ANNEXURE TO THE AUDITORS' REPORT**

Annexure referred to in Paragraph 3 of our Report of even date to the Members of **FORBES CAMPBELL SERVICES LTD.** (the Company) (erstwhile Forbes Services Ltd.) on the Financial Statements for the year ended 31<sup>st</sup> March, 2008.

1. The company does not have any fixed assets. Accordingly the provision of Clause 4(i) of the Companies (Auditor's Report) Order, 2003 are not applicable.
2. The Company does not have any inventory. Accordingly the provision of Clause 4(ii) of the Companies (Auditor's Report) Order, 2003 are not applicable.
3. The Company has neither granted nor taken any loan, secured or unsecured to/from the Companies, firms or other parties covered in the register maintained under Section 301 of the Act. Consequently, Clauses (iii)(b), (iii)(c), (iii)(d), (iii)(f) & (iii)(g) of Paragraph 4 of the Order are not applicable.

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**FORBES CAMPBELL SERVICES LIMITED**  
**(Formerly known as Forbes Services Limited)**

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4. There are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of stores and assets and for provision of services. There is no sale of goods by the Company. Further, on the basis of our examination of books and records of the company and according to the information and explanation given to us we have neither come across nor have we been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. (a) According to the information and explanation given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained u/s 301 of Companies Act, 1956 have been so entered.  
(b) In our opinion and according to the information and explanations given to us, the transaction for sale or services made in pursuance of such contracts or arrangements aggregating during the year to Rs.5,00,000/- or more in respect of each party were made at cost to the Company. In the absence of any comparable prices, we are unable to comment whether the transactions are made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public within the meaning of provision of Section 58A, 58AA or any other relevant provision of the Companies Act, 1956 and the rules framed there under.
7. In our opinion the Company has an internal audit system commensurate with its size and nature of its business.
8. The Company being a service company is not required to maintain cost records under Clause (d) of Sub section (1) of Section 209 of the Companies Act, 1956.
9. According to information and explanation given to us and the records of the company examined by us, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees state insurance, income tax, wealth and service tax. The provisions of Investor Education & Protection Fund, Sales Tax, Customs Duty, Excise Duty and Cess are not applicable to the Company. As per information and explanation given to us, there is no undisputed amount payable in respect of Income Tax, Wealth Tax and Service Tax.
10. The Company has no accumulated losses as at 31<sup>st</sup> March, 2008. However it has incurred cash loss in the financial year ended on that date and in the immediately preceding financial year.
11. The Company did not have any dues to financial institution, banks or debenture holders during the year.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund/nidhi/mutual benefit fund/society. Therefore, the provisions of Clause 4(xiii) of the Companies (Auditors Report) Order 2003 are not applicable to the company.
14. In our opinion, the Company is not trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Companies (Auditors Report) Order 2003 are not applicable to company.
15. Accordingly to the information and explanations given to us the company has not given any guarantee for loans taken by others from bank or financial institutions.
16. The Company did not have any term loans outstanding during the year.
17. Accordingly to the information and explanations given to us and on an overall examination of the balance sheet of the company, we are of the opinion that the company has not raised any funds on short term basis.
18. The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the companies Act, 1956.
19. The Company did not have outstanding debentures during the year.
20. The Company has not raised any money by public issues during the year.
21. According to the information and explanation given to us, no fraud on or by the Company has been noticed or reported during the year.

For **Atul HMV & Associates**  
*Chartered Accountants*

**(HEMANSHU M. VORA)**  
*Partner*

Place : Mumbai

Dated : 30<sup>th</sup> May, 2008

Membership No. 100283

## BALANCE SHEET AS AT 31ST MARCH, 2008

|   | <u>Schedule</u> | <u>Rupees</u>    | <u>As at<br/>31.03.2008<br/>Rupees</u> | <u>As at<br/>31.03.2007<br/>Rupees</u> |
|---|-----------------|------------------|--|--|
| <b>1. SOURCES OF FUNDS:</b>                       |                 |                  |  |  |
| I. SHAREHOLDERS FUNDS:                            |                 |                  |  |  |
| (a) Share capital                                 | A               | 500,000          |  | 500,000                                |
| (b) Reserves and Surplus                          | B               | 72,213           |  | 108,475                                |
|   |                 | <u>572,213</u>   | <u>572,213</u>                         | <u>608,475</u>                         |
| <b>2. APPLICATION OF FUNDS:</b>                   |                 |                  |  |  |
| CURRENT ASSETS, LOANS AND ADVANCES:               | C               |                  |  |  |
| (a) Cash and Bank Balances                        |                 | 260,785          |  | 326,169                                |
| (b) Loans and Advances                            |                 | 751,756          |  | 686,372                                |
|   |                 | <u>1,012,541</u> |  | <u>1,012,541</u>                       |
| <i>Less</i> : CURRENT LIABILITIES AND PROVISIONS: | D               | 440,328          | 572,213                                | 404,066                                |
| NET CURRENT ASSETS                                |                 |                  | <u>572,213</u>                         | <u>608,475</u>                         |
| NOTES TO THE ACCOUNTS                             | G               |                  |  |  |

As per our report of even date attached

For **Atul HMV & Associates**  
Chartered Accountants

**HEMANSHU M. VORA**  
Partner  
Membership No. 100283

|             |   |                  |
|-------------|---|------------------|
| C.A. Karnik | } | <i>Chairman</i>  |
| R.T. Doshi  |   |                  |
| A.T. Shah   |   |                  |
| M.L. Khetan | } | <i>Directors</i> |

Mumbai, Dated 30th May, 2008

**FORBES CAMPBELL SERVICES LIMITED**  
**(Formerly known as Forbes Services Limited)**

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

|  | <u>Rupees</u> | <u>31.03.2008</u><br><u>Rupees</u> | <u>As at</u><br><u>31.03.2007</u><br><u>Rupees</u> |
|--|---------------|------------------------------------|--|
| 1. INCOME:   |               |                                    |  |
| Interest and other Income                                | E             | 1,165                              | 504  |
| 2. <i>Less</i> : EXPENDITURE:                            |               |                                    |  |
| Establishment Expenses                                   | F             | 10,927                             | 10,927   |
| 3. PROFIT / (LOSS) BEFORE PRIOR YEAR ADJUSTMENT          |               | (9,762)                            | (10,423)   |
| 4. PROFIT / LOSS BEFORE TAX                              |               | (9,762)                            | (10,423)   |
| 5. <i>Less</i> : PROVISION FOR TAXATION                  |               | –                                  |  |
| FRINGE BENEFIT TAX                                       |               | 20,500                             | 25,800   |
| 6. PROFIT/ LOSS AFTER TAX [before prior year adjustment] |               | (30,262)                           | (36,223)   |
| 7. PRIOR YEAR TAXATION / ADJUSTMENT [Fringe Benefit Tax] |               | (6,000)                            | (3,338)  |
| 8. PROFIT/ LOSS AFTER TAX                                |               | (36,262)                           | (39,561)   |
| 9. BALANCE BROUGHT FORWARD FROM                          |               | 108,475                            | 148,036  |
| 10. SURPLUS CARRIED TO BALANCE SHEET                     |               | 72,213                             | 108,475  |
| No. of Equity Shares                                     |               | 50,000                             | 50,000   |
| Face Value pre Share                                     |               | 10                                 | 10   |
| Basic & Diluted Earning per Share                        |               | (0.73)                             | (0.79)   |

NOTES TO THE ACCOUNTS

G

As per our report of even date attached

For **Atul HMV & Associates**  
*Chartered Accountants*

C.A. Karnik

*Chairman*

**HEMANSHU M. VORA**  
*Partner*  
 Membership No. 100283

R.T. Doshi  
 A.T. Shah  
 M.L. Khetan

}

*Directors*

Mumbai, Dated 30th May, 2008

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008**

**SCHEDULE 'A' SHARE CAPITAL**

|   | As at<br>31.03.2008<br>Rupees | As at<br>31.03.2007<br>Rupees |
|---|-------------------------------|-------------------------------|
| <b>1. AUTHORISED:</b>                               |                               |                               |
| 50,000 Equity Shares of Rs.10/- each.               | 500,000                       | 500,000                       |
| <b>2. ISSUED, SUBSCRIBED AND PAID-UP:</b>           |                               |                               |
| 50,000 Equity Shares of Rs.10/- each fully paid up. | 500,000                       | 500,000                       |

**SCHEDULE 'B' RESERVES AND SURPLUS**

|                                 | As at<br>31.03.2008<br>Rupees | As at<br>31.03.2007<br>Rupees |
|---------------------------------|-------------------------------|-------------------------------|
| <b>1. SURPLUS:</b>              |                               |                               |
| Profit and Loss Account Balance | 72,213                        | 108,475                       |
|                                 | 72,213                        | 108,475                       |

**SCHEDULE 'C' CURRENT ASSETS, LOANS AND ADVANCES**

|  | Rupees  | As at<br>31.03.2008<br>Rupees | As at<br>31.03.2007<br>Rupees |
|--|---------|-------------------------------|-------------------------------|
| <b>1. CURRENT ASSETS:</b>  |         |                               |                               |
| Cash and Bank Balances:  |         |                               |                               |
| Cash on hand   | 2,674   |                               | 26,062                        |
| With Scheduled Banks:  |         |                               |                               |
| In Current Accounts  | 258,111 |                               | 300,107                       |
|  |         | 260,785                       | 326,169                       |
| <b>2. LOANS AND ADVANCES: (UNSECURED, CONSIDERED GOOD)</b>           |         |                               |                               |
| Advances recoverable in cash or in kind or for value to be received: | 422,249 |                               | 439,866                       |
| Advance payment of Tax   | 329,507 |                               | 246,506                       |
|  |         | 751,756                       | 686,372                       |
|  |         | 1,012,541                     | 1,012,541                     |

**FORBES CAMPBELL SERVICES LIMITED**  
**(Formerly known as Forbes Services Limited)**

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT  
31ST MARCH, 2008**

**SCHEDULE 'D' CURRENT LIABILITIES AND PROVISIONS**

|                                    | As at<br>31.03.2008<br>Rupees | As at<br>31.03.2007<br>Rupees |
|------------------------------------|-------------------------------|-------------------------------|
| <b>1. CURRENT LIABILITIES:</b>     |                               |                               |
| Sundry Creditors                   | 218,118                       | 181,356                       |
| Advances Received against Services | 216,710                       | 216,710                       |
| <b>2. PROVISIONS:</b>              |                               |                               |
| Provision for Fringe Benefit Tax   | 5,500                         | 6,000                         |
|                                    | <u>440,328</u>                | <u>404,066</u>                |

**SCHEDULE 'E' INTEREST AND OTHER INCOME**

|                      | As at<br>31.03.2008<br>Rupees | As at<br>31.03.2007<br>Rupees |
|----------------------|-------------------------------|-------------------------------|
| Interest from others | 1,165                         | 504                           |
|                      | <u>1,165</u>                  | <u>504</u>                    |

**SCHEDULE 'F' ESTABLISHMENT EXPENSES**

|  | Rupees    | Rupees           | As at<br>31.03.2007<br>Rupees |
|--|-----------|------------------|-------------------------------|
| <b>1. Payment to and Provisions for Employees</b>                  |           |                  |                               |
| (a) Salaries & Allowances  | 1,949,105 |                  | 2,528,576                     |
| (b) Co's contribution to P.F. & others Funds                       | 171,948   |                  | 172,609                       |
| (c) Staff Welfare  | 28,743    |                  | 64,655                        |
|  |           | 2,149,796        | 2,765,840                     |
| <b>2. Professional Fees</b>  |           | 831,904          | 953,058                       |
| <b>3. Motor Car Expenses</b>                                       |           | 147,922          | 215,851                       |
| <b>4. Conveyance Expenses</b>                                      |           | 77,198           | 71,280                        |
| <b>5. Professional Tax</b>   |           | 2,500            | 2,500                         |
| <b>6. Telephone</b>  |           | 24,452           | 29,305                        |
| <b>7. Office Expenses</b>  |           | 59,802           | 43,330                        |
| <b>8. Software Expenses</b>  |           | 11,382           | -                             |
| <b>9. Miscellaneous Expenses</b>                                   |           | 17,878           | 31,674                        |
| <b>10. Auditors Remuneration</b>                                   |           |                  |                               |
| Audit Fees   |           | 7,500            | 7,500                         |
| Service Tax  |           | 927              | 927                           |
| Out of Pocket Expenses   |           | 1,900            | 1,599                         |
|  |           | <u>3,333,161</u> | <u>4,122,864</u>              |
| <b>11. Less : Recoveries (TDS Rs.83,001/-, P.Y. Rs.1,01,236/-)</b> |           | <u>3,322,234</u> | <u>4,111,937</u>              |
|  |           | <u>10,927</u>    | <u>10,927</u>                 |

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008.**

**SCHEDULE 'G' NOTES TO THE ACCOUNTS**

**1. SIGNIFICANT ACCOUNTING POLICIES**

**A. BASIS OF ACCOUNTING:**

The Financial statements are prepared under historical cost convention, on accrual basis, and are in accordance with the requirements of the Companies Act, 1956, and comply with Accounting Standards referred to in Sub-Section (3C) of Section 211 of the said Act.

**B. REVENUE RECOGNITION:**

Income from service activity is accounted as and when service are rendered.

**C. EXPENSES:**

Expenses are accounted for an accrual basis and provision is made for all known losses and liabilities.

**D. RETIREMENT BENEFITS:**

- Contributions to defined contribution schemes such as Provident fund and Family Pension fund are charged to Profit & Loss account as incurred.
- Leave encashment is charged to Profit & Loss account on the basis of actuarial valuation as at balance sheet date.
- Provisions for liabilities in respect of gratuity is based on Employees Group Gratuity Scheme with Life Insurance Corporation of India and is administered through trust formed for this purposes. The liability, if any, not provided for will be accounted in the year of payment.

**E. TAX ON INCOME**

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961. Deferred tax is recognised on timing differences, being the difference between taxable income and accounting Income that originate in one period and are capable of reversal in one or more subsequent periods. Since there are no timing differences the implementation of Accounting Standard (AS-22) "Accounting for taxes on Income issued by the Institute of Chartered Accountants of India is not required.

2. Balance in respect of certain advance given and advance received is subject to confirmation.

3. Additional information as required under Schedule VI of the Companies Act, 1956 has not been furnished as the same is not applicable.

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

5. No amount is due to Small Scale Industries (SSI) as at 31st March, 2008.

6. The name of the Company was changed to "Forbes Campbell Services Ltd." from "Forbes Services Ltd." with effect from 9th January, 2008.

7. Related Party Disclosures: As required by Accounting Standard 18

I. Name of the Related Party and nature of relationship where control exists are as under:

**A. Enterprises collective having more than one half of voting powers:**

| <u>As on 31-3-2008</u>                              | <u>As on 31-3-2007</u>                              |
|---|---|
| Shapoorji Pallonji & Co.Ltd. (Ultimate holding Co.) | Shapoorji Pallonji & Co.Ltd. (Ultimate holding Co.) |
| Sterling Investment Corporation Pvt. Ltd.           | Sterling Investment Corporation Pvt. Ltd.           |
| Forbes & Co. Ltd.[erstwhile Forbes Gokak Ltd.]      | Forbes Gokak Ltd.                                   |

**B. Associate Companies**

| <u>As on 31-3-2008</u>                   |   | <u>As on 31-3-2007</u>                   |   |
|--|---|--|---|
| Forbes Campbell Holdings Ltd.            | Forbes Sterling Star Ltd.                 | Forbes Campbell Holdings Ltd.            | Forbes Sterling Star Ltd.                 |
| Warrior (Investment) Ltd.                | Latham India Limited                      | Warrior (Investment) Ltd.                | Latham India Limited                      |
| Forbes Technosys Ltd.                    | Forbes Aquamall Ltd.                      | Forbes Technosys Ltd.                    | Forbes Aquamall Ltd.                      |
| Aquamall Water Solutions Ltd.            | Forbes Dorbis & Naess Maritime Ltd.       | Aquamall Water Solutions Ltd.            | Forbes Dorbis & Naess Maritime Ltd.       |
| Eureka Forbes Ltd.                       | Forbes Abans Cleaning Solutions Pvt. Ltd. | Eureka Forbes Ltd.                       | Forbes Abans Cleaning Solutions Pvt. Ltd. |
| Volkart Fleming Shipping & Services Ltd. | Next Gen Publishing Ltd.                  | Volkart Fleming Shipping & Services Ltd. | Next Gen Publishing Ltd.                  |
| Forbes Tinsley Co. Ltd.                  | Euro Forbes International Pte. Ltd.       | Forbes Tinsley Co. Ltd.                  | Euro Forbes International Pte. Ltd.       |
| Forbes Bumi Armada Ltd.                  | Forbes Finance Ltd.                       |  | Forbes Finance Ltd.                       |



**FORBES CAMPBELL SERVICES LIMITED**  
**(Formerly known as Forbes Services Limited)**

**II. Transactions with related parties:**

| Nature of Transactions                     | Referred to in<br>"A" above |                      | Referred to in<br>"B" above |                      |
|--|-----------------------------|----------------------|-----------------------------|----------------------|
|  | 31.03.2008<br>Rupees        | 31.03.2007<br>Rupees | 31.03.2008<br>Rupees        | 31.03.2007<br>Rupees |
| <b>Income</b>                              |                             |                      |                             |                      |
| 1. Service Charges (including Service Tax) | 3,517,428                   | 4,297,932            | 200268                      | 247,530              |
| <b>Expenses</b>                            |                             |                      |                             |                      |
| 2. Service Charges paid                    | 85,663                      | 72,002               | –                           | –                    |
| <b>Outstandings</b>                        |                             |                      |                             |                      |
| 3. Advances (expense recoverable)          | 105,054                     | 129,380              | 18626                       | 65,238               |
| 4. Expenses                                | –                           | 2,424                | –                           | –                    |

- All transactions and outstanding balance referred to in table "A" are with a single party Viz. Forbes & Co. Ltd. [erstwhile Forbes Gokak Ltd.]
- 1B represents Services Charges received Rs.200268/- from VFSS .
- 3B represents amount receivable from VFSS.

As per our report of even date attached

For **Atul HMV & Associates**  
Chartered Accountants

**HEMANSHU M. VORA**  
Partner  
Membership No. 100283

C.A. Karnik

Chairman

R.T. Doshi

A.T. Shah

M.L. Khetan

}

Directors

Mumbai, Dated 30th May, 2008

## STATEMENT PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956.

## Balance Sheet and Company's General Business Profile

## I. Registration Details

|                    |            |            |    |
|--------------------|------------|------------|----|
| Registration No.   | 11-18077   | State code | 11 |
| Balance Sheet Date | 31-03-2008 |            |    |

## II. Capital Raised During The Year (Amount Rs. in Thousands)

|              |     |                   |     |
|--------------|-----|-------------------|-----|
| Public Issue | NIL | Bonus Issue       | NIL |
| Rights Issue | NIL | Private Placement | NIL |

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

|                   |     |              |     |
|-------------------|-----|--------------|-----|
| Total Liabilities | 572 | Total Assets | 572 |
|-------------------|-----|--------------|-----|

## Sources of Funds

|                 |     |                    |     |
|-----------------|-----|--------------------|-----|
| Paid up Capital | 500 | Reserves & Surplus | 72  |
| Secured Loans   | NIL | Unsecured Loans    | NIL |

## Application of Funds

|                    |     |                   |     |
|--------------------|-----|-------------------|-----|
| Net Fixed Assets   | NIL | Investments       | NIL |
| Net current Assets | 572 | Misc. Expenditure | NIL |
| Accumulated Losses | NIL |                   |     |

## IV. Performance of Company (Amount Rs. in Thousands)

|                            |        |                           |     |
|----------------------------|--------|---------------------------|-----|
| Turnover                   | 1      | Total Expenditure         | 11  |
| Profit / (Loss) Before Tax | 10     | Profit / (Loss) After Tax | 36  |
| Earning Per Share (Rs.)    | (0.73) | Dividend Rate (%)         | NIL |

V. General Names Of Three Principal Products / Services of the Company  
(As Per Monetary Terms)

|                          |                    |             |
|--------------------------|--------------------|-------------|
| Item Code No. (ITC Code) | Product Decription | Service Co. |
| Item Code No. (ITC Code) | Product Decription |             |
| Item Code No. (ITC Code) | Product Decription |             |

**FORBES CAMPBELL SERVICES LIMITED**  
**(Formerly known as Forbes Services Limited)**

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

|   | 2007 - 2008 |           | 2006 - 2007 |           |
|---|-------------|-----------|-------------|-----------|
|   | Rupees      | Rupees    | Rupees      | Rupees    |
| Profit / (Loss) Before Tax  |             | (9,762)   |             | (10,423)  |
| Adjusted for  |             |           |             |           |
| Interest Received   |             | (1,165)   | –           | (504)     |
| Prior Year Adjustment   |             | –         |             | (3,338)   |
| Operating Profit Before   |             |           |             |           |
| Working Capital Changes   |             | (10,927)  |             | (14,265)  |
| Change in   |             |           |             |           |
| Creditors   | 36,262      |           | (84,238)    |           |
| Advances  | 17,617      | 53,879    | 406,263     | 322,025   |
| Direct Tax Paid   | (109,501)   | (109,501) | (127,036)   | (127,036) |
| (A) Net Cash from Operating Activities  |             | (66,549)  |             | 180,724   |
| Cash Flow from Investing Activities   |             |           |             |           |
| Interest Received   | 1,165       |           | 504         |           |
| (B) Net Cash from Investing Activities  |             | 1,165     |             | 504       |
| Cash Flow from Financing Activities   |             |           |             |           |
| Share Capital   | –           |           | –           |           |
| (C) Net Cash From Financing Activities  |             | –         |             | –         |
| Net Increase / Decrease in  |             |           |             |           |
| Cash and Cash Equivalents (A) + (B) + (C)   |             | (65,384)  |             | 181,228   |
| Cash and Cash Equivalent as at the Commencement of the Year Comprising Cash, Cheques on Hands and Remittances in Transit and Balance with Bank. |             | 326,169   |             | 144,941   |
| Cash and Cash Equivalent as at the end of the year Comprising Cash, Cheques on Hands and Remittances in Transit and Balance with Bank           |             | 260,785   |             | 326,169   |
| Net Decrease / Increase as disclosed above  |             | (65,384)  |             | 181,228   |

As per our report of even date attached

For **Atul HMV & Associates**  
Chartered Accountants

C.A. Karnik

Chairman

**HEMANSHU M. VORA**  
Partner

R.T. Doshi  
A.T. Shah  
M.L. Khetan

Directors

Membership No. : 100283

Mumbai, Dated 30th May, 2008

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**FORBES CONTAINER LINE PTE. LTD.**  
**(Incorporated in Singapore)**

---

(a wholly owned Subsidiary Company)

Annual Report and Accounts  
for the year ended 31st March, 2008

**DIRECTORS:**

Capt. S.P. Rao

*Chairman*

Mr. P. Unnikrishnan

**BANKERS:**

Oversea-Chinese Banking Corporation, Singapore

**AUDITORS:**

Moore Stephens

Certified Public Accountants

11, Cellyer Quay

# 10-02, The Arcade,

Singapore - 049 317

**REGISTERED OFFICE:**

19, Keppel Road,

# 03-08, Jit Poh Building,

Singapore - 089 058

**REPORT OF THE DIRECTORS – 31 MARCH, 2008**

The directors present their report to the shareholder together with the audited financial statements of Forbes Container Line Pte. Ltd. (the “Company”) for the financial year ended 31st March, 2008.

**1. Directors**

The directors of the Company in office at the date of this report are:

Surya Prasad Rao

Padmakumar Unnikrishnan

**2. Arrangements to Enable Directors to Acquire Shares or Debentures**

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

**3. Directors’ Interests in Shares or Debentures**

None of the directors holding office at the end of the financial year had any interest in the share capital of the Company and related corporations as recorded in the register of directors’ shareholdings.

**4. Directors’ Contractual Benefits**

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except, in respect of director’s remuneration as disclosed in the financial statements.

**5. Options Granted**

During the financial year, no options to take up unissued shares of the Company have been granted.

**6. Options Exercised**

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

**7. Options Outstanding**

There are no unissued shares of the Company under option at the end of the financial year.

**8. Independent Auditors**

The independent auditors, Moore Stephens LLP (formerly Moore Stephens), have expressed their willingness to accept re-appointment.

Directors

.....  
SURYA PRASAD RAO

.....  
PADMAKUMAR UNNIKISHNAN

Singapore  
Date : 05.07.2008

**STATEMENT BY THE DIRECTORS – 31ST MARCH, 2008**

In the opinion of the directors, the financial statements set out on pages 6 to 20 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2008 and of the results, changes in equity and cash flows of the Company for the year then ended.

At the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

.....

SURYA PRASAD RAO

.....

PADMAKUMAR UNNIKRISHNAN

Singapore

Date : 05.07.2008

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**FORBES CONTAINER LINE PTE. LTD.**  
(Incorporated in Singapore)

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**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF FORBES CONTAINER LINE PTE. LTD. (INCORPORATED IN SINGAPORE)**

We have audited the accompanying financial statements of Forbes Container Line Pte. Ltd. (the "Company") as set out on pages 6 to 20, comprising the balance sheet as at 31st March, 2008 and the income statement, statement of changes in equity and cash flow statement for the year ended 31st March, 2008 and a summary of significant accounting policies and other explanatory notes.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes:

- (a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use of disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair income statement and balance sheet and to maintain accountability of assets;
- (b) selecting and applying appropriate accounting policies; and
- (c) making accounting estimates that are reasonable in the circumstances.

**Auditors' Responsibility**

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

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

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

**Opinion**

In our opinion,

- (a) the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2008 and the results, changes in equity and cash flows of the Company for the year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

**Moore Stephens LLP**

Public Accountants and Certified Public Accountants

Singapore

Date : 10.07.2008

## INCOME STATEMENT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2008

| GROUPING FOR PROFIT AND LOSS ACCOUNT | 31st March, 2008<br>Current Year<br>SGD | 31st March, 2008<br>Current Year<br>Rs. | 31st March, 2007<br>Previous Year<br>SGD | 31st March, 2007<br>Previous Year<br>Rs. |
|--------------------------------------|---|---|--|--|
| <b>Direct Income</b>                 |   |   |  |  |
| Agency Fees Received                 | 7,958                                   | 217,581                                 | 2,694                                    | 77,762                                   |
| BL Fee Received                      | 90,710                                  | 2,480,092                               | 5,162                                    | 148,998                                  |
| CBR Received                         | 134,494                                 | 3,677,179                               | –  | –  |
| Ch Commission Receive                | 36,696                                  | 1,003,308                               | –  | –  |
| Charter Hire Reevenue                | –                                       | –                                       | 1,383,650                                | 39,939,056                               |
| CH Demurrage Reevenue                | –                                       | –                                       | 446,800                                  | 12,896,878                               |
| CFS Received                         | –                                       | –                                       | 318                                      | 9,188                                    |
| Detention Fees Received              | 999,297                                 | 27,321,682                              | 23,457                                   | 677,087                                  |
| Do Revenue                           | 107,148                                 | 2,929,529                               | 7,116                                    | 205,393                                  |
| DG Fees Reevenue                     | 8,553                                   | 233,845                                 | 9,139                                    | 263,808                                  |
| Freight Received                     | 9,898,231                               | 270,626,710                             | 646,998                                  | 18,675,594                               |
| Hadling Reevenue                     | 7,155                                   | 195,622                                 | –  | –  |
| Hauillage Reevenue                   | 52,805                                  | 1,443,739                               | –  | –  |
| IHC Received                         | 79,282                                  | 2,167,638                               | 600                                      | 17,313                                   |
| LCL Reevenue                         | 631                                     | 17,249                                  | –  | –  |
| Shut out Reevenue                    | 1,452                                   | 39,694                                  | –  | –  |
| Stvedorage Reevenue                  | 3,417                                   | 93,412                                  | –  | –  |
| Surcharge Received                   | 326,031                                 | 8,913,990                               | 496                                      | 14,311                                   |
| THC Received                         | 2,848,375                               | 77,877,193                              | 177,477                                  | 5,122,886                                |
| Transhpment Fee Received             | –                                       | –                                       | 450                                      | 12,989                                   |
|                                      | <b>14,602,234</b>                       | <b>399,238,463</b>                      | <b>2,704,358</b>                         | <b>78,061,264</b>                        |



**FORBES CONTAINER LINE PTE. LTD.**  
(Incorporated in Singapore)

**BALANCE SHEET AS AT 31ST MARCH, 2008**

|  | Note | 01.04.2007 to 31.3.2008 |                          | 07.08.2006 to 31.3.2007 |                          |
|--|------|-------------------------|--------------------------|-------------------------|--------------------------|
|  |      | S\$                     | Rs.                      | S\$                     | Rs.                      |
| <b>Assets</b>                          |      |                         |                          |                         |                          |
| <b>Non-Current Assets</b>              |      |                         |                          |                         |                          |
| Plant and Equipment                    | 8    | 81,278                  | 2,349,503                | 103,545                 | 2,965,529                |
| <b>Current Assets</b>                  |      |                         |                          |                         |                          |
| Trade Receivable                       | 9    | 1,341,432               | 38,776,775               | 265,309                 | 7,598,450                |
| Other Receivables                      | 10   | 256,474                 | 7,413,894                | 38,627                  | 1,106,277                |
| Cash and Bank Balances                 | 11   | 357,563                 | 10,336,074               | 138,899                 | 3,978,067                |
|  |      | <u>1,955,469</u>        | <u>56,526,742</u>        | <u>442,835</u>          | <u>12,682,794</u>        |
| <b>Total Assets</b>                    |      | <u><u>2,036,747</u></u> | <u><u>58,876,246</u></u> | <u><u>546,380</u></u>   | <u><u>15,648,323</u></u> |
| <b>Share Capital and Reserves</b>      |      |                         |                          |                         |                          |
| Share Capital                          | 12   | 380,000                 | 10,984,660               | 80,000                  | 2,291,200                |
| Retained Earnings / Accumulated Loss   |      | 1,154,730               | 31,345,736               | (109,794)               | (3,161,244)              |
| Translation Reserve                    |      | (86,171)                | (2,490,945)              |                         |                          |
| Foreign Currency Translation Reserve – |      |                         | 2,369,547                |                         | 16,741                   |
| <b>Total Equity</b>                    |      | <u>1,448,559</u>        | <u>42,208,997</u>        | <u>(29,794)</u>         | <u>(853,303)</u>         |
| <b>Current Liabilities</b>             |      |                         |                          |                         |                          |
| Loan from Holding Company              | 13   | –                       | –                        | 224,306                 | 6,424,124                |
| Trade Payable                          | 14   | 312,489                 | 9,033,120                | 267,275                 | 7,654,757                |
| Other Payables                         | 15   | 1,805                   | 52,177                   | 8,655                   | 247,879                  |
| Advances from a related Company        | 16   | 67,190                  | 1,942,260                | 67,190                  | 1,924,322                |
| Income Tax Payable                     |      | 206,704                 | 5,639,692                | –                       | –                        |
| <b>Total Liabilities</b>               |      | <u>588,188</u>          | <u>16,667,249</u>        | <u>576,174</u>          | <u>16,501,625</u>        |
| <b>Total Equity and Liabilities</b>    |      | <u><u>2,036,747</u></u> | <u><u>58,876,246</u></u> | <u><u>546,380</u></u>   | <u><u>15,648,323</u></u> |

## PROFIT AND LOSS STATEMENT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2008

|  | Note     | 01.04.2007 to 31.3.2008 |             | 07.08.2006 to 31.3.2007 |             |
|--|----------|-------------------------|-------------|-------------------------|-------------|
|  |          | S\$                     | Rs.         | S\$                     | Rs.         |
| <b>Revenue</b>                               | <b>3</b> | 146,02,234              | 399,238,463 | 2,704,357               | 78,061,264  |
| <b>Cost of Sales</b>                         |          | 12,434,035              | 339,957,915 | 2,493,203               | 71,966,305  |
| <b>Gross Profit</b>                          |          | 2,168,199               | 59,280,548  | 211,154                 | 6,094,959   |
| <i>Less : Expenses</i>                       |          |                         |             |                         |             |
| Administrative Expenses                      |          | 678,892                 | 18,627,009  | 295,885                 | 8,535,900   |
| Other Operating Expenses                     |          | –                       | –           | 11,103                  | 320,489     |
| Interest Expenses – Holding Company          |          | 18,079                  | 494,296     | 5,212                   | 149,272     |
|  |          | 6,96,971                | 19,121,306  | 312,200                 | 9,005,660   |
| <b>(Loss) / Profit before Income Tax</b>     | <b>4</b> | 14,71,228               | 401,59,242  | (101,046)               | (2,910,701) |
| Income Tax                                   | <b>7</b> | 206,704                 | 5,639,692   | 8,748                   | 250,543     |
| <b>(Loss) / Profit for the Year / Period</b> |          | 1,264,524               | 34,519,551  | (109,794)               | (3,161,244) |

**FORBES CONTAINER LINE PTE. LTD.**  
**(Incorporated in Singapore)**

**STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 ST MARCH, 2008**

|  | Share Capital  |                   | Translation Reserve |                    | Accumulated Loss |                    | Total            |                   |
|--|----------------|-------------------|---------------------|--------------------|------------------|--------------------|------------------|-------------------|
|  | S\$            | Rs.               | S\$                 | Rs.                | S\$              | Rs.                | S\$              | Rs.               |
| Balance at 1st April, 2007                           | <b>80,000</b>  | 2,312,560         |                     |                    |                  |                    | 80,000           | 2,312,560         |
| Net loss for the Period                              |                |                   |                     |                    | (109,794)        | (3,173,815)        | (109,794)        | (3,173,815)       |
| Balance At 31st March, 2007                          | <b>80,000</b>  | <b>2,312,560</b>  |                     |                    | <b>(109,794)</b> | <b>(3,173,815)</b> | <b>(29,794)</b>  | <b>(861,255)</b>  |
| Balance at 1st April, 2007                           | <b>80,000</b>  | <b>2,312,560</b>  | –                   | –                  | <b>(109,794)</b> | <b>(3,173,815)</b> | <b>(29,794)</b>  | <b>(861,255)</b>  |
| Translation Difference recognised directly in equity | –              | –                 | (86,171)            | (2,490,945)        | –                | –                  | (86,171)         | (2,490,945)       |
| Net Profit for the Year                              |                |                   |                     |                    | 1,264,524        | 34,519,551         | 1,264,524        | 34,519,551        |
| Total recognised income and expense for the year     |                |                   | (86,171)            | (2,490,945)        | 1,264,524        | 34,519,551         | 1,148,559        | 31,167,350        |
| Issuance share during the year                       | 300,000        | 8,672,100         |                     |                    |                  |                    | 300,000          | 8,672,100         |
| <b>Balance at 31st March, 2008</b>                   | <b>380,000</b> | <b>10,984,660</b> | <b>(86,171)</b>     | <b>(2,490,945)</b> | <b>1,154,730</b> | <b>31,345,736</b>  | <b>1,448,559</b> | <b>39,839,450</b> |

|  | 01.04.2007 to 31.3.2008 |             | 07.08.2006 to 31.3.2007 |             |
|--|-------------------------|-------------|-------------------------|-------------|
|  | S\$                     | Rs.         | S\$                     | Rs.         |
| <b>3. Revenue</b>  |                         |             |                         |             |
| Freight Services incme                                     | 14,602,234              | 399,238,463 | 873,907                 | 25,225,326  |
| Charter hire income  | –                       | –           | 1,830,450               | 52,835,939  |
|  | 14,602,234              | 399,238,463 | 2,704,357               | 78,061,264  |
| <b>4. Profit / Loss before income Tax</b>                  |                         |             |                         |             |
| Net loss for the period has ben arrived at after charging: |                         |             |                         |             |
| Depreciation of plant & equipment (Note 8)                 | 41,812                  | 1,208,659   | 21,429                  | 613,727     |
| Rental – operating lease expense                           | 46,080                  | 1,259,869   | 32,055                  | 925,268     |
| Exchange Loss  |                         |             | 62                      | 1,790       |
|  |                         |             |                         |             |
| <b>5. Staff Costs</b>                                      |                         |             |                         |             |
| Staff salaries and related costs                           | 326,500                 | 8,926,809   | 106,116                 | 3,063,038   |
| Contribution to defined contribution plans                 | 29,178                  | 797,753     | 8,456                   | 244,082     |
|  | 355,678                 | 9,724,563   | 114,572                 | 3,307,121   |
| <b>6. Director’s Remuneration</b>                          |                         |             |                         |             |
| Salaries and other costs                                   | 129,500                 | 3,540,649   | 75,750                  | 2,186,524   |
| Contribution to defined contribution plans                 | 5,445                   | 148,871     | 1,770                   | 51,091      |
| Consultation Fee   | –                       | –           | 9,000                   | 259,785     |
|  | 134,945                 | 3,689,520   | 86,520                  | 2,497,400   |
| <b>7. Income Tax</b>                                       |                         |             |                         |             |
| <b>(Loss) /profit before income tax</b>                    | 1,471,228               | 40,159,242  | (101,046)               | (2,910,701) |
| Income tax benefiet at statutory rate of 18 %              | 264,821                 | 7,228,664   | (20,209)                | (582,140)   |
| Partial tax exemption                                      | (27,450)                | (750,508)   | –                       | –           |
| Non – allowable expenses                                   | –                       | –           | 544                     | 15,703      |
| Tax loss   | (13,841)                | (378,426)   |                         |             |
| Deferred tax asset not recongnised                         | (16,826)                | (460,038)   | 19,665                  | 567,630     |
| Withholding tax expense                                    | –                       | 8,748       | 250,543                 |             |
|  | 206,704                 | 5,639,692   | 8,748                   | 250,543     |
| <b>9. Trade Receivable</b>                                 |                         |             |                         |             |
| Receivables from Customers                                 | 53,204                  | 1,537,968   | 166,024                 | 4755093     |
| Recivables from Agents<br>related Parties                  | 1088109                 | 31,453,967  | 39996                   | 1145525     |
| third parties  | 196,559                 | 5,681,931   | 55,248                  | 1582383     |
| GST Receivable   | 3,560                   | 102,909     | 4,031                   | 115448      |
|  | 1,341,432               | 38,776,775  | 265,309                 | 7,598,449   |
| Singapore dollar   | 60,527                  | 1,749,654   | 16,961                  | 485,763     |
| United States dollar                                       | 1,280,905               | 37,027,121  | 248,348                 | 7,112,687   |
|  | 1,341,432               | 38,776,775  | 265,309                 | 7,598,450   |

**FORBES CONTAINER LINE PTE. LTD.**  
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|                                       | 01.04.2007 to 31.3.2008 |                   | 07.08.2006 to 31.3.2007 |                  |
|---------------------------------------|-------------------------|-------------------|-------------------------|------------------|
|                                       | S\$                     | Rs.               | S\$                     | Rs.              |
| <b>10. Other Receivables</b>          |                         |                   |                         |                  |
| Deposits                              | 202,273                 | 5,847,106         | 32,850                  | 940,824          |
| Prepayments                           | 31,707                  | 916,554           | 5,777                   | 165,453          |
| Amt due from holding company          | 3,494                   | 101,001           |                         |                  |
| Amt due from director                 | 19,000                  | 549,233           |                         |                  |
|                                       | <u>256,474</u>          | <u>7,413,894</u>  | <u>38,627</u>           | <u>1,106,277</u> |
| <b>11. Cash &amp; Bank Balance</b>    |                         |                   |                         |                  |
| Singapore dollar                      | 206,167                 | 5,959,669         | 88,307                  | 2,529,112        |
| United States dollar                  | 151,396                 | 4,376,404         | 50,592                  | 1,448,955        |
|                                       | <u>357,563</u>          | <u>10,336,074</u> | <u>138,899</u>          | <u>3,978,067</u> |
| <b>12. Share Capital</b>              |                         |                   |                         |                  |
| Issued and fully paid:                |                         |                   |                         |                  |
| 80,000 ordinary shares                | <u>380,000</u>          | <u>10,984,660</u> | <u>80,000</u>           | <u>2,291,200</u> |
| <b>13. Loan from Holding Company</b>  |                         |                   |                         |                  |
| Singapore dollar                      |                         | –                 | 100,000                 | 2,864,000        |
| Euro                                  | –                       | –                 | 119,094                 | 3,410,852        |
|                                       |                         |                   | 219,094                 | 6,274,852        |
| Accrued interest                      | –                       | –                 | 5,212                   | 149,272          |
|                                       | <u>–</u>                | <u>–</u>          | <u>224,306</u>          | <u>6,424,124</u> |
| <b>14. Trade Payables</b>             |                         |                   |                         |                  |
| Singapore dollar                      | 4,250                   | 122,855           | 27,406                  | 784,908          |
| United States dollar                  | 308,239                 | 8,910,265         | 239,869                 | 6,869,848        |
|                                       | <u>312,489</u>          | <u>9,033,120</u>  | <u>267,275</u>          | <u>7,654,757</u> |
| <b>15. Other Payables</b>             |                         |                   |                         |                  |
| Accrued expenses                      | 1,805                   | 52,177            | 8,655                   | 247,879          |
| <b>17. Related Party Transactions</b> |                         |                   |                         |                  |
| Agent Commission payable              | <u>237,246</u>          | <u>6,486,523</u>  | <u>–</u>                | <u>–</u>         |
| <b>18. Lease commitments</b>          |                         |                   |                         |                  |
| Payable                               |                         |                   |                         |                  |
| Within 1 year                         | 15360                   | 419956            | 46080                   | 1330099          |
| After 1 year but within 5 years       | –                       | –                 | 15360                   | 443366           |
|                                       | <u>15360</u>            | <u>419956</u>     | <u>61440</u>            | <u>1773466</u>   |

|   | 01.04.2007 to 31.3.2008 |            | 07.08.2006 to 31.3.2007 |           |
|---|-------------------------|------------|-------------------------|-----------|
|   | S\$                     | Rs.        | S\$                     | Rs.       |
| <b>Administrative Expenses</b>            |                         |            |                         |           |
| Advertising and Promotion                 | 12,219                  | 334,079    | 5,734                   | 165,512   |
| Auditors remuneration                     | 5,201                   | 142,200    | –                       | –         |
| Bank Charges                              | 3,623                   | 99,056     | 423                     | 12,210    |
| Communication expenses                    | 23,241                  | 635,430    | 10,826                  | 312,492   |
| Conveyance                                | 2,572                   | 70,321     | 1,286                   | 37,120    |
| Company's Provident Fund                  | 29,178                  | 797,753    | 8,456                   | 244,082   |
| Depreciation of plant & Equipments        | 41,812                  | 1,208,659  | 21,429                  | 613,727   |
| Donation                                  | 100                     | 2,734      | –                       | –         |
| Directors CPF Employee Cont               | 5,445                   | 148,871    | –                       | –         |
| Director's Remuneration                   | 129,500                 | 3,540,649  | 86,520                  | 2,497,400 |
| Entertainment                             | 3,361                   | 91,893     | 2,188                   | 63,157    |
| General expenses                          | 1,756                   | 48,011     | 5,014                   | 144,729   |
| Housekeeping                              | 1,800                   | 49,214     | 1,900                   | 54,844    |
| Insurance                                 | 112                     | 3,062      | 77                      | 2,223     |
| Newspaper & Periodicals                   | 441                     | 12,057     | 33                      | 953       |
| Office equipment rental                   | –                       | –          | 899                     | 25,950    |
| Portnet                                   | 7,199                   | 196,827    | –                       | –         |
| Postage & courier                         | 3,154                   | 86,233     | 1,305                   | 37,669    |
| Printing & Stationery                     | 8,757                   | 239,424    | 4,367                   | 126,053   |
| Professional Fees                         | 2,248                   | 61,462     | –                       | –         |
| Rental expense                            | 46,080                  | 1,259,869  | 32,055                  | 925,268   |
| Salaries                                  | 319,324                 | 8,730,611  | 105,312                 | 3,039,831 |
| Staff welfare benefits                    | 7,176                   | 196,198    | 804                     | 23,207    |
| Travelling                                | 22,494                  | 615,007    | 6,152                   | 177,577   |
| Utilities                                 | 2,099                   | 57,389     | 1,105                   | 31,896    |
|   | 678,892                 | 18,627,009 | 295,885                 | 8,535,900 |
| <b>15. Other Operating Expenses</b>       |                         |            |                         |           |
| Consultation Expenses                     | –                       | –          | 8,320                   | 240,157   |
| Formation expenses                        | –                       | –          | 2,721                   | 78,542    |
| Loss in Foreign Exchange                  | –                       | –          | 62                      | 1,790     |
|   | –                       | –          | 11,103                  | 320,489   |
| <b>16. Finance Cost</b>                   |                         |            |                         |           |
| Interest expenses paid to holding company | 18,079                  | 494,296    | 5,212                   | 149,272   |
|   | 18,079                  | 494,296    | 5,212                   | 149,272   |
| <b>LOSS BEFORE INCOME TAX</b>             | 1471228                 |            | 101046                  |           |

**FORBES CONTAINER LINE PTE. LTD.**  
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**6. PLANT & EQUIPMENT – 01.04.2007 TO 31.3.2008**

|  | Software System      |                         | Computers            |                       | Office Equipment    |                      | Furniture & Fittings |                       | Totals               |                         |
|--|----------------------|-------------------------|----------------------|-----------------------|---------------------|----------------------|----------------------|-----------------------|----------------------|-------------------------|
|  | S\$                  | Rs.                     | S\$                  | Rs.                   | S\$                 | Rs.                  | S\$                  | Rs.                   | S\$                  | Rs.                     |
| <b>2008</b>  |                      |                         |                      |                       |                     |                      |                      |                       |                      |                         |
| <b>Cost</b>  |                      |                         |                      |                       |                     |                      |                      |                       |                      |                         |
| At 1st April, 2007                                     | 70,378               | 2,034,417               | 41,006               | 1,185,360             | 1690                | 48,853               | 11,900               | 343,993               | 124,974              | 3,612,623               |
| Additions  | 2,887                | 83,455                  | 10,500               | 303,524               | 258                 | 7,458                | 5,900                | 170,551               | 19,545               | 564,987                 |
| Additions and at<br>31st March, 2008                   | <u>73,265</u>        | <u>2,117,871</u>        | <u>51,506</u>        | <u>1,488,884</u>      | <u>1,948</u>        | <u>56,311</u>        | <u>17,800</u>        | <u>514,545</u>        | <u>144,519</u>       | <u>4,177,611</u>        |
| Accumulated depreciation                               |                      |                         |                      |                       |                     |                      |                      |                       |                      |                         |
| At 1st April, 2007                                     | 12,490               | 361,048                 | 7,761                | 224,347               | 186                 | 5,377                | 992                  | 28,676                | 21,429               | 619,448                 |
| Depreciation on additions                              | 23,754               | 686,657                 | 15,306               | 442,451               | 372                 | 10,753               | 2,380                | 68,799                | 41,812               | 1,208,659               |
| Depreciation for the period<br>and at 31st March, 2008 | <u>36,244</u>        | <u>1,047,705</u>        | <u>23,067</u>        | <u>666,798</u>        | <u>558</u>          | <u>16,130</u>        | <u>3,372</u>         | <u>97,474</u>         | <u>63,241</u>        | <u>1,828,108</u>        |
| Net book value At<br>31st March, 2008                  | <u><b>37,021</b></u> | <u><b>1,070,166</b></u> | <u><b>28,439</b></u> | <u><b>822,086</b></u> | <u><b>1,390</b></u> | <u><b>40,181</b></u> | <u><b>14,428</b></u> | <u><b>417,070</b></u> | <u><b>81,278</b></u> | <u><b>2,349,503</b></u> |
| <b>2007</b>  |                      |                         |                      |                       |                     |                      |                      |                       |                      |                         |
| <b>Cost</b>  |                      |                         |                      |                       |                     |                      |                      |                       |                      |                         |
| Additions and at<br>31st March, 2007                   | 70,378               | 2,015,626               | 41,006               | 1,174,412             | 1690                | 48,402               | 11,900               | 340,816               | 124,974              | 3,579,255               |
| Accumulated depreciation                               |                      |                         |                      |                       |                     |                      |                      |                       |                      |                         |
| Depreciation for the period<br>and at 31st March, 2007 | 12,490               | 357,714                 | 7,761                | 222,275               | 186                 | 5,327                | 992                  | 28,411                | 21,429               | 613,727                 |
| Net book value At<br>31st March, 2007                  | <u>57,888</u>        | <u>1,657,912</u>        | <u>33,245</u>        | <u>952,137</u>        | <u>1,504</u>        | <u>43,075</u>        | <u>10,908</u>        | <u>312,405</u>        | <u>103,545</u>       | <u>2,965,528</u>        |

**SCHEDULES “1” TO “13” ANNEXED TO AND FORMING PART OF THE ACCOUNTS****SCHEDULE “13” NOTES TO THE ACCOUNTS****1. General**

The Company is a Wholly owned susidiary of Forbes & Company Ltd., a company incorporated and publicly listed in India

The principal activities of the Company are those freight forwarding and services allied to transport of goods.

**2. SIGNIFICANT ACCOUNTING POLICIES:****A. Basis of Preparation**

The financial statement have been prepared in accordance with the provisions of the Singapore Companies Act, Cap. 50. and Singapore Financial Reporting Standard (“FRS”). The statement have been prepared under the historical cost convection, except as disclosed in the accounting policies below.

The preparation of financial statements in confirmity with FRS requires management to make Judgements, Stimata and assumption that effect the application of accounting ploicies and reported amounts of assets, liabilities and expenses and disclosures made. Estimates and judgements are continually eevaluated and are based on historical experience relevent factors, including expectation of future events that are belived to be reasonable under the circumstances.

**B. Revenue Recognition**

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyers. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due,associated cost or possible returns of goods. Freight income is recognised over the duration of voyages. At the Balance sheet date, revenue and costs in relation to the uncompleted portion of a voyage are deferred and recognised in the subsequent accounting period.

**C. FIXED ASSETS**

(a) The Gross block of Fixed Assets is stated at cost less acumulated depriciation.

**D. DEPRECIATION**

Depriciation is calculated on the straight-line method to write off the cost over their estimated useful lives.

The estimated useful lives are as follows:

|                       |         |
|-----------------------|---------|
| Software System       | 3 Years |
| Computers             | 3 Years |
| Office Equipment      | 5 Years |
| Furniture & Fittings. | 5 Years |

**E. INVENTORY**

The inventory as on 31.03.2008 is Rs. NIL (Previous Year Rs. NIL)

**F. RECOGNITION OF EXPENDITURE AND OTHER INCOME**

Expenditure and other income are accounted on accrual basis.

**G. FOREIGN CURRENCY TRANSACTIONS**

(a) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transactions.

(b) Monetary assets and liabilites determined in foreign currency are stated at the exchange rates prevailing at the year end.

(c) Any income or expenses on account of exchange differences either on settlement or on translation is recognized in the profit & loss account.

**H. RETIREMENT BENEFITS**

Annual contributions for CPF (based on a percentage of salary) are charged to the profit and loss account with corresponding payments to recognised funds.



**FORBES CONTAINER LINE PTE. LTD.**  
**(Incorporated in Singapore)**

3. Expenditure on Interest of SGD 18,079/- INR 4,94,280 (Previous Year SGD. 5,212) is arrived as under:

|  | <b>For the year ended<br/>31st March, 2008</b> | <b>In INR</b>  | For the year ended<br>31st March, 2007 |
|--|--|----------------|--|
| i) Interest on Loan from Forbes & Company Ltd. | 18,079   | 494,280        | 5,212                                  |
|  | —  |                | —                                      |
|  | <u>18,079</u>                                  | <u>494,280</u> | <u>5,212</u>                           |

3A. Details of expenses capitalised are as under:

| Head of Account                    | Gross Expenses<br>Amount | Less: Amount<br>Capitalised<br>Amount | Net Debit to P & L<br>For the year ended<br>31st March, 2008 | Net Debit to P & L<br>For the year ended<br>31st March, 2007 |
|------------------------------------|--------------------------|---------------------------------------|--|--|
| (i) Power & Fuel                   | —                        |                                       | —  | —  |
| (ii) Rates & Taxes                 | —                        |                                       | —  | —  |
| (iii) Legal & Professional Charges | —                        |                                       | —  | —  |
| (iv) Miscellaneous charges         | —                        |                                       | —  | —  |
| (v) Depreciation                   | —                        |                                       | —  | —  |
|                                    | <u>—</u>                 |                                       | <u>—</u>   | <u>—</u>   |

2007-08

2006 - 07

(a) Bank Gurantee Given

NIL

NIL

4. The total amount of Insurance Premia paid and debited under the various heads is SGD 5951.89. (In INR .1,62,724.67) (Previous Year SGD. 13,092.20).

5. Contingent Liabilities not provided for current year NIL (Last Year NIL)

6. Estimated amount of Contracts remaining to be executed and not provided Amount Paid (Net of Advances)

NIL

NIL

7. Computation of Profits under Section 349 of the Companies Act, 1956.

|                                      |       | <b>For the Year ended<br/>31st March, 2008<br/>SGD</b> | INR              | For the Year ended<br>31st March, 2007<br>SGD |
|--------------------------------------|-------|--|------------------|---|
| 1. Profit before Taxation            | A     | 1,268,845  | 28,983,077       | (23,274)                                      |
| 2. Add:                              |       |  |                  |   |
| * (a) Directors' Remuneration        |       | <u>134,945</u>   | <u>3,689,396</u> | <u>86,520</u>                                 |
| (b) Provision for Wealth Tax         |       | —  | —                |   |
| (c) Provision for Fringe Benefit Tax |       | —  |                  |   |
| (d) Provision for Doubtful Debts     |       | —  |                  |   |
| (e) Loss on Sale of Investments      |       | —  | —                |   |
|                                      | B     | <u>134,945</u>   | <u>3,689,396</u> | <u>86,520</u>                                 |
|                                      | A + B | 1,403,790  | 32,672,474       | (109,794)                                     |

|   | <b>For the Year ended<br/>31st March, 2008<br/>SGD</b> | INR        | For the Year ended<br>31st March, 2007<br>SGD |
|---|--|------------|---|
| <b>3. Less:</b>   |  |            |   |
| (a) Capital Profit on Sale of Fixed Assets  |  |            |   |
| (b) Profit on Sale of Investments   |  |            |   |
| (c) Provision for Diminution in Value of Investments Written Back   |  |            |   |
| (d) Excess provision for doubtful debts Advances reversed.  |  |            |   |
| (e) Bad debts written off against provisions made in earlier years  |  |            |   |
| (e) Advances written off against provisions made in earlier years   |  |            |   |
| (f) Profit on buy back of subsidiary  |  |            |   |
| <b>C</b>  | -  |            | -   |
| Profit under Section 349 of the Companies Act, 1956   | 1,403,790  | 32,672,474 | (109,794)                                     |
| <b>4. Maximum remuneration payable:</b>   |  |            |   |
| (a) 10% of the above to the Managing Director and Wholetime Directors   | 140,379  | 3,267,247  | (10,979)                                      |
| (b) 1% of the above to the Non-wholetime Directors  | 14,038   | 326,725    | (1,098)                                       |
| 8. The amount of exchange difference included in the profit & loss account is a net expense of SGD 86,183.02 INR 23,56,322 (Previous Year Expenditure SGD.64.36)  |  |            |   |
| 9. All the Income and expenditures are in foreign currency  |  |            |   |
| 10. As at the year end, the Company has not entered into any Forward Exchange Contracts (or other derivative instruments) to establish the amount of reporting currency required or available at the settlement date of certain payables and receivables. The year<br>Export Receivables : NIL<br>Import Payables : NIL |  |            |   |
| 12. Lease rentals paid during the year is SGD NIL (Previous Year SGD NIL).  |  |            |   |
|   | 2007-08  |            | 2006-07                                       |
| Not later than one year.  | -  |            | -   |
| Later than one year but not later than five years.  | -  |            | -   |
| Later than five years.  | -  |            | -   |
| 13. Related Party Disclosure is given in the annexure "I".  |  |            |   |
| 14. Figures for previous year have been regrouped wherever necessary.   |  |            |   |

According to the information available to the Company regarding the status of the suppliers as defined under the "Micro, Small and Medium Enterprises Development Act, 2006.", amount overdue as on March 31, 2008 to "Micro, Small and Medium Enterprises on account of principal amount together with interest, aggregate to Rs. "Nil" (Previous Year "Nil")

**FORBES CONTAINER LINE PTE. LTD.**  
(Incorporated in Singapore)

**STATEMENT SHOWING RELATED PARTY TRANSACTIONS FOR THE YEAR ENDED ON  
31ST MARCH, 2008**

Amount in SGD

|                                    | Related Party<br>Referred to in<br>A | Related Party<br>Referred to in<br>B | Related Party<br>Referred to in<br>C | Related Party<br>Referred to in<br>D | Related Party<br>Referred to in<br>E | Related Party<br>Referred to in<br>F |
|------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| <b>Nature of Transaction</b>       |                                      |                                      |                                      |                                      |                                      |                                      |
| <b>Purchases</b>                   |                                      |                                      |                                      |                                      |                                      |                                      |
| 1. Purchase of FA & CWIP           | -                                    | -                                    | -                                    | -                                    | -                                    | -                                    |
| 2. Goods and Materials             | -                                    | -                                    | -                                    | -                                    | -                                    | -                                    |
| 3. Services Rendered               | -                                    | -                                    | -                                    | -                                    | -                                    | -                                    |
| 4. Fixed Assets                    | -                                    | -                                    | -                                    | -                                    | -                                    | -                                    |
| 5. Investment                      | -                                    | -                                    | -                                    | -                                    | -                                    | -                                    |
| <b>Sales</b>                       | -                                    | -                                    | -                                    | -                                    | -                                    | -                                    |
| 6. Goods and Materials             | -                                    | -                                    | -                                    | -                                    | -                                    | -                                    |
| 7. Services Rendered               | -                                    | -                                    | -                                    | -                                    | -                                    | -                                    |
| 8. Fixed Assets                    | -                                    | -                                    | -                                    | -                                    | -                                    | -                                    |
| 9. Investment                      | -                                    | -                                    | -                                    | -                                    | -                                    | -                                    |
| <b>Expenses</b>                    | -                                    | -                                    | -                                    | -                                    | -                                    | -                                    |
| 10. Rent and other Service Charges | -                                    | <b>2,291,116</b>                     | -                                    | -                                    | -                                    | <b>2,291,116</b>                     |
|                                    |                                      | 62,641,211                           |                                      |                                      |                                      | <b>62,641,211</b>                    |
| 11. Recovery of Expenses           | -                                    | -                                    | -                                    | -                                    | -                                    | -                                    |
| 12. Dim. in Value of Investment    | -                                    | -                                    | -                                    | -                                    | -                                    | -                                    |
| 13. Agency Commission              | -                                    | -                                    | -                                    | -                                    | -                                    | -                                    |
| 14. Interest Paid                  | <b>23,291</b>                        | -                                    | -                                    | -                                    | -                                    | <b>23,291</b>                        |
|                                    | 636,797                              |                                      |                                      |                                      |                                      | <b>636,797</b>                       |
| 15. Dividend Paid                  | -                                    | -                                    | -                                    | -                                    | -                                    | -                                    |
| 16. Professional Fees              | -                                    | -                                    | -                                    | -                                    | -                                    | -                                    |
| 17. Directors Fees                 | -                                    | -                                    | -                                    | -                                    | -                                    | -                                    |
| 18. Provision /Write offs          | -                                    | -                                    | -                                    | -                                    | -                                    | -                                    |
| 19. Reimbursement Paid             | -                                    | -                                    | -                                    | -                                    | -                                    | -                                    |
| <b>Income</b>                      | -                                    | -                                    | -                                    | -                                    | -                                    | -                                    |
| 20. Rent and Other Service Charges | -                                    | <b>3,503,232</b>                     | -                                    | -                                    | -                                    | <b>3,503,232</b>                     |
|                                    |                                      | 95,778,364                           |                                      |                                      |                                      | 95,778,364                           |
| 21. Interest Received              | -                                    | -                                    | -                                    | -                                    | -                                    | -                                    |
| 22. Dividend Received              | -                                    | -                                    | -                                    | -                                    | -                                    | -                                    |
| 23. Profit on sale of Investment   | -                                    | -                                    | -                                    | -                                    | -                                    | -                                    |

Amount in SGD

|                                       | Related Party<br>Referred to in<br>A | Related Party<br>Referred to in<br>B | Related Party<br>Referred to in<br>C | Related Party<br>Referred to in<br>D | Related Party<br>Referred to in<br>E | Related Party<br>Referred to in<br>F |
|---------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| 24. Provision / Write backs           | -                                    | -                                    | -                                    | -                                    | -                                    | -                                    |
| 25. Misc. Income                      | -                                    | -                                    | -                                    | -                                    | -                                    | -                                    |
| <b>Other Receipts</b>                 | -                                    | -                                    | -                                    | -                                    | -                                    | -                                    |
| 26. Deputation of Staff               | -                                    | -                                    | -                                    | -                                    | -                                    | -                                    |
| 27. Other Reimbursements              | -                                    | -                                    | -                                    | -                                    | -                                    | -                                    |
| <b>Finance</b>                        | -                                    | -                                    | -                                    | -                                    | -                                    | -                                    |
| 28. Loans and Advances Given          | -                                    | -                                    | -                                    | -                                    | -                                    | -                                    |
| 29. Loans and Advances Taken          | <b>182,000</b>                       | -                                    | -                                    | -                                    | -                                    | <b>182,000</b>                       |
|                                       | 4,976,047                            |                                      |                                      |                                      |                                      | <b>4,976,047</b>                     |
| 30. Deposits Given                    | -                                    | -                                    | -                                    | -                                    | -                                    | -                                    |
| 31. Deposits Taken                    | -                                    | -                                    | -                                    | -                                    | -                                    | -                                    |
| 32. Repayment of Deposits Taken       | <b>101,094</b>                       | -                                    | -                                    | -                                    | -                                    | <b>101,094</b>                       |
|                                       | 2,763,910                            |                                      |                                      |                                      |                                      | <b>2,763,910</b>                     |
| <b>Outstandings</b>                   | -                                    | -                                    | -                                    | -                                    | -                                    | -                                    |
| 33. Sundry Creditors                  | -                                    | <b>67,190</b>                        | -                                    | -                                    | -                                    | <b>67,190</b>                        |
|                                       | 1,942,261                            |                                      |                                      |                                      |                                      | 1,942,261                            |
| 34. Interest accrued and due          | -                                    | -                                    | -                                    | -                                    | -                                    | -                                    |
| 35. Sundry Debtors                    | <b>4,366</b>                         | <b>1,083,742</b>                     | -                                    | -                                    | -                                    | <b>1,088,108</b>                     |
|                                       | 126,218                              | 31,330,994                           |                                      |                                      |                                      | 31,330,994                           |
| 36. Loans and Advances                | <b>3,494</b>                         | -                                    | -                                    | -                                    | -                                    | <b>3,494</b>                         |
|                                       | 101,001                              |                                      |                                      |                                      |                                      | <b>101,001</b>                       |
| 37. Prov. for Doubtful Loans and Adv. | -                                    | -                                    | -                                    | -                                    | -                                    | -                                    |
| 38. Provision for Doubtful Debts      | -                                    | -                                    | -                                    | -                                    | -                                    | -                                    |
| 39. Deposits Payable                  | -                                    | -                                    | -                                    | -                                    | -                                    | -                                    |
| 40. Deposits Receivable               | -                                    | -                                    | -                                    | -                                    | -                                    | -                                    |
| 41. Prepaid Expenses                  | -                                    | -                                    | -                                    | -                                    | -                                    | -                                    |
| <b>Remuneration</b>                   | -                                    | -                                    | -                                    | -                                    | -                                    | -                                    |
| 42. Paid / Payable                    | -                                    | -                                    | -                                    | -                                    | -                                    | -                                    |
| 43. Outstanding                       | -                                    | -                                    | -                                    | -                                    | -                                    | -                                    |
| <b>Guarantees</b>                     | -                                    | -                                    | -                                    | -                                    | -                                    | -                                    |
| 44. Given                             | -                                    | -                                    | -                                    | -                                    | -                                    | -                                    |
| 45. Outstanding                       | -                                    | -                                    | -                                    | -                                    | -                                    | -                                    |

**FORBES CONTAINER LINE PTE. LTD.**  
(Incorporated in Singapore)

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

|  | 01.04.2007 to 31.3.2008 |              | 07.08.2006 to 31.3.2007 |             |
|--|-------------------------|--------------|-------------------------|-------------|
|  | S\$                     | Rs.          | S\$                     | Rs.         |
| <b>Cash Flows from Operating Activities</b>                          |                         |              |                         |             |
| (Loss) / Profit before income tax                                    | 1,471,228               | 40,159,242   | (101,046)               | (2,910,701) |
| Adjustments for:   |                         |              |                         |             |
| Depreciation of plant and equipment                                  | 41,812                  | 1,208,659    | 21,429                  | 613,727     |
| Finance charges  | 18,079                  | 494,296      | 5,212                   | 149,272     |
| Foreign Currency Translation Reserve                                 |                         | 2,421,245    |                         | 16,742      |
| Operating cash flows before working capital changes                  | 1,531,119               | 44,283,443   | (74,405)                | (2,130,961) |
| Changes in working capital:  |                         |              |                         |             |
| Trade Receivables  | (1,076,123)             | (31,107,488) | (265,309)               | (7,598,450) |
| Other Receivables  | (214,353)               | (6,196,302)  | (38,627)                | (1,106,277) |
| Trade Payables   | 45,214                  | 1,307,001    | 267,275                 | 7,654,757   |
| Other Payables   | (6,850)                 | (198,013)    | 8,655                   | 247,879     |
| Advances from a related company                                      | –                       | –            | 67,190                  | 1,924,322   |
| Advance to holding Co  | (3,494)                 | (101,001)    |                         |             |
|  | 275,513                 | 7,987,640    | (35,221)                | (1,008,730) |
| Cash generated from / used in operations                             |                         |              |                         |             |
| Income tax paid  | (8,748)                 | (239,178)    | –                       | –           |
| <b>Net cash used in operating activities</b>                         | 266,765                 | 7,748,462    | (35,221)                | (1,008,730) |
| <b>Cash Flows from Investing Activities</b>                          |                         |              |                         |             |
| Purchase of Plant and equipment                                      | (19,545)                | (564,987)    | (124,974)               | (3,579,255) |
| <b>Net cash used in investing activities</b>                         | (19,545)                | (564,987)    | (124,974)               | (3,579,255) |
| <b>Cash Flows from Financing Activities</b>                          |                         |              |                         |             |
| Proceeds from issuance of share capital                              | 300,000                 | 8,672,100    | 80,000                  | 2,291,200   |
| Advance to holding company   | (219,094)               | (6,333,350)  |                         |             |
| (Repayment to) Loan from holding company                             | (23,291)                | (673,273)    | 219,094                 | 6,274,852   |
| <b>Net cash generated from financing activities</b>                  | 57,615                  | 1,665,477    | 299,094                 | 8,566,052   |
| Foreign Exchange difference  | (86,171)                | (2,490,945)  | –                       | –           |
| <b>(Decrease)/Increase in cash and cash equivalents</b>              | 218,664                 | 6,358,006    | 138,899                 | 3,978,067   |
| <b>Cash and cash equivalents at the beginning of the year/period</b> | 138,899                 | 3,978,067    | –                       | –           |
| <b>Cash and cash equivalents at the end of the year/period</b>       | 357,563                 | 10,336,073   | 138,899                 | 3,978,067   |

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# FORBES DORIS & NAESS MARITIME LIMITED

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(Subsidiary Company)

Annual Report and Accounts  
for the year ended 31<sup>st</sup> March, 2008

**DIRECTORS:**

Capt. S.P. Rao

*Chairman*

N. Wirth

J.H. Rand IV

A. Menon

**BANKERS:**

Hongkong & Shanghai Banking Corporation Limited

**AUDITORS:**

U.V. Shah & Co.

**REGISTERED OFFICE:**

Forbes Building,

Charanjit Rai Marg,

Fort, Mumbai - 400 001

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# FORBES DORIS & NAESS MARITIME LIMITED

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## DIRECTORS' REPORT

To,  
The Shareholders,  
Gentlemen,

1. Your Directors submit their Report and the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2008.

### 2. FINANCIAL RESULTS:

|   | <b>Current Year ended<br/>31.3.2008<br/>Rupees</b> | <b>Previous Year ended<br/>31.3.2007<br/>Rupees</b> |
|---|--|---|
| (a) Profit/(Loss) before Depreciation                       | (22,822)   | (77,255)  |
| (b) Less : Depreciation                                     | 43,794   | 72,041  |
| (c) Profit/ (Loss) before tax                               | (66,616)   | (1,49,296)  |
| (d) <i>Less</i> : Provision for taxation –                  |  |   |
| Deferred Tax  | —  | —   |
| Fringe Benefit Tax  | —  | —   |
| (e) Add:/Less: Prior Period Items                           | 17,817   | —   |
| (f) Profit/(Loss) after tax                                 | (84,433)   | (1,49,296)  |
| (g) <i>Add</i> : Balance brought forward from previous year | (25,48,482)  | (23,99,186)   |
| (h) Balance carried to Balance Sheet                        | (26,32,915)  | (25,48,482)   |

### 3. OPERATIONS:

The Company is in the business of ship management and is looking for acquiring ships for management. The Company is also exploring opportunities available in other alternative lines relating to shipping industries and is negotiating with various shipping companies. The Company has incurred a loss of Rs.0.84 lakhs during the year under review.

### 4. DIRECTORATE:

Mr. J.H. Rand is due for retirement by rotation and is eligible for re-appointment.

The Notice of Annual General Meeting includes a proposal regarding the re-appointment of Mr. Rand as a Director. The Board of Directors commends the re-appointment of Mr. Rand as a Director of the Company.

### 5. SECRETARIAL COMPLIANCE CERTIFICATE:

Pursuant to Section 383A of the Companies Act, 1956, secretarial compliance certificate from M/s Rathi & Associates, Practicing Company Secretaries is attached.

### 6. AUDITORS:

You are requested to appoint Auditors for the current year and to fix their remuneration. The retiring Auditors, M/s U.V. Shah & Co., Chartered Accountants, offer themselves for re-appointment.

Auditors, in their Report for the year, have commented that the Company did not have an internal audit system during the year. Director wish to advise that the requirement of an internal audit system is presently not applicable to the Company.

### 7. PARTICULARS REGARDING EMPLOYEES:

The Company did not have any employee who was entitled to receipt of a remuneration of Rs.24,00,000 or more in aggregate throughout the financial year or Rs.2,00,000 or more per month for a part of the financial year.

### 8. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the provisions of section 217 (2AA) of the Companies Act, 1956, the Directors confirm –

- (a) that in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- (b) that they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for the period;
- (c) that they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) that they have prepared the annual accounts on a going concern basis.

**9. INFORMATION REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.**

**A. Conservation of energy and technology absorption.**

The Company's operations involve low energy consumption. Wherever possible energy conservation measures have already been implemented and there are no major areas where further energy conservation measures can be taken. However, efforts to conserve and optimize the use of energy through operational methods will continue.

**B. Foreign Exchange earning and outgo**

The Company has not earned and used any foreign exchange during the period.

For and on behalf of the Board of Directors,

**Capt. S.P. RAO**  
*Chairman*

Mumbai, 30<sup>th</sup> June, 2008



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# FORBES DORIS & NAESS MARITIME LIMITED

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## SECRETARIAL COMPLIANCE CERTIFICATE

Registration No of the Company: U63090MH2002PLC134998

Nominal Capital: Rs. 25,00,000/-

To  
The Members  
FORBES DORIS AND NAESS MARITIME LIMITED  
Mumbai

We have examined the registers, records, books, and papers of **FORBES DORIS AND NAESS MARITIME LIMITED** ("the Company") as required to be maintained under the Companies Act, 1956, ("the Act") and the Rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on **31<sup>st</sup> March 2008** ("financial year"). In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in "Annexure A" to this certificate, as per the provisions of the Act and the Rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in "Annexure B" to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the Rules made thereunder.
3. The Company, being a public limited company, comments is not required.
4. The Board of Directors duly met **four** times during the year on **9<sup>th</sup> June, 2007, 13<sup>th</sup> August, 2007, 12<sup>th</sup> December, 2007 and 24<sup>th</sup> March, 2008** in respect of which meetings proper notices were given and the proceedings were properly recorded and signed.
5. The Company has not closed its Register of Members during the financial year.
6. The Annual General Meeting for the financial year ended on **31<sup>st</sup> March 2007** was held on **28<sup>th</sup> September 2007** after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No extra-ordinary general meeting was held during the financial year.
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of section 297 of the Act.
10. The Company has made necessary entries in the register maintained under section 301 of the Act.
11. As there were no instances falling within the purview of section 314 of the Act, the Company was not required to obtain any approvals from the Board of Directors, members or Central Government.
12. The Company has not issued any duplicate share certificate during the financial year.
13. The Company:
  - (i) has delivered all the certificates on lodgment thereof for transfers in accordance with the provisions of the Act;
  - (ii) was not required to deposit any amount in a separate Bank Account as no dividend was declared during the financial year;
  - (iii) was not required to post warrants to any member of the company as no dividend was declared during the financial year.
  - (iv) was not required to transfer any amount to Investor Education and Protection Fund.
  - (v) has duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the company is duly constituted and the appointment of additional directors has been duly made.
15. The Company has not appointed any new Managing Director/Whole-time Director/ Manager during the financial year.
16. The Company has not appointed any sole selling agent during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar and/or such authorities prescribed under the various provisions of the Act during the financial year.
18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the Rules made thereunder.
19. The Company has not issued any shares, debentures or other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. There were no outstanding debentures or preference shares and accordingly no redemption of preference shares or debentures has been made during the financial year.

22. There were no transactions necessitating the company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of section 58A during the financial year.
24. The Company has not made any borrowings during the financial year ended 31<sup>st</sup> March 2008.
25. The Company has not made any investments during the financial year ended 31<sup>st</sup> March 2008.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the company's registered office from one State to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to name of the company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the financial year.
31. There was/were no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company was not required to deduct any contribution towards Provident Fund during the financial year, pursuant to Section 418 of the Act.

For **Rathi & Associates**  
Company Secretaries

Place : Mumbai  
Date : 30<sup>th</sup> June, 2008

(Himanshu S. Kamdar)  
Partner  
C.P. No.3030

**Annexure "A"**

**Statutory Registers as maintained by the Company**

1. Register of Members under Section 150
2. Register of Directors, Managing Director, Manager and Secretary under Section 303
3. Register of Directors Shareholdings under Section 307
4. Register of Disclosure of Interest by Directors under Section 301(3)
5. Minutes Book under Section 193
6. Register of Contract under Section 301.

**Other Registers**

Register of Transfers

**Annexure "B"**

**Forms and Returns as filed by the Company with Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended 31<sup>st</sup> March, 2008.**

| Sr. No. | Form No. / Return   | Filed under Section                        | For                                       | Date of filing | Whether filed within prescribed time Yes / No | If delay in filing whether requisite additional fee paid Yes / No |
|---------|---------------------|--|---|----------------|---|---|
| 1       | Form 66             | Proviso to Sub-section (1) of Section 383A | Secretarial Compliance Certificate        | 17/10/2007     | YES   | NO  |
| 2       | Form 20B            | Section 159                                | Annual Return                             | 17/10/2007     | YES   | NO  |
| 3       | Form 23AC and 23ACA | Section 220                                | Balance Sheet and Profit and Loss Account | 17/10/2007     | YES   | NO  |

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# FORBES DORIS & NAESS MARITIME LIMITED

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## AUDITORS' REPORT TO THE MEMBERS OF FORBES DORIS & NAESS MARITIME LIMITED

1. We have audited the attached Balance Sheet of FORBES DORIS & NAESS MARITIME LIMITED (FORMERLY KNOWN AS: FORBES WILHELMSSEN LOGISTICS PRIVATE LIMITED) as at 31st March 2008 and also the Profit & Loss Account and Cash flow statement for year ended on the date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 as amended by the Companies (Auditors' Report) (Amendment) Order, 2004, (together the 'Order') issued by the Central Government of India in terms of Section 227(4A) of the Companies Act 1956, and on the basis of such checks of the books and the records of the company and according to information and explanations given to us, we enclose in the annexure a statement on the matters specified in paragraph 4 & 5 of the said order, to the extent applicable to the Company.
4. *The accounts have been prepared on a going concern basis having regards to the representation made by the company in this behalf, referred to in Note 6 of Schedule 8. We are unable to express an opinion in the matter.*
5. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - (c) In our opinion, the Balance Sheet, Profit & Loss Account and Cash flow statement comply with the accounting standards referred to in sub section 211(3C) of the Companies Act, 1956.
  - (d) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts, including the Balance Sheet, Profit & Loss Account, and Cash flow statement dealt with by this Report read with the notes thereon and documents annexed thereto, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
    - (i) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2008;
    - (ii) In the case of Profit and Loss Account, of the Loss of the Company for the year ended on that date and
    - (iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date
5. On the basis of the written representations from the directors, taken on record by the Board of Directors, none of the directors is disqualified as at 31<sup>st</sup> March 2008 from being appointed as directors of the company under clause 274(1) (g) of the Companies Act, 1956.

For U.V. SHAH & CO.  
*Chartered Accountants*

UDAY V. SHAH  
*Proprietor*

Place : Mumbai

Dated : 30<sup>th</sup> June, 2008

Membership No. 35626

## ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in paragraph 3 of our report of even date)

- (i) The nature of the Company's business/activities during the year is such that clauses (ii), (iii), (xi), (xiii), (xviii) and (xiv) of the CARO are not applicable
- (ii) In respect of its fixed assets:
  - (a) According to the information and explanation given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals. No material discrepancies were noticed on such verification, the frequency of which, in our opinion, is reasonable. According to the information and explanation given to us, no discrepancies were noticed. None of the fixed assets has been revalue during the year.
- (iii) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for sale of services.

- (iv) In respect of transactions entered in register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
- (a) The transactions that needed to be entered in the Register have been so entered
- (b) Where each of such transactions in excess of Rs 5 lakhs in respect of any party, the transactions have been made at prices which are *prima facie* reasonable having regard to the prevailing market prices at the relevant time except in case of specific services rendered / received in respect specialized nature for which alternative / comparable quotations are not available. we are unable to comment whether transactions are made at prevailing market price at the relevant time.
- (v) The company has not accepted any deposits from the public to which the provisions of sections 58A of the Companies Act, 1956 or any other relevant provisions of the act and the rules framed there under would apply.
- (vi) The company did not have an internal audit system during the year.
- (vii) As explained to us, the maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Act.
- (viii) According to the information and explanations given to us, No undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues payable to appropriate authorities were outstanding as at 31<sup>st</sup> March, 2008 for a period of more than six months from the date they became payable.
- (ix) The Company's accumulated losses at the end of the financial year are more than fifty per cent of its net worth. The Company has incurred cash loss at the end of the financial period; however Company has not incurred cash loss in the immediately preceding financial period.
- (x) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xi) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or financial Institutions.
- (xii) According to the information and explanations given to us, the Company has not raised any term loan under review and hence question of its application of the clause does not arise.
- (xiii) According to the information and explanations given to us and on overall examination of the balance sheet of the company, there are no funds raised on short-term basis, which have been used for long-term investment.
- (xiv) During the year, the company has not raised money by public issue and hence the question of disclosure and verification of end use of such monies does not arise.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not issued any debentures during the period covered by our report. Accordingly, the provisions of clause 4(xix) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- (xvi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For U.V. SHAH & CO.  
*Chartered Accountants*

UDAY V. SHAH  
*Proprietor*

Membership No. 35626

Place : Mumbai

Dated : 30<sup>th</sup> June, 2008

# FORBES DORIS & NAESS MARITIME LIMITED

## BALANCE SHEET AS AT 31 MARCH, 2008

|  | Schedule<br>No. | Rupees | Rupees         | As at<br>31.03.2008<br>Rupees | As at<br>31.03. 2007<br>Rupees |
|--|-----------------|--------|----------------|-------------------------------|--------------------------------|
| <b>FUNDS EMPLOYED:</b>   |                 |        |                |                               |                                |
| 1. SHARE CAPITAL   | "1"             |        |                | 2,174,500                     | 2,174,500                      |
| 3. TOTAL FUNDS EMPLOYED  |                 |        |                | <u>2,174,500</u>              | <u>2,174,500</u>               |
| <b>APPLICATION OF FUNDS:</b>                                     |                 |        |                |                               |                                |
| 4. FIXED ASSETS –  | "3"             |        |                |                               |                                |
| (a) Gross Block  |                 |        | 306,907        |                               | 306,907                        |
| (b) Less : Total Depreciation                                    |                 |        | <u>175,295</u> |                               | <u>131,502</u>                 |
| (c) Net Block  |                 |        |                | 131,612                       | 175,405                        |
| 5. INVESTMENTS   |                 |        |                | –                             | –                              |
| 6. DEFERRED TAX ASSET (NET)                                      |                 |        |                | –                             | –                              |
| 7. CURRENT ASSETS, LOANS AND ADVANCES                            | "4"             |        |                |                               |                                |
| (a) Sundry Debtors   |                 |        | –              |                               | –                              |
| (b) Cash & Bank Balances   |                 |        | 81,705         |                               | 127,808                        |
| (c) Other Current Assets   |                 |        | –              |                               | –                              |
| (d) Loans and Advances   |                 |        | <u>136,805</u> |                               | <u>138,105</u>                 |
|  |                 |        |                | 218,509                       | 265,912                        |
| 8. Less : CURRENT LIABILITIES AND PROVISIONS                     | "5"             |        |                |                               |                                |
| (a) Current Liabilities  |                 |        | 833,086        |                               | 839,850                        |
| (b) Provisions   |                 |        | <u>–</u>       |                               | <u>–</u>                       |
|  |                 |        |                | <u>833,086</u>                | <u>839,850</u>                 |
| 9. NET CURRENT ASSETS  |                 |        |                | (614,578)                     | (573,938)                      |
| 10. MISCELLANEOUS EXPENDITURE                                    |                 |        |                | 24,552                        | 24,552                         |
| 11. Profit and loss account<br>Debit balance per account annexed | "2"             |        |                | <u>2,632,915</u>              | <u>2,548,482</u>               |
| 12. TOTAL ASSETS (NET)   |                 |        |                | <u>2,174,500</u>              | <u>2,174,500</u>               |

### NOTES TO THE ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES

Schedules 1 to 8 annexed hereto form part of the Accounts

In terms of our report of even date attached.

For **U.V. SHAH & CO.**  
Chartered Accountants

Capt. S.P. Rao

Chairman

**(UDAY V. SHAH)**  
Proprietor

Ashok Menon

Director

Membership No. 35626

P.K. Pradhan

Secretary

Mumbai, Dated 30th June, 2008

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

|   | Schedule | Rupees | For the year ended<br>31.03.2008<br>Rupees | For the year ended<br>31.03.2007<br>Rupees |
|---|----------|--------|--|--|
| 1. SERVICES & OTHER INCOME                      | “6”      |        | –  | 12,757                                     |
| 2. OTHER EXPENSES                               | “7”      |        | 22,822                                     | 90,012                                     |
|   |          |        | (22,822)                                   | (77,255)                                   |
| 3. DEPRECIATION                                 |          |        | 43,794                                     | 72,041                                     |
| 6. PROFIT BEFORE TAXATION                       |          |        | (66,616)                                   | (149,295)                                  |
| 7. Less: PROVISION FOR TAXATION                 |          |        |  |  |
| — for Income Tax Current                        |          | –      |  | –  |
| — for Income Tax Deferred                       |          | –      |  | –  |
| — for Fringe Benefit Tax                        |          | –      |  | –  |
|   |          |        | –  | –  |
| 8. PRIOR PERIOD ITEMS:                          |          |        |  |  |
| Prior Period Expenses                           |          |        | 17,817                                     |  |
| 9. PROFIT AFTER TAX AVAILABLE FOR APPROPRIATION |          |        | (84,433)                                   | (149,296)                                  |
| 10. BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR  |          |        | (2,548,482)                                | (2,399,186)                                |
| 11. BALANCE CARRIED TO BALANCE SHEET            |          |        | (2,632,915)                                | (2,548,482)                                |

NOTES TO THE ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES (As per Schedule”8”)  
Schedules 1 to 8 annexed hereto form part of the Accounts

In terms of our report of even date attached.

For **U.V. SHAH & CO.**  
Chartered Accountants

Capt. S.P. Rao

Chairman

**(UDAY V. SHAH)**  
Proprietor

Ashok Menon

Director

Membership No. 35626

P.K. Pradhan

Secretary

Mumbai, Dated 30th June, 2008

# FORBES DORIS & NAESS MARITIME LIMITED

## SCHEDULES “1” TO “8” ANNEXED TO & FORMING PART OF THE ACCOUNTS

### SCHEDULE “1” – SHARE CAPITAL

|   | As at<br>31.03.2008<br>Rupees | As at<br>31.03.2007<br>Rupees |
|---|-------------------------------|-------------------------------|
| <b>1. AUTHORISED</b>  |                               |                               |
| 2,50,000 Equity Shares of Rs.10 each  | 2,500,000                     | 2,500,000                     |
| <b>2. ISSUED AND SUBSCRIBED</b>   |                               |                               |
| 2,17,450 Equity Shares of Rs.10 each fully paid-up of the above 1,30,470 (previous year 1,30,470) shares are held by the holding company Forbes and Company Limited and its nominees. | 2,174,500                     | 2,174,500                     |
| <b>TOTAL</b>  | <u>2,174,500</u>              | <u>2,174,500</u>              |

### SCHEDULE “2” – RESERVES AND SURPLUS

|  | As at<br>31.03.2008<br>Rupees | As at<br>31.03.2007<br>Rupees |
|--|-------------------------------|-------------------------------|
| <b>1. GENERAL RESERVE</b>                    | –                             | –                             |
| <b>2. BALANCE IN PROFIT AND LOSS ACCOUNT</b> | (2,632,915)                   | (2,548,482)                   |
| <b>TOTAL</b>                                 | <u>(2,632,915)</u>            | <u>(2,548,482)</u>            |

### SCHEDULE “3” – FIXED ASSETS

Amount in Rupees

| Description of Assets                     | GROSS BLOCK   |                                   |                                    |   | DEPRECIATION BLOCK  |                           |   |  | NET BLOCK                     |                                |
|---|---|-----------------------------------|------------------------------------|---|---|---------------------------|---|--|-------------------------------|--------------------------------|
|   | Total Cost(after deducting sale proceeds where the cost is not ascertainable) as at 1st April, 2007 | Cost of additions during the year | Cost of deductions during the year | Total Cost(after deducting sale proceeds where the cost is not ascertainable) upto 31st March, 2008 | Cumulative Depreciation as at 1st April 2007 (inclusive of accumulated depreciation on assets sold whose cost is not ascertainable) | Depreciation for the year | Depreciation on deduction during the year | Total Depreciation as at 31st March 2008 | Balance as at 31st March 2008 | Balance as at 31st March, 2007 |
| Data Processing Equipments                | 288,407   | –                                 | –                                  | 288,407   | 123,666   | 43,003                    | –   | 166,669                                  | 121,738                       | 164,741                        |
| Furniture, Fixtures and Office Equipments | 18,500  | –                                 | –                                  | 18,500  | 7,835   | 791                       | –   | 8,626                                    | 9,874                         | 10,665                         |
| <b>TOTAL RUPEES</b>                       | 306,907   | –                                 | –                                  | 306,907   | 131,501   | 43,794                    | –   | 175,295                                  | 131,612                       | 175,406                        |
| <i>As at 31-3-2007</i>                    | <i>388,407</i>  | <i>–</i>                          | <i>81,500</i>                      | <i>306,907</i>  | <i>80,256</i>   | <i>72,041</i>             | <i>20,795</i>                             | <i>131,502</i>                           | <i>175,405</i>                |                                |

Depreciation for the year is net of excess depreciation charged in respect of earlier years Rs.Nil; (Previous Year Rs.27,908/-)

## SCHEDULES "1" TO "8" ANNEXED TO &amp; FORMING PART OF THE ACCOUNTS

## SCHEDULE "4" – CURRENT ASSETS, LOANS AND ADVANCES

|  | Rupees | Rupees  | As at<br>31.03.2008<br>Rupees | As at<br>31.03.2007<br>Rupees |
|--|--------|---------|-------------------------------|-------------------------------|
| <b>1. CURRENT ASSETS</b>   |        |         |                               |                               |
| (a) SUNDRY DEBTORS (UNSECURED, CONSIDERED GOOD)                            |        |         |                               |                               |
| (i) Debts outstanding for a period exceeding six months                    |        |         |                               |                               |
| <i>Less</i> : Provision for Doubtful Debts                                 | –      | –       |                               | –                             |
| (ii) Debts outstanding for a period less than six months                   |        | –       | –                             | –                             |
| (b) CASH AND BANK BALANCES   |        |         |                               |                               |
| (i) Cash on hand   |        | –       |                               | –                             |
| (ii) With Scheduled Banks -  |        |         |                               |                               |
| On Current Accounts  |        |         |                               | 127,808                       |
| On Deposit Accounts  | 81,705 |         |                               |                               |
|  |        | 81,705  |                               |                               |
|  |        |         | 81,705                        | –                             |
| TOTAL  |        |         | 81,705                        | 127,808                       |
| <b>2. LOANS AND ADVANCES</b>   |        |         |                               |                               |
| (Unsecured, considered Good unless otherwise stated)                       |        |         |                               |                               |
| (a) Advances recoverable in cash or in kind or<br>for value to be received |        | 136,805 |                               | 138,105                       |
| (b) Advance payments of Income tax less provisions                         |        | –       |                               | –                             |
|  |        |         | 136,805                       | 138,105                       |
| TOTAL  |        |         | 218,509                       | 265,912                       |

## SCHEDULE "5" – CURRENT LIABILITIES AND PROVISIONS

|   | As at<br>31.03.2008<br>Rupees | As at<br>31.03.2007<br>Rupees |
|---|-------------------------------|-------------------------------|
| <b>1. CURRENT LIABILITIES</b>   |                               |                               |
| (a) Sundry Creditors (Other than to Small<br>Scale Industrial undertakings)   | 89,210                        | 74,877                        |
| (b) Other Liabilities *   | –                             | –                             |
| (c) Amount payable to Holding Company<br>(Includes Amount Payable to Forbes & Company Ltd. –<br>Patvolk Division Rs.7,43,877) | 743,877                       | 764,973                       |
|   | 833,086                       | 839,850                       |
| <b>2. PROVISIONS</b>  |                               |                               |
| Provision for Expenses  | –                             | –                             |
| Provision for Fringe Benefit Tax  | –                             | –                             |
| TOTAL   | 833,086                       | 839,850                       |

\* No amount is due to be credited to Investor Education and Protection Fund.



# FORBES DORIS & NAESS MARITIME LIMITED

## SCHEDULES “1” TO “8” ANNEXED TO & FORMING PART OF THE ACCOUNTS

### SCHEDULE “6” – SERVICES AND OTHER INCOME

|                                    | For the year<br>ended<br>31.03.2008<br>Rupees | <i>For the year<br/>ended<br/>31.03.2007<br/>Rupees</i> |
|------------------------------------|---|---|
| <b>SERVICES &amp; OTHER INCOME</b> |   |   |
| (a) Management Fees                | –   | –   |
| (b) Miscellaneous Income           | –   | 6,137   |
| (c) Profit on Sale of Fixed Asset  | –   | 6,620   |
| <b>TOTAL</b>                       | <u>–</u>                                      | <u>12,757</u>   |

### SCHEDULE “7” – OTHER EXPENSES

|  | Rupees | Rupees       | For the year<br>ended<br>31.03.2008<br>Rupees | <i>For the year<br/>ended<br/>31.03.2007<br/>Rupees</i> |
|--|--------|--------------|---|---|
| <b>1. PAYMENTS TO AND PROVISIONS FOR EMPLOYEES</b>           |        |              |   |   |
| (a) Salaries, Wages and Bonus                                |        | –            |   | –   |
| (b) Staff Welfare Expenses                                   |        | –            |   | –   |
| <b>2. OTHER EXPENSES</b>                                     |        |              |   |   |
| (a) Repairs to   |        |              |   |   |
| (i) Others   |        | –            |   | –   |
| (b) Professional Fees  |        | –            |   | –   |
| (c) Conveyance/travelling expenses                           |        | –            |   | –   |
| (d) Office working expenses                                  |        | –            |   | –   |
| (e) Entertainment expenses                                   |        | –            |   | –   |
| (f) Miscellaneous Expenses                                   |        | 7,258        |   | 46,417  |
| (g) Stamps, Telegrams, Stationery<br>Printing and Telephones |        | –            |   | 20,823  |
| (h) Legal and Professional charges                           |        | 7,137        |   | 14,345  |
| (i) Claim  |        | –            |   | –   |
| (j) Directors’ Fees  |        | –            |   | –   |
| (k) Profession Tax   |        | –            |   | –   |
| (l) Insurance  |        | –            |   | –   |
| (m) Auditors’ Remuneration –                                 |        |              |   |   |
| (i) As Statutory Auditors                                    | 7,500  |              |   | 7,500   |
| (ii) Company Law Matters                                     | –      |              |   | –   |
| (iii) Service tax  | 927    |              |   | 927   |
| (iv) Out of Pocket expenses                                  | –      |              |   | –   |
|  |        | <u>8,427</u> |   | <u>8,427</u>  |
| <b>TOTAL</b>   |        |              | <u>22,822</u>                                 | <u>90,012</u>   |
|  |        |              | <u>22,822</u>                                 | <u>90,012</u>   |

**SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE**

**SCHEDULE '8' – NOTES TO THE ACCOUNTS**

1. SIGNIFICANT ACCOUNTING POLICIES:

A. BASIS OF ACCOUNTING:

The Financial Statements are prepared under historical cost convention, on accrual basis, and are in accordance with the requirements of the Companies Act, 1956, and comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956

B. FIXED ASSETS:

Fixed Assets (Gross) are stated at cost. Cost comprises of the purchase price and any attributable cost of bringing the assets to its working condition for its intended use.

C. DEPRECIATION:

(a) Depreciation is calculated on Pro-rata basis. Items costing less than and upto Rs.5000 are fully written off.

(b) The details as to method and the rates of depreciation are as under:

|   | Method of Depreciation | Rate of Depreciation |
|---|------------------------|----------------------|
| Plant and Machinery                     | Straight Line Method   | 16.21%               |
| Office equipment & Furniture & Fittings | Straight Line Method   | 6.33%                |

D. REVENUE RECOGNITION:

The Company recognises Income from service activity is accounted as and when services are rendered or as per contractual agreement entered with parties.

E. FOREIGN CURRENCY TRANSACTIONS ;

(i) Gains or losses on cancellation of foreign exchange contracts are recognised as income or expense.

(ii) Gains or losses in respect of foreign exchange contracts are recognised as income or expense over the life of the contract.

2. No amount is due to Small Scale Industries (SSI) as at 31st March, 2008.

3. The Accounting Standard 22 (AS-22) for 'Accounting for Taxes on Income', requires the Company to review the carrying amount of Deferred tax Assets at each Balance Sheet Date. Based on concept of prudence, the deferred tax liability for the year is Rs.NIL. The Accounting Standard 22 (AS-22) for 'Accounting for Taxes on Income', requires the Company to review the carrying amount of Deferred tax Assets at each Balance Sheet Date. Presently management has not recognised Deferred Tax Assets, since Company have no virtual certainty that the company will have sufficient future taxable income. Therefore based on concept of prudence, the deferred tax liability for the year Rs NIL has been recognised in the profit and loss account for the year.

4. Balance payable to holding company amounting to Rs.7,43,877 (P.Y Rs.7,64,973) included in current liabilities. Adjustments,if any will be recorded as and when on completion of such reconciliations.

5. The additional information as required under Schedule VI of the Companies Act, 1956 has not been furnished as the same is not applicable.

6. Company ship management business is at standstill, However management is of the opinion that company intend to carry out its business operations in other alternative lines relating to Shipping industries and accordingly company is negotiating with various shipping to carry out business activity and accordingly accounts have been prepared on the basis of going concern.

7. Related Party Disclosures: As required by Accounting Standard 18

I. Name of the Related Party and Nature of relationship where control exists are as under:

A. Enterprises collectively having more than one half of voting power of Forbes Doris & Naess Maritime Ltd.-

As on 31-3-2008

As on 31-3-2007

1. Forbes and Company Limited  
(Formerly known as Forbes Gokak Limited)

1. Forbes Gokak Limited

# FORBES DORIS & NAESS MARITIME LIMITED

## B Enterprises that are under common control:

| <u>As on 31-3-2008</u>   | <u>As on 31-3-2007</u>   |
|--|--|
| 1. Aquamall Water Solutions Ltd.   | 1. Aquamall Water Solutions Ltd.   |
| 2. Eureka Forbes Ltd   | 2. Eureka Forbes Ltd   |
| 3. Euro Forbes International Pte.Ltd.  | 3. Euro Forbes International Pte.Ltd.  |
| 4. Forbes Aquamall Limited   | 4. Forbes Aquamall Limited   |
| 5. Forbes Container Lines Pte Ltd  | 5. Forbes Campbell Holdings Ltd  |
| 6. Forbes Smart Data Ltd   | 6. Forbes Container Lines Pte Ltd  |
|  | 7. Forbes Smart Data Ltd   |
| 7. Forbes Facility Services Pvt. Ltd.<br>(Formerly known as Forbes Abans Cleaning Solutions Pvt. Ltd.) | 8. Forbes Facility Services Pvt. Ltd.<br>(Formerly known as Forbes Abans Cleaning Solutions Pvt. Ltd.) |
| 8. Forbes Finance Ltd  | 9. Forbes Finance Ltd  |
| 9. Forbes Campbell Services Ltd  | 10. Forbes Services Ltd  |
| 10. Forbes Sterling Star Ltd.  | 11. Forbes Sterling Star Ltd.  |
| 11. Forbes Technosys Ltd.  | 12. Forbes Technosys Ltd.  |
| 12. Forbes Tinsley Co. Ltd   | 13. Forbes Tinsley Co. Ltd   |
| 13. Forbes Bumi Armade Ltd.  | 14. Gokak Textiles Ltd   |
| 14. Latham India Ltd   | 15. Latham India Ltd   |
| 15. Pro Handyman India Ltd.  | 16. Next Gen Publishing Ltd.   |
| 16. Volkart Fleming Shipping & Services Ltd  | 17. Pro Handyman India Ltd.  |
|  | 18. Volkart Fleming Shipping & Services Ltd  |
|  | 19. Warrior (Investment) Ltd   |

## C. Associate Companies-

As on 31-3-2008

As on 31-3-2007

## D. Key Management Personnel

As on 31-3-2008

As on 31-3-2007

|                    |                    |
|--------------------|--------------------|
| 1. Capt. S.P.Rao   | 1. Capt. S.P.Rao   |
| 2. Mr. Ashok Menon | 2. Mr. Ashok Menon |

## II. Transactions with related parties:

| Nature of Transactions    | Referred to in<br>A above<br>31.03.2008 | Referred to in<br>A above<br>31.03.2007 |
|---------------------------|---|---|
| <b>Income</b>             |   |   |
| 1. Management Services ** | —                                       | 1,890,000                               |
| Expenses                  |   |   |
| 2. Recovery of Expenses   | —                                       | 10,492                                  |
| 3. Service Charges        | —                                       | —                                       |
| 4. Business Claim         | —                                       | —                                       |
| Outstandings              |   |   |
| 5. Payables               | 743,877                                 | 764,973                                 |

\*\* Does not include amounts received from related party in lieu of re imbursment of costs.

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

As per our Report of even date attached

For **U.V. SHAH & CO.**

Chartered Accountants

Capt. S.P. Rao

Chairman

**(UDAY SHAH)**

Proprietor

M.No 35626

Dated 30th June, 2008

Ashok Menon

Director

P.K. Pradhan

Secretary

## INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956.

**I. Registration Details**

|                    |           |            |    |
|--------------------|-----------|------------|----|
| Registration No.   | 134998    | State code | 11 |
| Balance Sheet Date | 31-3-2008 |            |    |

**II. Capital Raised during the year** (Amount in Rs.'000)

|              |     |                   |     |
|--------------|-----|-------------------|-----|
| Public Issue | Nil | Right Issue       | Nil |
| Bonus Issue  | Nil | Private Placement | Nil |

**III. Position of Mobilisation and Deployment of Funds** (Amount in Rs.'000)

|                        |       |                             |       |
|------------------------|-------|-----------------------------|-------|
| Total Liabilities      | 2,175 | Total Assets*               | 2,175 |
| Sources of Funds       |       | <b>Application of Funds</b> |       |
| Paid-up Capital        | 2,175 | Fixed Assets                | 132   |
| Reserves and Surplus   | –     | Net Current Assets          | (615) |
| Unsecured Loans        | –     | Miscellaneous Expenditure   | 25    |
| Deferred Tax Liability | –     | Profit & Loss Account       | 2,633 |

\* Net of Current Liabilities and Provisions

**IV. Performance of the Company** (Amount in Rs.'000)

|                          |      |
|--------------------------|------|
| Turnover                 | –    |
| Total Expenditure        | 23   |
| Profit before Tax        | (67) |
| Profit after Tax         | (84) |
| Earning per Share in Rs. | –    |
| Dividend Rate            | –    |

**V. Generic names of three principal products/services of Company** (as per monetary terms)

| Item Code No. | Nil | Product Description | Ship Management  |
|---------------|-----|---------------------|------------------|
|               |     | Capt. S.P. Rao      | <i>Chairman</i>  |
|               |     | Ashok Menon         | <i>Director</i>  |
|               |     | P.K. Pradhan        | <i>Secretary</i> |

Mumbai, 30th June, 2008

**FORBES DORIS & NAESS MARITIME LIMITED**

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

|  | Rupees  | 2007-2008<br>Rupees | 2006-2007<br>Rupees |
|--|---------|---------------------|---------------------|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                                       |         |                     |                     |
| <b>PROFIT BEFORE TAX</b>   |         | 881,889             | 11752585            |
| <b>PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS</b>                                |         | (84,433)            | (149,296)           |
| Adjusted for.: Profit on Sale of Asset   |         | –                   | (6,620)             |
| Adjusted for.: Depreciation  |         | 43,794              | 72,041              |
| <b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS</b>     |         | (40,639)            | (83,875)            |
| Changes in   |         |                     |                     |
| Trade and other receivables  | 1,300   |                     | (1,300)             |
| Trade payables and others  | (6,765) | (5,465)             | 817                 |
| <b>CASH GENERATED FROM OPERATIONS</b>  |         | (46,103)            | (84,358)            |
| Add:- Income Tax Refund  |         | –                   | 77,781              |
| Less:- Direct Taxes paid (Net)   |         | –                   | (370)               |
| <b>(A) NET CASH FLOW FROM OPERATING ACTIVITIES</b>                               |         | (46,103)            | (6,946)             |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                                       |         |                     |                     |
| Proceeds from sale of assets   |         | –                   | 67,326              |
| Purchase of Fixed Assets   |         | –                   | –                   |
| <b>(B) NET CASH FLOW FROM INVESTING ACTIVITIES</b>                               |         | –                   | 67,326              |
| <b>(C) NET CASHFLOW FROM FINANCING ACTIVITIES</b>                                |         | –                   | –                   |
| <b>NET DECREASE/INCREASE IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)</b>            |         | <b>(46,103)</b>     | <b>60,379</b>       |
| <b>CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE YEAR, COMPRISING:</b> |         |                     |                     |
| Cash, Cheques on hand & Remittances in transit                                   | –       |                     | 20,125              |
| Balance with scheduled banks on Current accounts and Deposit accounts            | 127,808 | <b>127,808</b>      | 47,304              |
|  |         |                     | 67,429              |
| <b>CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR, COMPRISING:</b>          |         |                     |                     |
| Cash, Cheques on hand & Remittances in transit                                   | –       |                     | –                   |
| Balance with scheduled banks on Current accounts and Deposit accounts            | 81,705  |                     | 127,808             |
|  |         | 81,705              | 127,808             |
|  |         | (46,103)            | 60,379              |
|  |         | (0.00)              | –                   |

For **U.V. SHAH & CO.**  
Chartered Accountants

Capt. S.P. Rao

Chairman

**(UDAY V. SHAH)**

Proprietor

Membership No. 35626

Ashok Menon

Director

P.K. Pradhan

Secretary

Mumbai, 30th June, 2008

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**FORBES FACILITY SERVICES PVT. LTD.**  
**(Formerly known as Forbes Abans Cleaning Solutions Pvt. Ltd.)**

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(a wholly owned Subsidiary Company)

Annual Report and Accounts  
for the year ended 31<sup>st</sup> March, 2008

**DIRECTORS:**

S.L. Goklaney

*Chairman*

C.A. Karnik

J.N. Ichhaporia

Marzin Shroff

S.K. Palekar

**PRINCIPAL BANKERS:**

Centurion Bank of Punjab Ltd.

State Bank of India

**AUDITORS:**

Batliboi & Purohit

**REGISTERED OFFICE:**

81/83, Shalini Palace,

2<sup>nd</sup> Floor,

Bhawani Shanker Road,

Dadar (West),

Mumbai - 400 028.

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**FORBES FACILITY SERVICES PVT. LTD.**  
**(Formerly known as Forbes Abans Cleaning Solutions Pvt. Ltd.)**

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**DIRECTORS' REPORT**

To,

The Members,

The Directors are pleased to submit their Report and the Audited Accounts of the Company for the Financial Year ended 31<sup>st</sup> March 2008.

**1. FINANCIAL RESULTS:**

|                                       | Rs. in Lakhs                          |                                       |
|---------------------------------------|---------------------------------------|---------------------------------------|
|                                       | <u>Year ended<br/>31st March 2008</u> | <u>Year ended<br/>31st March 2007</u> |
| Income from Operations & Other Income | 1195.38                               | 620.52                                |
| Profit / (Loss) before Depreciation   | 72.32                                 | 39.27                                 |
| Less : Depreciation                   | 34.64                                 | 27.11                                 |
| Profit / (Loss) before Tax            | 37.68                                 | 12.16                                 |
| Less: Provision for Taxation          | 9.46                                  | 3.82                                  |
| Profit / (Loss) after Tax             | 28.21                                 | 8.34                                  |
| Profit / (Loss) b/fd of previous year | <u>(34.20)</u>                        | <u>(42.55)</u>                        |
| Balance carried to Balance Sheet      | <u>(5.99)</u>                         | <u>(34.20)</u>                        |

**2. OPERATIONS:**

During the year under review, the Company has made a profit of Rs.37.68 lakhs. The highlight of current year being:

- Turnover for the year has increased by 101% as compared to previous year.
- Your company has strengthened its position as Professional Facility Provider and has acquired appreciation letters from major customers. It has maintained customer satisfaction of more than 90% through the year to create its own benchmark.
- Your company has been well appreciated by the Bureau Veritas (BVQI) auditors for its performance at various sites and process of implementation of ISO standards. The ISO 9001-2000 certification has been re-certified as per the stringent audit process on completion of 3 years.
- It has been a successful year in creating its infrastructure and professional talent has been attracted to handle the key positions. It has made inroads into the hospital segment wherein it has received accolades even from Government circle.
- Your company has maintained 100% retention of its customers and has achieved 27% organic growth. Maharashtra region has grown very aggressively from 11 accounts to more than 55 accounts. The company has succeeded in acquiring pan-India accounts such as Varroc Engineering and Endurance Technologies.

**3. CAPITAL**

During the year under review, there has been no change in the Paid up capital of the company which stands at Rs.1,00,00,000/- comprising 10,00,000 fully paid up equity shares of Rs.10/- each.

As you are aware, on June 21, 2006, the joint venture partners, namely, Eureka Forbes Ltd, Abans Ltd and Stock Traders India Pvt. Ltd. (STPL) decided to dissolve the joint venture effective from that date. In terms of the Dissolution Agreement, Abans Ltd and STPL have agreed to sell their shareholdings at 30% and 19% respectively to Eureka Forbes Ltd at the price stated in the Dissolution Agreement. Accordingly, STPL sold its shareholding to Eureka Forbes Ltd. in the month of July 2006, which enhances the shareholding of Eureka Forbes Ltd to 70%.

As regards 30% shareholding held by Abans Ltd., they did not transfer the shares as the price fixed in the Dissolution Agreement was not satisfactory to them. After discussion, Eureka Forbes Ltd. agreed to give higher price and consequently, Abans Ltd, has now transferred 30% of their shareholding to Eureka Forbes Ltd. on December 12, 2007. With this transfer, the Company has now become the wholly-owned subsidiary of Eureka Forbes Ltd. with effect from December 12, 2007.

**4. DIRECTORS**

Pursuant to Article 17 of the Articles of Association of the Company and the provisions of section 256 of the Companies

Act, 1956, Mr. J. N. Ichhaporia and Mr. Marzin R. Shroff, will retire at the forthcoming Annual General Meeting of the Company and being eligible, offer themselves for reappointment.

**5. AUDITORS**

M/s. Batliboi & Purohit were re-appointed at the last Annual General Meeting of the company held on September 28, 2007, and hence, retire at this Annual General Meeting and offer themselves for re-appointment.

**6. EMPLOYEES**

There are no employees covered under the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particular of Employees) Rules, 1975 as amended.

**7. DIRECTORS' RESPONSIBILITY STATEMENT**

As required under Section 217(2AA), your Directors confirm that: –

- (i) In the preparation of the Annual Accounts for the year ended March 31, 2008, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- (ii) The accounting policies are consistently applied and reasonable. Prudent judgment and estimates are made so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the profits of the Company for that period.
- (iii) The Directors had taken proper & sufficient care for the maintenance of adequate accounting records in accordance with provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

- (iv) The Directors have prepared the Annual Accounts on a going concern basis

**8. ACKNOWLEDGEMENT:**

The Directors wish to place on record their appreciation for the co-operation and support received from the bankers and employees of the Company and relations with whom have been cordial.

**9. COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988:**

**(a) CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION.**

There are no particulars under Section 217(1) of the Companies (Disclosure Of Particulars In The Report Of The Board Of Directors) Rules, 1988 regarding conservation of energy and technical absorption.

**(b) FOREIGN EXCHANGE EARNING AND OUTGO**

Particulars with regards to Foreign Exchange earnings and outgo are shown in the Annual Accounts vide note No. 4(a) of Schedule 'L'.

For and on behalf of the Board of Directors

**S. L. GOKLANEY**  
*Chairman*

Mumbai, Dated: May 23, 2008



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**FORBES FACILITY SERVICES PVT. LTD.**  
**(Formerly known as Forbes Abans Cleaning Solutions Pvt. Ltd.)**

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**COMPLIANCE CERTIFICATE UNDER SECTION 383A OF THE COMPANIES ACT, 1956**

To,  
The Members,  
**Forbes Facility Services Private Limited,**  
81/83, Shalini Palace, 2nd floor,  
Bhavani Shankar Road,  
Dadar (W), Mumbai 400 028

We have examined the registers, records, books and papers of Forbes Facility Services Private Limited (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the Rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2008. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made thereunder and all entries therein have been duly recorded.
2. The company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government. Company Law Board or other authorities within the time prescribed under the Act and the rules made thereunder.
3. Company was registered as a private limited company on July 28, 2004 and commenced business on the date of incorporation. On August 18, 2004, the company became a subsidiary of Forbes Gokak Ltd. Consequently, by virtue of Section 3(i)(iv)(c) of the Companies Act, 1956, your company became a Public Limited Company. Hence, the company, not being a subsidiary of a private company, became a public company effective August 18, 2004. Thereafter, the entire shares held by Forbes Gokak Ltd. have been transferred to Eureka Forbes Ltd. a public limited company on December 1, 2005, and the Company became subsidiary of Eureka Forbes Ltd with effect from that date.
4. As on the date of this Report, the Company has become the wholly owned subsidiary of Eureka Forbes Ltd. with the transfer of 1,90,000 shares from Stock Traders Pvt. Ltd in favour of Eureka Forbes Ltd. on September 21, 2006, and 3,00,000 shares from Abans Ltd to Eureka Forbes. Ltd. on December 12, 2007.
5. The Board of Directors duly met four times during the period April 1, 2007 to March 31, 2008 as under:
  - i. June 26, 2007
  - ii. September 24, 2007
  - iii. December 12, 2007
  - iv. March 10, 2008

For the above meetings proper notices were given and the minutes were properly recorded and signed and proper minutes book has been maintained.

6. During the financial year there was no meeting of the Remuneration Committee as there was no need.
7. Since the Company is not a listed company and is a closely held company, they did not close the Register of Members.
8. The annual general meeting for the financial year ended on March 31, 2007, was held on September 28, 2007, and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
9. During the financial year no extra-ordinary general meeting of the company was held.
10. The Company has not advanced any loans to its Directors or persons or firms or companies referred in the section 295 of the Act.
11. The Company has duly complied with the provisions of section 297 of the Act in respect of contracts specified in that section.
12. The Company has complied with the requirement of maintaining register under Section 301 of the Act.
13. The conduct of the company during the financial year did not attract provisions of section 314 of the Act.
14. Since no duplicate share certificates have been issued by the company, the question of Board of Directors or duly constituted Committee of Directors approving the duplicate issue of share certificates does not arise.
15. The Company has:

- (a) wherever applicable, delivered all the certificates on allotment of securities and on lodgement thereof for transfer/transmission or any other purpose in accordance with the provisions of the Act; and
  - (b) duly complied with the requirements of section 217 of the Act.
- 16. The Board of Directors of the Company is duly constituted and the appointments of Directors, Additional Directors, Alternate Directors and Directors to fill casual vacancies, wherever applicable, have been duly made.
  - 17. During the financial year there has been no change or reappointment of Managing Director or Executive Director of the Company.
  - 18. There was no appointment of sole-selling agent during the financial year, which attracted the provisions of the Act.
  - 19. The Company has obtained, wherever applicable, necessary approvals of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act.
  - 20. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
  - 21. The company has not issued any shares during the financial year.
  - 22. There was no buy back of shares during the financial year.
  - 23. The Company has not issued any preference shares/debentures and hence there was no redemption of such shares.
  - 24. The Company has not accepted any deposits including unsecured loans during the year and hence did not attract Section 58A or Section 58AA of the Act or the directions issued by the Reserve Bank of India
  - 25. The Company has not borrowed any money, which breached the borrowing limit of the company or attracted Section 293(1)(d) of the Act.
  - 26. The Company has not made loans or investments, or given guarantees or provided securities to other bodies corporate which attracts the compliance with the provisions of the Act and therefore the question of making any entries in the register kept for the purpose does not arise.
  - 27. While the Company has not altered the provisions of the Memorandum with respect to situation of the company's registered office from one state to another during the year.
  - 28. The Company has not altered the provisions of the Memorandum with respect to the objects of the company during the year.
  - 29. The Company has not altered the provisions of the Memorandum with respect to share capital of the company during the year under scrutiny.
  - 30. The Company has not altered its Articles of Association during the year.
  - 31. There is no prosecution initiated against or show cause notices received by the company for any alleged offences under the Act nor any fines or penalties or any other punishment imposed on the company.
  - 32. No money or security received from its employees during the year under certification, which attracted the provisions of section 417(1) of the Act.
  - 33. The employees employed by the company are eligible for the benefit of Provident Fund and accordingly, the company has complied with the provisions of the Employees Provident Act and also the provisions Sec. 418 of the Act.

Signature:

Name of Company Secretary: **Mr. Ram Mallar**

C. P. No.: **34394**

Place : MUMBAI

Date : May 19, 2008

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**FORBES FACILITY SERVICES PVT. LTD.**  
**(Formerly known as Forbes Abans Cleaning Solutions Pvt. Ltd.)**

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**Annexure A**

Registers as maintained by the Company

- i) Applications and Allotment of shares
- ii) Register of Members
- iii) Register of Directors
- iv) Register of Transfers.
- v) Register of Director' shareholdings
- vi) Register of Charges.
- vii) Register of contracts u/s 301.
- viii) Register of contracts u/s 301(3)
- ix) Minute Book of Board Meetings
- x) Minute Books of General Meetings.

**ANNEXURE B**

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending on 31st March, 2008.

- i) Form No. 23AC and Form No. 23ACA (Annual Accounts for the year ending March 31, 2007)
- ii) Form No. 20B (Annual Return for the year ending March 31, 2007)

**AUDITORS' REPORT TO THE MEMBERS OF  
FORBES FACILITY SERVICES PRIVATE LIMITED**

1. We have audited the attached Balance Sheet of **FORBES FACILITY SERVICES PVT LTD** as at 31<sup>st</sup> March 2008, and also the profit and loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the annexure referred to in paragraph 3 above, we report that:
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
  - (v) On the basis of written representations received from the directors as on 31<sup>st</sup> March, 2008, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2008 from being appointed as a director in terms of clause (g) of sub-section (l) of Section 274 of the Companies Act, 1956;
  - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
    - (a) in the case of the Balance Sheet, of the state of affairs of the company as at 31<sup>st</sup> March, 2008;
    - (b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
    - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **BATLIBOI & PUROHIT**  
*Chartered Accountants*

Place : Mumbai  
Date : 23.05.2008

**ATUL MEHTA**  
*Partner*

M.No.15935

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**FORBES FACILITY SERVICES PVT. LTD.**  
**(Formerly known as Forbes Abans Cleaning Solutions Pvt. Ltd.)**

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**ANNEXURE TO THE AUDITOR'S REPORT**  
**(Referred to in paragraph 3 of our report of even date)**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) *Fixed assets have not been physically verified by the management during the year, hence we are unable to comment on the discrepancies if any.*
- (c) There was no substantial disposal of fixed assets during the year.
- (ii) (a) *The management has not conducted physical verification of inventory during the year.*
- (b) The Company is maintaining proper records of inventory, but we are unable to comment on the discrepancies between book stock and physical stock as the management has not conducted the physical verification.
- (iii) (a) As informed the Company has not granted any loans secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (b) As per the information furnished, the Company has taken loan from one company covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.40 lacs and the year end balance of loan taken from the above company was 40 lacs.
- (c) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loan are not prima facie prejudicial to the interest of the company.
- (d) The loans taken are repayable on demand. As informed the lenders have not demanded repayment of any such loan during the year, thus there is no default on the part of the Company. The payment / provision of interest has been regular
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of consumables and fixed assets and for the sale of services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (v) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act that need to be entered into the register maintained under Section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the Register maintained under Section 301 and exceeding the value of Rupees five lakhs in respect of any party during the year, have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits during the year from the public within the meaning of the provisions of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and rules made there under.
- (vii) *The company does not have an internal audit system.*
- (viii) According to the information and explanations given to us the maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956.
- (ix) (a) According to the information and explanations given to us and based on the books as produced and examined, the company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees state insurance, income tax, wealth tax, service tax, sales tax, customs duty and excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of income tax, sales-tax, wealth tax, service tax, custom duty, excise duty and cess which have not been deposited on account of any dispute.

- (x) The Company has been registered for a period of less than five years and hence we are not required to comment on whether or not the accumulated losses at the end of the financial year is fifty percent or more of its net worth and whether it has incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to banks and the company has not borrowed / taken loans from any financial institutions nor has it issued any debentures.
- (xii) Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and/or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the company.
- (xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and an overall examination of the Balance Sheet and Cash Flow Statement of the company, we report that no funds raised on short term basis have been used for long term investment.
- (xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money by way of public issues during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For **BATLIBOI & PUROHIT**  
*Chartered Accountants*

**ATUL MEHTA**  
*Partner*

M.No.15935

Place : Mumbai  
Date : 23.05.2008

**FORBES FACILITY SERVICES PVT. LTD.**  
**(Formerly known as Forbes Abans Cleaning Solutions Pvt. Ltd.)**

**BALANCE SHEET AS AT 31ST MARCH 2008**

|  | Schedule | 31st March 2008 |                    | 31st March 2007 |                    |
|--|----------|-----------------|--------------------|-----------------|--------------------|
|  |          | Rupees          | Rupees             | Rupees          | Rupees             |
| <b>FUNDS EMPLOYED:</b>   |          |                 |                    |                 |                    |
| 1. SHARE CAPITAL   | A        |                 | 1,00,00,000        |                 | 1,00,00,000        |
| 2. RESERVES AND SURPLUS  |          |                 | –                  |                 | –                  |
| 3. <b>TOTAL SHAREHOLDERS' FUNDS</b>  |          |                 | 1,00,00,000        |                 | 1,00,00,000        |
| 4. SECURED LOANS   | B        |                 | 73,38,958          |                 | 74,26,619          |
| 5. UNSECURED LOANS   | C        |                 | 42,33,831          |                 | 20,93,698          |
| 5. DEFERRED TAX LIABILITY (Net)  |          |                 | 5,00,030           |                 | 3,62,875           |
| 6. TOTAL FUNDS EMPLOYED  |          |                 | <b>2,20,72,819</b> |                 | <b>1,98,83,192</b> |
| <b>APPLICATION OF FUNDS:</b>   |          |                 |                    |                 |                    |
| 7. FIXED ASSETS:   | D        |                 |                    |                 |                    |
| Gross Block  |          |                 | 3,28,73,114        |                 | 2,20,08,007        |
| Less : Depreciation  |          |                 | <u>72,58,563</u>   |                 | <u>39,86,747</u>   |
| Net Block  |          |                 | 2,56,14,551        |                 | 1,80,21,260        |
| 8. CURRENT ASSETS, LOANS AND ADVANCES  | E        |                 | 4,39,94,619        |                 | 2,45,28,490        |
| 9. Less : CURRENT LIABILITIES AND PROVISIONS                                 | F        |                 | <u>4,83,44,708</u> |                 | <u>2,65,06,251</u> |
| 10. NET CURRENT ASSETS   |          |                 | (43,50,089)        |                 | (19,77,762)        |
| 11. MISCELLANEOUS EXPENDITURE<br>(To the extent not written off or adjusted) | G        |                 | 2,09,578           |                 | 4,19,155           |
| 12. DEBIT BALANCE IN PROFIT AND LOSS ACCOUNT                                 |          |                 | 5,98,779           |                 | 34,20,539          |
| 13. TOTAL ASSETS (NET)   |          |                 | <b>2,20,72,819</b> |                 | <b>1,98,83,192</b> |
| 14. NOTES TO THE ACCOUNTS  | L        |                 | –                  |                 | –                  |

Per our report attached

For **BATLIBOI & PUROHIT**  
*Chartered Accountants*

**ATUL MEHTA**  
*Partner*

S L GOKLANEY  
C A KARNIK  
J N ICHHAPORIA  
S K PALEKAR

} *Directors*

Mumbai, Dated : 23rd May 2008

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

|  | Schedule | 31st March 2008 |              | 31st March 2007 |             |
|--|----------|-----------------|--------------|-----------------|-------------|
|  |          | Rupees          | Rupees       | Rupees          | Rupees      |
| <b>1. INCOME</b>   | <b>H</b> |                 |              |                 |             |
| INCOME FROM SERVICES RENDERED                                    |          | 11,89,85,736    |              | 5,91,80,519     |             |
| OTHER INCOME   |          | 5,51,989        | 11,95,37,725 | 2871,821        | 6,20,52,340 |
| <b>2. EXPENDITURE</b>  |          |                 |              |                 |             |
| COST OF SERVICE RENDERED   | <b>I</b> | 6,90,09,898     |              | 3,29,74,669     |             |
| EMPLOYEES COSTS  | <b>J</b> | 2,82,36,399     |              | 1,47,21,224     |             |
| ADMINISTRATIVE AND OTHER CHARGES                                 | <b>K</b> | 1,38,75,329     |              | 86,97,948       |             |
| DEPRECIATION   |          | 34,64,079       |              | 27,10,715       |             |
| INTEREST   |          | 11,84,105       |              | 17,31,598       |             |
|  |          |                 | 11,57,69,810 |                 | 6,08,36,155 |
| <b>3. PROFIT/(LOSS) BEFORE TAX</b>                               |          |                 | 37,67,915    |                 | 12,16,185   |
| PROVISION FOR TAXATION –   |          |                 |              |                 |             |
| CURRENT YEAR TAX PROVISION – MAT                                 |          | 3,59,000        |              | –               |             |
| ADD: FRINGE BENEFIT TAX  |          | 4,50,000        |              | 3,70,000        |             |
| ADD: DEFERRED TAX  |          | 1,37,155        | 9,46,155     | 11,852          | 3,81,852    |
| <b>4. PROFIT/(LOSS) AFTER TAX</b>                                |          |                 | 28,21,760    |                 | 8,34,333    |
| <b>5. PROFIT/(LOSS) BALANCE BROUGHT FORWARD OF PREVIOUS YEAR</b> |          |                 | (34,20,539)  |                 | (42,54,872) |
| <b>6. BALANCE CARRIED TO BALANCE SHEET</b>                       |          |                 | (5,98,779)   |                 | (34,20,539) |
| NO. OF EQUITY SHARES   |          |                 | 10,00,000    |                 | 10,00,000   |
| FACE VALUE Rs.10/- EACH  |          |                 |              |                 |             |
| BASIC AND DILUTED EARNING PER SHARE                              |          |                 | 2.82         |                 | 0.83        |
| <b>NOTES TO THE ACCOUNTS</b>                                     | <b>L</b> |                 |              |                 |             |

Per our report attached

For **BATLIBOI & PUROHIT**  
Chartered Accountants**ATUL MEHTA**  
PartnerS L GOKLANEY  
C A KARNIK  
J N ICHHAPORIA  
S K PALEKAR

} Directors

Mumbai, Dated : 23rd May 2008



**FORBES FACILITY SERVICES PVT. LTD.**  
**(Formerly known as Forbes Abans Cleaning Solutions Pvt. Ltd.)**

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008**

|   | 31st March 2008 |                    | 31st March 2007 |                    |
|---|-----------------|--------------------|-----------------|--------------------|
|   | Rupees          | Rupees             | Rupees          | Rupees             |
| <b>SCHEDULE 'A' : SHARE CAPITAL</b>   |                 |                    |                 |                    |
| <b>1. AUTHORISED:</b>   |                 |                    |                 |                    |
| 20,00,000 Equity Shares of Rs.10 each   |                 | <b>2,00,00,000</b> |                 | <b>2,00,00,000</b> |
| <b>2. ISSUED, SUBSCRIBED AND PAID-UP:</b>   |                 |                    |                 |                    |
| 10,00,000 Equity Shares of Rs.10 each fully paid-up<br>[10,00,000 Shares are held by the Holding Company<br>Eureka Forbes Limited including 4 shares held jointly<br>with nominees ;(P.Y. 7,00,000 shares were held by Eureka Forbes<br>Limited including 4 shares held jointly with nominees)] |                 | <b>1,00,00,000</b> |                 | <b>1,00,00,000</b> |

|  | Rupees | Rupees           | Rupees | Rupees           |
|--|--------|------------------|--------|------------------|
| <b>SCHEDULE "B" – SECURED LOANS</b>  |        |                  |        |                  |
| Term Loan From Centurion Bank<br>(Secured by Hypothecation of Fixed Assets, Stock and Receivables) |        | 25,67,856        |        | 37,90,269        |
| Cash Credit From Centurion Bank<br>(Secured by Hypothecation of Current Assets)                    |        | 47,71,102        |        | 36,36,350        |
|  |        | <b>73,38,958</b> |        | <b>74,26,619</b> |

|                                       | Rupees    | Rupees           | Rupees    | Rupees           |
|---------------------------------------|-----------|------------------|-----------|------------------|
| <b>SCHEDULE "C" – UNSECURED LOANS</b> |           |                  |           |                  |
| INTER-CORPORATE DEPOSIT               | 40,00,000 |                  | 20,00,000 |                  |
| INTEREST DUE ON ABOVE                 | 2,33,831  |                  | 93,698    |                  |
|                                       |           | 42,33,831        |           | 20,93,698        |
|                                       |           | <b>42,33,831</b> |           | <b>20,93,698</b> |

**SCHEDULE 'D' : FIXED ASSETS**

| Description State                 | GROSS BLOCK          |                      |                    |                      | DEPRECIATION BLOCK  |                              |   |                     | NET VALUE            |                      |
|-----------------------------------|----------------------|----------------------|--------------------|----------------------|---------------------|------------------------------|---|---------------------|----------------------|----------------------|
|                                   | As on<br>01-04-2007  | ADDITION             | DELETION           | As on<br>31-03-2008  | As on<br>01-04-2007 | Depreciation<br>for the year | Depreciation<br>on deduc-<br>tions during<br>the year | As on<br>31-03-2008 | As on<br>31-03-2008  | AS AT<br>31-03-2007  |
|                                   | Rupees               | Rupees               | Rupees             | Rupees               | Rupees              | Rupees                       | Rupees  | Rupees              | Rupees               | Rupees               |
| 1 <b>Plant &amp; Machinery</b>    | 2,02,91,414          | 1,14,47,864          | 13,47,849          | 3,03,91,429          | 34,39,735           | 30,19,463                    | 1,92,263  | 62,66,935           | 2,41,24,494          | 1,68,51,679          |
| 2 <b>Furniture &amp; Fixtures</b> | 74,783               | 2,39,124             | –                  | 3,13,907             | 20,471              | 23,750                       | –   | 44,221              | 2,69,686             | 54,312               |
| 3 <b>Electrical Fittings</b>      | 24,235               | 7,500                | –                  | 31,735               | 8,274               | 2,613                        | –   | 10,887              | 20,848               | 15,961               |
| 4 <b>Computers</b>                | 4,73,798             | 5,18,468             | –                  | 9,92,266             | 2,22,897            | 1,97,998                     | –   | 4,20,895            | 5,71,371             | 2,50,901             |
| 5 <b>Vehicles</b>                 | 11,43,777            | –                    | –                  | 11,43,777            | 2,95,370            | 2,20,255                     | –   | 5,15,625            | 6,28,152             | 8,48,407             |
|                                   | <b>2,20,08,007</b>   | <b>122,12,956</b>    | <b>13,47,849</b>   | <b>3,28,73,114</b>   | <b>39,86,747</b>    | <b>34,64,079</b>             | <b>1,92,263</b>                                       | <b>7258563</b>      | <b>2,56,14,551</b>   | <b>1,80,21,260</b>   |
| <i>Previous Year</i>              | <i>(1,30,81,024)</i> | <i>(1,22,82,407)</i> | <i>(33,55,424)</i> | <i>(2,20,08,007)</i> | <i>(14,37,189)</i>  | <i>(27,10,715)</i>           | <i>(1,61,157)</i>                                     | <i>(39,86,747)</i>  | <i>(1,80,21,260)</i> | <i>(1,16,43,835)</i> |

## SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008

|  | 31st March 2008 |             | 31st March 2007 |             |
|--|-----------------|-------------|-----------------|-------------|
|  | Rupees          | Rupees      | Rupees          | Rupees      |
| <b>SCHEDULE "E" – CURRENT ASSETS, LOANS AND ADVANCES</b>                                       |                 |             |                 |             |
| <b>1. CURRENT ASSETS:</b>  |                 |             |                 |             |
| [I] Stock-in-trade *   |                 |             |                 |             |
| Stores and other consumables   | 1,493,287       |             | —               |             |
| * (As certified by the Management)   |                 | 14,93,287   |                 | —           |
| [ii] Sundry Debtors (Unsecured)<br>(Considered Good unless otherwise stated):                  |                 |             |                 |             |
| [a] Debts outstanding for a period exceeding six months  | 17,95,806       |             | —               |             |
| [b] Other debts  | 3,01,52,981     |             | 1,47,34,860     |             |
|  |                 | 3,19,48,787 |                 | 1,47,34,860 |
| [iii] Cash and Bank Balances:  |                 |             |                 |             |
| [a] Cash, cheques on hand  | 3,81,057        |             | 78,669          |             |
| [b] with Scheduled Banks:  |                 |             |                 |             |
| In Current Accounts  | 67,512          |             | 3,38,535        |             |
| In Deposit Accounts  | 2,29,720        |             | 20,000          |             |
|  |                 | 6,78,289    |                 | 4,37,204    |
| <b>2. LOANS AND ADVANCES</b><br>(Unsecured, Considered Good unless otherwise stated):          |                 |             |                 |             |
| [i] Advances recoverable in cash or in kind or for value to be received                        | 28,79,038       |             | 60,03,646       |             |
| [ii] Advance Payment of Tax  | 52,60,581       |             | 23,12,896       |             |
| [iii] Other Deposits:  |                 |             |                 |             |
| With Government authorities  | 10,54,785       |             | 7,28,182        |             |
| With Others  | 6,79,852        |             | 3,11,702        |             |
|  |                 | 98,74,256   |                 | 93,56,426   |
|  |                 | 4,39,94,619 |                 | 2,45,28,490 |
| <b>SCHEDULE "F" – CURRENT LIABILITIES AND PROVISIONS</b>                                       |                 |             |                 |             |
| <b>1. CURRENT LIABILITIES</b>  |                 |             |                 |             |
| Sundry Creditors:  |                 |             |                 |             |
| Others   |                 |             |                 |             |
| (Including Rs.2,56,21,393/- (Previous Year Rs.1,44,67,936/- due to Holding Company)            | 3,75,76,253     |             | 2,12,77,264     |             |
| Other Liabilities  |                 | 3,75,76,253 |                 | 2,12,77,264 |
|  |                 | 80,42,713   |                 | 36,20,767   |
| <b>2. PROVISIONS:</b>  |                 |             |                 |             |
| For Taxation:  |                 |             |                 |             |
| Income Tax   | 3,89,500        |             | 30,500          |             |
| Fringe Benefit Tax   | 10,50,000       | 14,39,500   | 6,00,000        | 6,30,500    |
| For Expenses   |                 | 7,58,796    |                 | 7,68,273    |
| For Retirement and other employee benefits   |                 | 5,27,445    |                 | 2,09,446    |
|  |                 | 4,83,44,708 |                 | 2,65,06,251 |
| <b>SCHEDULE "G" – MISCELLANEOUS EXPENDITURE</b><br>(TO THE EXTENT NOT WRITTEN-OFF OR ADJUSTED) |                 |             |                 |             |
| Preliminary Expenses   |                 |             |                 |             |
| Total Expenses incurred  | 4,19,155        |             | 6,28,732        |             |
| Less : written-off during the year   | 2,09,577        |             | 2,09,577        |             |
|  |                 | 2,09,578    |                 | 4,19,155    |
|  |                 | 2,09,578    |                 | 4,19,155    |

**FORBES FACILITY SERVICES PVT. LTD.**  
**(Formerly known as Forbes Abans Cleaning Solutions Pvt. Ltd.)**

**SCHEDULES ANNEXED TO AND FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2008**

|  | 31st march 2008 |                     | 31st march 2007 |                    |
|--|-----------------|---------------------|-----------------|--------------------|
|  | Rupees          | Rupees              | Rupees          | Rupees             |
| <b>SCHEDULE "H" – INCOME</b>                                   |                 |                     |                 |                    |
| Cleaning Services Rendered                                     |                 | 11,80,08,292        |                 | 5,91,80,519        |
| Sale- Traded Items   |                 | 9,77,444            |                 |                    |
| <b>Other Income:</b>   |                 |                     |                 |                    |
| Sales- Restaurant  |                 | —                   |                 | 26,85,003          |
| Other Income   |                 | 3,59,727            |                 | 1,71,844           |
| Profit on sale of Assets                                       |                 | 1,92,262            |                 | 14,974             |
|  |                 | <u>11,95,37,725</u> |                 | <u>6,20,52,340</u> |
| <b>SCHEDULE "I" – COST OF SERVICES RENDERED</b>                |                 |                     |                 |                    |
| Service Charges  |                 | 5,57,80,608         |                 | 2,64,68,349        |
| Consumables  |                 | 1,26,76,369         |                 | 65,06,321          |
| Purchase Traded items  |                 | 5,52,922            |                 |                    |
|  |                 | <u>6,90,09,898</u>  |                 | <u>3,29,74,669</u> |
| <b>SCHEDULE "J" – PAYMENTS TO AND PROVISION FOR EMPLOYEES:</b> |                 |                     |                 |                    |
| Wages, Allowances and Incentive                                |                 | —                   |                 | 30,756             |
| Salaries, Allowances and Incentive                             |                 | 2,12,62,131         |                 | 1,10,89,989        |
| Company's Contribution to Provident and Other Funds            |                 | 19,42,036           |                 | 9,02,514           |
| Staff Welfare Expenses   |                 | 50,32,232           |                 | 26,97,965          |
|  |                 | <u>2,82,36,399</u>  |                 | <u>1,47,21,224</u> |
| <b>SCHEDULE "K" – ADMINISTRATIVE AND OTHER EXPENSES</b>        |                 |                     |                 |                    |
| Rent (net of recoveries Rs. Nil (previous year Rs.4,18,400/-)  |                 | 22,55,363           |                 | 7,74,910           |
| Repairs and Maintenance-                                       |                 |                     |                 |                    |
| Office premises  |                 | 2,66,465            |                 | —                  |
| Others   |                 | 10,31,735           |                 | 9,42,039           |
| Auditors Remuneration:   |                 |                     |                 |                    |
| Audit Fees   | 84,270          |                     | 84,270          |                    |
| Management Services  | 33,708          |                     | 33,708          |                    |
|  |                 | 117,978             |                 | 1,17,978           |
| Postage, Telegrams, Telephones                                 |                 | 8,92,435            |                 | 4,68,875           |
| Travelling and Conveyance                                      |                 | 13,79,559           |                 | 15,39,983          |
| Printing and Stationery  |                 | 559,835             |                 | 2,47,193           |
| Legal and Professional Fees                                    |                 | 13,30,622           |                 | 7,03,285           |
| Transportation charges   |                 | 12,02,055           |                 | 8,69,550           |
| Vehicles:  |                 |                     |                 |                    |
| Hire charges   |                 | —                   |                 | —                  |
| Maintenance charges  | 7,36,213        |                     | 7,44,119        |                    |
|  |                 | 7,36,213            |                 | 7,44,119           |
| Miscellaneous expenditure written-off                          |                 | 2,09,577            |                 | 2,09,577           |
| Bad Debt Written-off   |                 | 1,18,472            |                 | —                  |
| Director's sitting Fees  |                 | 57,000              |                 | 60,000             |
| Insurance  |                 | 4,21,883            |                 | 4,03,732           |
| Other Establishment Expenses                                   |                 | 32,96,137           |                 | 16,16,707          |
|  |                 | <u>1,38,75,329</u>  |                 | <u>86,97,948</u>   |

**SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED  
31ST MARCH 2008**

**SCHEDULE 'L' – NOTES TO THE ACCOUNTS**

**1. SIGNIFICANT ACCOUNTING POLICIES**

(a) Basis of Accounting

The Financial Statements are prepared under historical cost convention and on accrual basis.

(b) Fixed Assets

Fixed Assets are stated at cost less depreciation. Cost comprises of the purchase price and any attributable cost of bringing the assets to its working condition for its intended use. Depreciation is provided on the written down value method and at the rates and in the manner specified in Schedule XIV of the Companies Act,1956.

(c) Investments

Short term investments, are carried at the lower of costs and quoted / fair value, computed categorywise. Long term investments are carried at costs. Provision for diminution in the value of long term investments is made only if such decline is not temporary in the opinion of the management. Dividend income is accounted when the right to receive payment is established and known.

(d) Inventories

Inventories are valued at lower of cost or net realisable value by using First In First Out (FIFO) method of valuation. Obsolete / Slow moving inventories are adequately provided for.

(e) Value of Service Rendered

Value of Services Rendered to the Customer are accounted on accrual basis based on contractual arrangements with the Customers and are stated net of deductions made, if any.

(f) Retirement Benefits

Contributions are made to Provident Funds on actual liability basis. While provision for Gratuity has been made based on independent actuarial valuation

(g) Taxation

Tax expense comprise of both current & deferred tax. Current Income Tax is measured at the amount expected to be paid to the tax authority in accordance with the Income Tax Act. Deferred income Taxes reflect the impact of current year timing difference between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred Tax is measured based on tax rate and tax laws enacted or substantively enacted at the Balance sheet date.

(h) Preliminary Expenditure

Expenses incurred during formation of the Company are being capitalised and shown under the head "Miscellaneous Expenditure" (to the extent not written off or adjusted) in the Balance Sheet. These expenses are written off in equal installment over period of 5 years.

2. Estimated amount of contracts remaining to be executed on capital account and not provided for – Rs.6.12 lakhs (previous year Rs.Nil).

3. Company does not have any Contingent liabilities

|   | 2007-08<br>Rupees | 2006-07<br>Rupees |
|---|-------------------|-------------------|
| 4. (a) Remittance in Foreign Currency:<br>On account of –<br>Reimbursement of expatriate's expenses | Nil               | Nil               |
| 5. Value of Imports on C.I.F basis:<br>Finished goods, Components & Spare parts                     | Nil               | Nil               |
| 6. Earnings in Foreign Exchange :   | Nil               | Nil               |

**FORBES FACILITY SERVICES PVT. LTD.**  
(Formerly known as Forbes Abans Cleaning Solutions Pvt. Ltd.)

**SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED  
31ST MARCH 2008**

**SCHEDULE 'L' – NOTES TO THE ACCOUNTS (Contd.)**

|   | 2007-08<br>Rupees | 2006-07<br>Rupees                       |
|---|-------------------|---|
| 6. (a) Information in regard to Service activity of the Company:            |                   |   |
| i) Value (Rs.)  |                   |   |
| Value of Services rendered  | 11,89,85,736      | 5,91,80,519                             |
| 7. <b>EMPLOYEE BENEFITS</b>   |                   |   |
| <b>Defined contribution plan</b>  |                   |   |
| The total contribution to Provident fund                                    | 9,44,709          |   |
| <b>Defined benefit plan</b>   |                   |   |
| The net value of the defined benefit commitment is detailed below:          |                   |   |
|   | <b>Gratuity</b>   |   |
| Present value of commitments  | 3,33,531          |   |
| Fair value of the plans   | —                 |   |
| Net liability in the balance sheet  | <u>3,33,531</u>   |   |
| 8. Related Party Disclosures  |                   |   |
| (i) Names of related parties and nature of related party relationship:      |                   |   |
| <b>A Enterprises collectively having more than one half of voting power</b> |                   |   |
| Eureka Forbes Limited   |                   | Sterling Investment Corp. Pvt. Ltd      |
| Forbes Gokak Limited  |                   | Cyrus Investments Ltd.                  |
| Shapoorji Pallonji & Co. Ltd.   |                   |   |
| <b>B Enterprises that are controlled – (Subsidiary Companies)</b>           |                   |   |
| <b>C Fellow Subsidiaries</b>  |                   |   |
| Aquamall Water Solutions Limited  |                   | Euro Forbes International Pte. Ltd.     |
| Forbes Aquamall Limited   |                   |   |
| <b>D Enterprises that are under common control</b>                          |                   |   |
| Forbes Concept Hospitality Services Pvt. Ltd.                               |                   | Latham India Ltd                        |
| Forbes Finance Ltd  |                   | Next Gen Publishing Ltd.                |
| Forbes Sterling Star Ltd  |                   | Volkart Fleming Shipping & Services Ltd |
| Forbes Doris & Naess Maritime Ltd.  |                   |   |

**(ii) Transactions with related parties**

| Nature of Transactions                  | Related Party                    |                                  |                                  |                                  |
|---|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
|   | Referred to<br>in A above<br>Rs. | Referred to<br>in B above<br>Rs. | Referred to<br>in C above<br>Rs. | Referred to<br>in D above<br>Rs. |
| <b>Purchases</b>                        |                                  |                                  |                                  |                                  |
| Goods and Materials                     | 47,99,231                        | —                                | —                                | —                                |
| Services                                | 14,62,891                        | —                                | —                                | —                                |
| Fixed Assets                            | 1,00,56,592                      | —                                | —                                | —                                |
| <b>Sales</b>                            |                                  |                                  |                                  |                                  |
| Goods and Materials                     |                                  | —                                | —                                | —                                |
| Services Rendered                       |                                  | —                                | —                                | —                                |
| Income                                  |                                  |                                  |                                  |                                  |
| Sundry & other expenses                 | 61,441                           |                                  |                                  | 2,62,650                         |
| <b>Expenses</b>                         |                                  |                                  |                                  |                                  |
| Rent and other Service Charges          | 35,96,262                        | —                                | —                                | 10,00,342                        |
| <b>Financing</b>                        |                                  |                                  |                                  |                                  |
| Inter-Corporate Deposit (net of Repaid) | 40,00,000                        |                                  |                                  |                                  |
| <b>Outstanding</b>                      |                                  |                                  |                                  |                                  |
| Payable                                 | 2,58,55,224                      | —                                | —                                | —                                |

**SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2008**

**SCHEDULE 'L' – NOTES TO THE ACCOUNTS (Contd.)**

9. The Company's business consist of a single segment only.
10. To the best of the information available, the Company has nil amount due to Small Scale Industrial Undertakings for more than 30 days.
11. Deferred tax liability (net) as specified in Accounting Standard 22 "Accounting of taxes on income" has been worked out using the applicable rate of tax based on the impact of timing differences between financial statement and estimated taxable income for the current year.

The movement of provision for deferred tax is given below:

| Provision for Deferred Tax | Opening<br>As at 01.04.07 | Charge / (Credit)<br>during the year | Closing<br>As at 31.03.08 |
|----------------------------|---------------------------|--------------------------------------|---------------------------|
| Depreciation               | 3,62,875                  | 137,155                              | 5,00,030                  |
| Others                     | –                         | –                                    | –                         |
| Total                      | 3,62,875                  | 137,155                              | 5,00,030                  |

Income Tax Loss has not been considered as Deferred Tax Asset as there is no virtual certainty that sufficient future Income will be available against which such Deferred Tax Asset can be realised.

12. Figures for the previous year have been regrouped, rearranged or reclassified, wherever necessary.

Per our report attached

For **BATLIBOI & PUROHIT**  
*Chartered Accountants*

**ATUL MEHTA**  
*Partner*

|                |   |                  |
|----------------|---|------------------|
| S L GOKLANEY   | } | <i>Directors</i> |
| C A KARNIK     |   |                  |
| J N ICHHAPORIA |   |                  |
| S K PALEKAR    |   |                  |

Mumbai, Dated : 23rd May 2008

**FORBES FACILITY SERVICES PVT. LTD.**  
**(Formerly known as Forbes Abans Cleaning Solutions Pvt. Ltd.)**

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

|  | 2007-2008     |                      | 2006-2007     |                    |
|--|---------------|----------------------|---------------|--------------------|
|  | Rupees        | Rupees               | Rupees        | Rupees             |
| <b>NET PROFIT BEFORE TAX</b>   |               | <b>37,67,915</b>     |               | <b>12,16,185</b>   |
| Add / (Less) :   |               |                      |               |                    |
| Depreciation   | 34,64,079     |                      | 27,10,715     |                    |
| Miscellaneous expenditure written-off  | 2,09,577      |                      | 2,09,577      |                    |
| Loss/(profit) on sale of fixed Assets  | (192,262)     |                      | (14,974)      |                    |
| Interest on Term loan / others   | 11,84,105     |                      | 17,31,598     |                    |
| Profit on sale of investments  |               |                      |               |                    |
|  |               | <b>46,65,499</b>     |               | <b>46,36,917</b>   |
| <b>OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS</b>    |               | <b>84,33,414</b>     |               | <b>58,53,102</b>   |
| Changes in –   |               |                      |               |                    |
| Trade and Other Receivables  | (2,06,79,442) |                      | (1,34,81,588) |                    |
| Inventories  | (14,93,287)   |                      | 2,44,018      |                    |
| Trade Payables and others  | 2,13,88,453   |                      | 1,80,68,833   |                    |
| <b>CASH GENERATED FROM OPERATIONS</b>  |               | <b>(7,84,276)</b>    |               | <b>45,87,245</b>   |
| Direct Taxes Paid  |               | 76,49,138            |               | 1,04,40,347        |
| <b>(A) NET CASH FROM OPERATING ACTIVITIES</b>  |               | <b>102,37,823</b>    |               | <b>89,61,415</b>   |
| <b>CASH FLOW FROM INVESTING ACTIVITIES:</b>  |               |                      |               |                    |
| Purchase of Fixed Assets   | (1,22,12,955) |                      | (1,22,82,407) |                    |
| Sale of Fixed Assets   | 13,47,849     |                      | 32,09,241     |                    |
| Sale of Investments  |               |                      |               |                    |
| Purchase Of Investments  |               |                      |               |                    |
| Preliminary Expenditure  |               |                      |               |                    |
| <b>(B) NET CASH FROM /USED IN INVESTING ACTIVITIES</b>                                 |               | <b>(1,08,65,106)</b> |               | <b>(90,73,166)</b> |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>   |               |                      |               |                    |
| Issue of Equity Shares   |               |                      |               |                    |
| Inter-Corporate Deposit  | 20,00,000     |                      | 20,00,000     |                    |
| Increase / (Decrease) in Bank Borrowings   | 11,34,752     |                      | 36,36,350     |                    |
| Interest Paid  | (10,43,972)   |                      | (16,37,900)   |                    |
| Term Loan Repaid   | (12,22,413)   |                      | 37,90,269     |                    |
| <b>(C) NET CASH FROM/ USED IN FINANCING ACTIVITIES</b>                                 |               | <b>8,68,367</b>      |               | <b>77,88,718</b>   |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>                                       |               | <b>2,41,084</b>      |               | <b>76,76,967</b>   |
| <b>CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE YEAR, COMPRISING:</b>       |               |                      |               |                    |
| Cash, Cheques on hand  | 78,669        |                      | 1,01,240      |                    |
| Balances with scheduled banks on current account, Margin accounts and Deposit accounts | 3,58,535      |                      | 12,86,260     |                    |
|  |               | 4,37,204             |               | 13,87,500          |
| <b>CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR, COMPRISING:</b>                |               |                      |               |                    |
| Cash, Cheques on hand  | 3,81,057      |                      | 78,669        |                    |
| Balances with scheduled banks on current account, Margin accounts and Deposit accounts | 2,97,232      |                      | 3,58,535      |                    |
|  |               | 6,78,288             |               | 4,37,204           |
| <b>NET INCREASE / (DECREASE) AS DISCLOSED ABOVE</b>                                    |               | <b>2,41,084</b>      |               | <b>(9,50,296)</b>  |

Per our report attached  
For **BATLIBOI & PUROHIT**  
Chartered Accountants

**ATUL MEHTA**  
Partner

S L GOKLANEY  
C A KARNIK  
J N ICHHAPORIA  
S K PALEKAR

Directors

Mumbai, Dated : 23rd May 2008

Part IV of Schedule VI of Companies Act, 1956 (As Amended)

Balance Sheet Abstract and Company's General Business Profile

|      |   |   |   |   |   |   |   |                 |  |  |  |   |   |   |   |   |   |   |  |  |  |  |                       |   |   |   |  |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |  |  |
|------|---|---|---|---|---|---|---|-----------------|--|--|--|---|---|---|---|---|---|---|--|--|--|--|-----------------------|---|---|---|--|--|--|--|--|--|--|--|---|--|--|--|--|--|--|--|--|--|
| I.   | Registration Details  | Registration No. <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width:15px; text-align: center;">1</td><td style="width:15px; text-align: center;">4</td><td style="width:15px; text-align: center;">7</td><td style="width:15px; text-align: center;">7</td><td style="width:15px; text-align: center;">4</td><td style="width:15px; text-align: center;">2</td></tr></table>  | 1 | 4 | 7 | 7 | 4 | 2               | State Code   | <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width:15px; text-align: center;">1</td><td style="width:15px; text-align: center;">1</td></tr></table>  | 1  | 1   |   |   |   |   |   |   |  |  |  |  |                       |   |   |   |  |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |  |  |
| 1    | 4   | 7   | 7 | 4 | 2 |   |   |                 |  |  |  |   |   |   |   |   |   |   |  |  |  |  |                       |   |   |   |  |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |  |  |
| 1    | 1   |   |   |   |   |   |   |                 |  |  |  |   |   |   |   |   |   |   |  |  |  |  |                       |   |   |   |  |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |  |  |
|      | Balance Sheet Date  | <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width:15px; text-align: center;">3</td><td style="width:15px; text-align: center;">1</td></tr></table> / <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width:15px; text-align: center;">0</td><td style="width:15px; text-align: center;">3</td></tr></table> / <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width:15px; text-align: center;">0</td><td style="width:15px; text-align: center;">8</td></tr></table>   | 3 | 1 | 0 | 3 | 0 | 8               |  |  |  |   |   |   |   |   |   |   |  |  |  |  |                       |   |   |   |  |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |  |  |
| 3    | 1   |   |   |   |   |   |   |                 |  |  |  |   |   |   |   |   |   |   |  |  |  |  |                       |   |   |   |  |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |  |  |
| 0    | 3   |   |   |   |   |   |   |                 |  |  |  |   |   |   |   |   |   |   |  |  |  |  |                       |   |   |   |  |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |  |  |
| 0    | 8   |   |   |   |   |   |   |                 |  |  |  |   |   |   |   |   |   |   |  |  |  |  |                       |   |   |   |  |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |  |  |
|      |   | Date                      Month                      Year   |   |   |   |   |   |                 |  |  |  |   |   |   |   |   |   |   |  |  |  |  |                       |   |   |   |  |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |  |  |
| II.  | Capital Raised during the year (Amount in Rs. Thousands)                                |   |   |   |   |   |   |                 |  |  |  |   |   |   |   |   |   |   |  |  |  |  |                       |   |   |   |  |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |  |  |
|      | Public Issue  | <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width:15px;"></td><td style="width:15px; text-align: center;">N</td><td style="width:15px; text-align: center;">I</td><td style="width:15px; text-align: center;">L</td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td></tr></table>  |   | N | I | L |   |                 |  |  | Rights Issue   | <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width:15px;"></td><td style="width:15px; text-align: center;">N</td><td style="width:15px; text-align: center;">I</td><td style="width:15px; text-align: center;">L</td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td></tr></table>                      |   | N | I | L |   |   |  |  |  |  |                       |   |   |   |  |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |  |  |
|      | N   | I   | L |   |   |   |   |                 |  |  |  |   |   |   |   |   |   |   |  |  |  |  |                       |   |   |   |  |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |  |  |
|      | N   | I   | L |   |   |   |   |                 |  |  |  |   |   |   |   |   |   |   |  |  |  |  |                       |   |   |   |  |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |  |  |
|      | Bonus Issue   | <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width:15px;"></td><td style="width:15px; text-align: center;">N</td><td style="width:15px; text-align: center;">I</td><td style="width:15px; text-align: center;">L</td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td></tr></table>  |   | N | I | L |   |                 |  |  | Private Placement  | <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width:15px;"></td><td style="width:15px; text-align: center;">1</td><td style="width:15px; text-align: center;">0</td><td style="width:15px; text-align: center;">0</td><td style="width:15px; text-align: center;">0</td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td></tr></table> |   | 1 | 0 | 0 | 0 |   |  |  |  |  |                       |   |   |   |  |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |  |  |
|      | N   | I   | L |   |   |   |   |                 |  |  |  |   |   |   |   |   |   |   |  |  |  |  |                       |   |   |   |  |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |  |  |
|      | 1   | 0   | 0 | 0 |   |   |   |                 |  |  |  |   |   |   |   |   |   |   |  |  |  |  |                       |   |   |   |  |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |  |  |
| III. | Position of mobilisation and Deployment of Funds (Amount in Rs. Thousands)              |   |   |   |   |   |   |                 |  |  |  |   |   |   |   |   |   |   |  |  |  |  |                       |   |   |   |  |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |  |  |
|      | Total Liabilities   | <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width:15px;"></td><td style="width:15px; text-align: center;">7</td><td style="width:15px; text-align: center;">0</td><td style="width:15px; text-align: center;">4</td><td style="width:15px; text-align: center;">1</td><td style="width:15px; text-align: center;">7</td></tr></table>  |   | 7 | 0 | 4 | 1 | 7               | Total Assets   | <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width:15px;"></td><td style="width:15px; text-align: center;">7</td><td style="width:15px; text-align: center;">0</td><td style="width:15px; text-align: center;">4</td><td style="width:15px; text-align: center;">1</td><td style="width:15px; text-align: center;">7</td></tr></table>                 |  | 7   | 0 | 4 | 1 | 7 |   |   |  |  |  |  |                       |   |   |   |  |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |  |  |
|      | 7   | 0   | 4 | 1 | 7 |   |   |                 |  |  |  |   |   |   |   |   |   |   |  |  |  |  |                       |   |   |   |  |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |  |  |
|      | 7   | 0   | 4 | 1 | 7 |   |   |                 |  |  |  |   |   |   |   |   |   |   |  |  |  |  |                       |   |   |   |  |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |  |  |
|      | Source of Funds   |   |   |   |   |   |   |                 |  |  |  |   |   |   |   |   |   |   |  |  |  |  |                       |   |   |   |  |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |  |  |
|      | Paid-Up Capital   | <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width:15px;"></td><td style="width:15px; text-align: center;">1</td><td style="width:15px; text-align: center;">0</td><td style="width:15px; text-align: center;">0</td><td style="width:15px; text-align: center;">0</td><td style="width:15px; text-align: center;">0</td></tr></table>  |   | 1 | 0 | 0 | 0 | 0               | Reserves & Surplus   | <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width:15px;"></td><td style="width:15px; text-align: center;">N</td><td style="width:15px; text-align: center;">I</td><td style="width:15px; text-align: center;">L</td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td></tr></table> |  | N   | I | L |   |   |   |   |  |  |  |  |                       |   |   |   |  |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |  |  |
|      | 1   | 0   | 0 | 0 | 0 |   |   |                 |  |  |  |   |   |   |   |   |   |   |  |  |  |  |                       |   |   |   |  |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |  |  |
|      | N   | I   | L |   |   |   |   |                 |  |  |  |   |   |   |   |   |   |   |  |  |  |  |                       |   |   |   |  |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |  |  |
|      | Secured Loans   | <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width:15px;"></td><td style="width:15px; text-align: center;">7</td><td style="width:15px; text-align: center;">3</td><td style="width:15px; text-align: center;">3</td><td style="width:15px; text-align: center;">8</td></tr></table>  |   | 7 | 3 | 3 | 8 | Unsecured Loans | <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width:15px;"></td><td style="width:15px; text-align: center;">4</td><td style="width:15px; text-align: center;">2</td><td style="width:15px; text-align: center;">3</td><td style="width:15px; text-align: center;">4</td></tr></table> |  | 4  | 2   | 3 | 4 |   |   |   |   |  |  |  |  |                       |   |   |   |  |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |  |  |
|      | 7   | 3   | 3 | 8 |   |   |   |                 |  |  |  |   |   |   |   |   |   |   |  |  |  |  |                       |   |   |   |  |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |  |  |
|      | 4   | 2   | 3 | 4 |   |   |   |                 |  |  |  |   |   |   |   |   |   |   |  |  |  |  |                       |   |   |   |  |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |  |  |
|      | Deferred Tax Liability  | <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width:15px;"></td><td style="width:15px; text-align: center;">5</td><td style="width:15px; text-align: center;">0</td><td style="width:15px; text-align: center;">0</td></tr></table>  |   | 5 | 0 | 0 |   |                 |  |  |  |   |   |   |   |   |   |   |  |  |  |  |                       |   |   |   |  |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |  |  |
|      | 5   | 0   | 0 |   |   |   |   |                 |  |  |  |   |   |   |   |   |   |   |  |  |  |  |                       |   |   |   |  |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |  |  |
|      | Application of Funds  |   |   |   |   |   |   |                 |  |  |  |   |   |   |   |   |   |   |  |  |  |  |                       |   |   |   |  |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |  |  |
|      | Net Fixed Assets  | <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width:15px;"></td><td style="width:15px; text-align: center;">2</td><td style="width:15px; text-align: center;">5</td><td style="width:15px; text-align: center;">6</td><td style="width:15px; text-align: center;">1</td><td style="width:15px; text-align: center;">4</td></tr></table>  |   | 2 | 5 | 6 | 1 | 4               | Investments  | <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width:15px;"></td><td style="width:15px; text-align: center;">N</td><td style="width:15px; text-align: center;">I</td><td style="width:15px; text-align: center;">L</td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td></tr></table> |  | N   | I | L |   |   |   |   |  |  |  |  |                       |   |   |   |  |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |  |  |
|      | 2   | 5   | 6 | 1 | 4 |   |   |                 |  |  |  |   |   |   |   |   |   |   |  |  |  |  |                       |   |   |   |  |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |  |  |
|      | N   | I   | L |   |   |   |   |                 |  |  |  |   |   |   |   |   |   |   |  |  |  |  |                       |   |   |   |  |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |  |  |
|      | Net Current Assets  | <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width:15px;"></td><td style="width:15px; text-align: center;">-</td><td style="width:15px; text-align: center;">4</td><td style="width:15px; text-align: center;">3</td><td style="width:15px; text-align: center;">5</td><td style="width:15px; text-align: center;">0</td></tr></table>  |   | - | 4 | 3 | 5 | 0               | Misc. Expenditure  | <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width:15px;"></td><td style="width:15px; text-align: center;">2</td><td style="width:15px; text-align: center;">0</td><td style="width:15px; text-align: center;">9</td></tr></table>   |  | 2   | 0 | 9 |   |   |   |   |  |  |  |  |                       |   |   |   |  |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |  |  |
|      | -   | 4   | 3 | 5 | 0 |   |   |                 |  |  |  |   |   |   |   |   |   |   |  |  |  |  |                       |   |   |   |  |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |  |  |
|      | 2   | 0   | 9 |   |   |   |   |                 |  |  |  |   |   |   |   |   |   |   |  |  |  |  |                       |   |   |   |  |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |  |  |
|      | Accumulated Losses  | <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width:15px;"></td><td style="width:15px; text-align: center;">5</td><td style="width:15px; text-align: center;">9</td><td style="width:15px; text-align: center;">9</td></tr></table>  |   | 5 | 9 | 9 |   |                 |  |  |  |   |   |   |   |   |   |   |  |  |  |  |                       |   |   |   |  |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |  |  |
|      | 5   | 9   | 9 |   |   |   |   |                 |  |  |  |   |   |   |   |   |   |   |  |  |  |  |                       |   |   |   |  |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |  |  |
| IV.  | Performance of Company (Amount in Rs. Thousands)  |   |   |   |   |   |   |                 |  |  |  |   |   |   |   |   |   |   |  |  |  |  |                       |   |   |   |  |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |  |  |
|      | Turnover & Other Income   | <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width:15px;"></td><td style="width:15px; text-align: center;">1</td><td style="width:15px; text-align: center;">1</td><td style="width:15px; text-align: center;">9</td><td style="width:15px; text-align: center;">5</td><td style="width:15px; text-align: center;">3</td><td style="width:15px; text-align: center;">8</td></tr></table>  |   | 1 | 1 | 9 | 5 | 3               | 8  | Total Expenditure  | <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width:15px;"></td><td style="width:15px; text-align: center;">1</td><td style="width:15px; text-align: center;">1</td><td style="width:15px; text-align: center;">5</td><td style="width:15px; text-align: center;">7</td><td style="width:15px; text-align: center;">7</td><td style="width:15px; text-align: center;">0</td></tr></table> |   | 1 | 1 | 5 | 7 | 7 | 0 |  |  |  |  |                       |   |   |   |  |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |  |  |
|      | 1   | 1   | 9 | 5 | 3 | 8 |   |                 |  |  |  |   |   |   |   |   |   |   |  |  |  |  |                       |   |   |   |  |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |  |  |
|      | 1   | 1   | 5 | 7 | 7 | 0 |   |                 |  |  |  |   |   |   |   |   |   |   |  |  |  |  |                       |   |   |   |  |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |  |  |
|      | Profit/Loss Before Tax  | <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width:15px; text-align: center;">+</td><td style="width:15px; text-align: center;">-</td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td></tr><tr><td style="width:15px; text-align: center;">✓</td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td></tr></table> | + | - |   |   |   |                 |  |  |  |   | ✓ |   |   |   |   |   |  |  |  |  | Profit/Loss After Tax | <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width:15px; text-align: center;">+</td><td style="width:15px; text-align: center;">-</td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td></tr><tr><td style="width:15px; text-align: center;">✓</td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td></tr></table> | + | - |  |  |  |  |  |  |  |  | ✓ |  |  |  |  |  |  |  |  |  |
| +    | -   |   |   |   |   |   |   |                 |  |  |  |   |   |   |   |   |   |   |  |  |  |  |                       |   |   |   |  |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |  |  |
| ✓    |   |   |   |   |   |   |   |                 |  |  |  |   |   |   |   |   |   |   |  |  |  |  |                       |   |   |   |  |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |  |  |
| +    | -   |   |   |   |   |   |   |                 |  |  |  |   |   |   |   |   |   |   |  |  |  |  |                       |   |   |   |  |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |  |  |
| ✓    |   |   |   |   |   |   |   |                 |  |  |  |   |   |   |   |   |   |   |  |  |  |  |                       |   |   |   |  |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |  |  |
|      | Earnings Per Share In Rs.   | <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width:15px;"></td><td style="width:15px; text-align: center;">2</td><td style="width:15px; text-align: center;">.</td><td style="width:15px; text-align: center;">8</td><td style="width:15px; text-align: center;">2</td></tr></table>  |   | 2 | . | 8 | 2 | Dividend Rate % | <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width:15px;"></td><td style="width:15px; text-align: center;">-</td><td style="width:15px;"></td><td style="width:15px;"></td></tr></table>   |  | -  |   |   |   |   |   |   |   |  |  |  |  |                       |   |   |   |  |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |  |  |
|      | 2   | .   | 8 | 2 |   |   |   |                 |  |  |  |   |   |   |   |   |   |   |  |  |  |  |                       |   |   |   |  |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |  |  |
|      | -   |   |   |   |   |   |   |                 |  |  |  |   |   |   |   |   |   |   |  |  |  |  |                       |   |   |   |  |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |  |  |
| V.   | Generic Names of Three Principal Products / Services of Company (As per monetary terms) |   |   |   |   |   |   |                 |  |  |  |   |   |   |   |   |   |   |  |  |  |  |                       |   |   |   |  |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |  |  |
|      | Item code No. (ITC Code)  | <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width:15px;"></td><td style="width:15px; text-align: center;">-</td><td style="width:15px; text-align: center;">N</td><td style="width:15px; text-align: center;">A</td><td style="width:15px; text-align: center;">-</td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td></tr></table>   |   | - | N | A | - |                 |  |  |  |   |   |   |   |   |   |   |  |  |  |  |                       |   |   |   |  |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |  |  |
|      | -   | N   | A | - |   |   |   |                 |  |  |  |   |   |   |   |   |   |   |  |  |  |  |                       |   |   |   |  |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |  |  |
|      | Product Description   | <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td></tr><tr><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td></tr></table>  |   |   |   |   |   |                 |  |  |  |   |   |   |   |   |   |   |  |  |  |  |                       |   |   |   |  |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |  |  |
|      |   |   |   |   |   |   |   |                 |  |  |  |   |   |   |   |   |   |   |  |  |  |  |                       |   |   |   |  |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |  |  |
|      |   |   |   |   |   |   |   |                 |  |  |  |   |   |   |   |   |   |   |  |  |  |  |                       |   |   |   |  |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |  |  |
|      | Item code No. (ITC Code)  | <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width:15px;"></td><td style="width:15px; text-align: center;">-</td><td style="width:15px; text-align: center;">N</td><td style="width:15px; text-align: center;">A</td><td style="width:15px; text-align: center;">-</td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td></tr></table>   |   | - | N | A | - |                 |  |  |  |   |   |   |   |   |   |   |  |  |  |  |                       |   |   |   |  |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |  |  |
|      | -   | N   | A | - |   |   |   |                 |  |  |  |   |   |   |   |   |   |   |  |  |  |  |                       |   |   |   |  |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |  |  |
|      | Product Description   | <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td></tr><tr><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td></tr></table>  |   |   |   |   |   |                 |  |  |  |   |   |   |   |   |   |   |  |  |  |  |                       |   |   |   |  |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |  |  |
|      |   |   |   |   |   |   |   |                 |  |  |  |   |   |   |   |   |   |   |  |  |  |  |                       |   |   |   |  |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |  |  |
|      |   |   |   |   |   |   |   |                 |  |  |  |   |   |   |   |   |   |   |  |  |  |  |                       |   |   |   |  |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |  |  |
|      | Item code No. (ITC Code)  | <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width:15px;"></td><td style="width:15px; text-align: center;">-</td><td style="width:15px; text-align: center;">N</td><td style="width:15px; text-align: center;">A</td><td style="width:15px; text-align: center;">-</td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td></tr></table>   |   | - | N | A | - |                 |  |  |  |   |   |   |   |   |   |   |  |  |  |  |                       |   |   |   |  |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |  |  |
|      | -   | N   | A | - |   |   |   |                 |  |  |  |   |   |   |   |   |   |   |  |  |  |  |                       |   |   |   |  |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |  |  |
|      | Product Description   | <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td></tr><tr><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td><td style="width:15px;"></td></tr></table>  |   |   |   |   |   |                 |  |  |  |   |   |   |   |   |   |   |  |  |  |  |                       |   |   |   |  |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |  |  |
|      |   |   |   |   |   |   |   |                 |  |  |  |   |   |   |   |   |   |   |  |  |  |  |                       |   |   |   |  |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |  |  |
|      |   |   |   |   |   |   |   |                 |  |  |  |   |   |   |   |   |   |   |  |  |  |  |                       |   |   |   |  |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |  |  |

|   |   |                  |
|---|---|------------------|
| S L GOKLANEY<br>C A KARNIK<br>J N ICHHAPORIA<br>S K PALEKAR | } | <i>Directors</i> |
|---|---|------------------|

Mumbai, Dated : 23rd May 2008



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# FORBES FINANCE LIMITED

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(a wholly owned Subsidiary Company)

Annual Report and Accounts  
for the year ended 31<sup>st</sup> March, 2008

**DIRECTORS:**

C.G. Shah

*Chairman*

Ashok Barat

R.T. Doshi

M.L. Khetan

A.T. Shah

S.P. Kadakia

**BANKERS:**

Union Bank of India

**AUDITORS:**

Messrs. Batliboi & Purohit

**REGISTERED OFFICE:**

Pallani Center, 2<sup>nd</sup> Floor,  
32 Venkat Narayan Road,  
Tagore Nagar,  
Chennai - 600 017.

**REPORT OF THE DIRECTORS**

The Shareholders,

The Directors submit their Report and the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2008.

**1. FINANCIAL RESULTS:**

|  | <b>Current Year<br/>Rupees</b> | <b>Previous Year<br/>Rupees</b> |
|--|--------------------------------|---------------------------------|
| <b>PROFIT FOR THE YEAR</b>                     | 25,87,107                      | 33,40,903                       |
| Less: Prior Year Adjustment                    | 1,714                          | 2,349                           |
| <b>PROFIT BEFORE TAX</b>                       | 25,85,393                      | 33,38,554                       |
| Less: Provision for Taxation                   | 1,73,000                       | 2,69,000                        |
| Fringe Benefit Tax                             | 850                            | 500                             |
| <b>PROFIT AFTER TAX</b>                        | 24,11,543                      | 30,69,054                       |
| Add: Amount brought forward from Previous Year | 4,28,95,951                    | 4,80,69,170                     |
| <b>BALANCE AVAILABLE FOR APPROPRIATIONS</b>    | <b>4,53,07,494</b>             | <b>5,11,38,224</b>              |
| <b>APPROPRIATIONS TO:</b>                      |                                |                                 |
| Interim Dividend                               | –                              | 66,90,000                       |
| Proposed Dividend                              | –                              | –                               |
| Dividend Tax                                   | –                              | 9,38,273                        |
| Transfer to General Reserve                    | –                              | 6,14,000                        |
| Balance retained in Profit & Loss Account      | <b>4,53,07,494</b>             | <b>4,28,95,951</b>              |
|  | <b>4,53,07,494</b>             | <b>5,11,38,224</b>              |

**2. DIVIDEND:**

With a view to conserve the resources of the Company for future Investments, Directors do not recommend Dividend, for the current year

**3. AMALGAMATION:**

Shareholders of the Company at their meeting held on 21<sup>st</sup> May, 2007 had approved the amalgamation of Warrior (Investment) Ltd and Forbes Campbell Holdings Ltd with the Company effective from 1<sup>st</sup> June, 2007. The Scheme has been subsequently sanctioned by the High Court, Bombay and the High Court, Madras and has taken effect from 1<sup>st</sup> June, 2007. Consequent to amalgamation, the results of Warrior (Investment) Ltd and Forbes Campbell Holdings Ltd as from 1<sup>st</sup> June, 2007 are included with the Company.

**4. DIRECTORATE:**

Mr. M.L. Khetan, retires from the Board by rotation and is

eligible for re-appointment. The Board of Directors commends his appointment as a Director of the Company.

Mr. S.P. Kadakia and Mr. Ashok Barat are appointed as 'Additional Directors' with effect from 19<sup>th</sup> September, 2007 and 10<sup>th</sup> March, 2008 respectively. In terms of the provisions of Section 260 of the Companies Act, 1956, Mr. S.P. Kadakia and Mr. Ashok Barat would hold office upto the date of forthcoming Annual General Meeting. Being eligible, they have offered their services to act as Directors on the Board of the Company. The Board commends their appointment.

**5. COMPLIANCE REPORT:**

Pursuant to Section 383A of the Companies Act, 1956, secretarial Compliance Certificate from M/s. Rathi & Associates, Practicing Company Secretary is attached.

**6. AUDITORS:**

You are requested to appoint Auditors for the current year

and to fix their remuneration. The retiring Auditors M/s. Batliboi & Purohit., Chartered Accountants, offer themselves for re-appointment as Auditors of the Company.

**7. PARTICULARS REGARDING EMPLOYEES:**

The Company did not have any employee who was drawing a remuneration of Rs.24,00,000/- or more in aggregate if employed throughout the financial year or Rs.2,00,000/- or more per month if employed for a part of the financial year.

**8. DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors based on the representations received from the Operating Management confirm:-

- (a) that in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- (b) that they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the period;
- (c) that they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the

provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- (d) that they have prepared the Annual Accounts on a going concern basis.

**9. INFORMATION REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1998.**

**(A) Conservation of energy and technology absorption:**

Since the company does not own any manufacturing facility, particulars relating to conservation of energy and technology absorption are not applicable.

**(B) Foreign exchange earnings and outgo:**

The Company has not earned and used any foreign exchange during the year.

For and on behalf of the Board of Directors,

**(C.G. SHAH)**  
*Chairman*

Dated: 6<sup>th</sup> June, 2008

SECRETARIAL COMPLIANCE CERTIFICATE

CIN No. of the Company: U65993TN1981PLC009127

Nominal Capital: Rs.5,00,00,000/-

To,  
The Members  
Forbes Finance Limited  
(Formerly known as Forbes Estates Limited)

We have examined the register, records, books and papers of Forbes Finance Limited (formerly known as Forbes Estate Limited) (the Company) as required to be maintained under the Companies Act, 1956 (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on **31<sup>st</sup> March, 2008** (financial year). In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities prescribed under the Act and the rules made thereunder.
3. The Company, being a Public Limited Company, comments are not required.
4. The Board of Directors duly met **Five** times respectively on **20<sup>th</sup> April 2007, 18<sup>th</sup> May 2007, 19<sup>th</sup> September 2007, 17<sup>th</sup> December 2007 and 10<sup>th</sup> March 2008** in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.
5. The Company was not required to close its Register of Members during the financial year.
6. The Annual General Meeting for the financial year ended **31<sup>st</sup> March 2007** was held on **21<sup>st</sup> May 2007** after giving shorter notice to the members of the Company and resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
7. **Two** extra-ordinary general meeting were held during the financial year after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under Section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The Company has made necessary entries in the Register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from Board of Directors, members or Central Government.
12. The Company has not issued any duplicate share certificates during the financial year.
13.
  - (i) There was no allotment / transfer/ transmission of securities during the financial year.
  - (ii) The Company has not deposited any amount in a separate Bank Account as the dividend declared was paid by cheques.
  - (iii) The Company did not post warrants to any member of the Company as the dividend declared during the financial year was paid through cheques.
  - (iv) The Company was not required to transfer the amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund.
  - (v) The Company has duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and the appointment of Additional Director has been made.
15. The Company has not appointed any Managing Director/Whole-time Director/ Manager during the financial year.
16. The Company has not appointed any sole selling agents during the financial year.

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## FORBES FINANCE LIMITED

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17. The Company has obtain all necessary approvals of the Central Government, Company Law Board, Regional Director, Registrar and / or such authorities prescribed under the various provisions of the Act during the financial year as detailed below:
  - i. Shifting of Registered Office from State of Tamil Nadu to State of Maharashtra vide Order dated 9<sup>th</sup> January 2008 against Company Petition No. 792/17/SRB/2007.
  - ii. Amalgamation of Warrior (Investment) Limited & Forbes Campbell Holdings Limited with the Company vide Petition No. 242 of 2007 dated 31<sup>st</sup> Day of March 2008.
18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has issued equity shares during the year.
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of preference shares/debentures during the financial year.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
24. The Company has not made any borrowings during the financial year ended 31<sup>st</sup> March, 2008.
25. The Company has made loans and investments, or given guarantees or provided securities to other bodies corporate in compliance with the provisions of the Act and has made necessary entries in the register kept for the purpose.
26. The Company has altered the provisions of the Memorandum with respect to situation of the Company's registered office from one State to another during the year under scrutiny.
27. The Company has not altered the provisions of Memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of Memorandum with respect to name of the Company during the year under scrutiny complied with the provisions of the Act.
29. The Company has altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny and complied with the provisions of the Act.
30. The Company has altered Articles of Association during the financial year after obtaining approval of members in the Extra Ordinary Meeting and the amendments to the Articles of Association have been duly filed with the Registrar of Companies.
31. There was/were no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment imposed on the Company during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has not constituted a separate provident fund trust for its employees or class of its employees as contemplated under Section 418 of the Act.

For RATHI & ASSOCIATES  
*Company Secretaries*

Place : Mumbai  
Date : 6<sup>th</sup> June, 2008

(NARAYAN RATHI)  
*PARTNER*  
C.P. NO. 1104

## SECRETARIAL COMPLIANCE CERTIFICATE

## “ANNEXURE -A”

## Statutory Registers as maintained by the Company

1. Register of Members u/s.150
2. Register of Directors, Managing Director, Manager and Secretary u/s.303
3. Register of Directors Shareholdings u/s.307
4. Register of Disclosures of Interest by Directors u/s.301(3)
5. Minutes Book u/s. 193
6. Register of Charges
7. Register of Investments u/s 372A

## Other Registers

1. Register of Transfers

## “ANNEXURE B”

Forms and Returns as filed by the Company with Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended 31<sup>st</sup> March, 2008.

| Sr. No. | Form No./Return         | Filed under Section | For   | Date of Filing | Whether filed within prescribed time Yes/No | If delay in filing whether requisite additional fee paid Yes/No |
|---------|-------------------------|---------------------|---|----------------|---|---|
| 1.      | Form 23                 | 192                 | 1. Amalgamation with Subsidiary Companies i.e. Forbes Campbell Holdings Limited & Warrior (Investment) Limited<br>2. Change of name of company from Forbes Finance Limited to Forbes Campbell Finance Limited | 21.06.2007     | Yes   | No  |
| 2.      | Form 1A                 | 21                  | Change of name to Forbes Campbell Finance Limited   | 25.06.2007     | Yes   | No  |
| 3.      | Form 1A                 | 21                  | Change of name to Forbes Campbell Investment Limited  | 25.10.2007     | Yes   | No  |
| 4.      | Form 66                 | 383A                | Secretarial Compliance Certificate  | 21.06.2007     | Yes   | No  |
| 5.      | Form 23 AC & Form 23ACA | 220                 | Balance Sheet & Profit and Loss A/C   | 25.06.2007     | Yes   | No  |
| 6.      | Form 20B                | 159                 | Annual Return   | 19.07.2007     | Yes   | No  |
| 7.      | Form 32                 | 303(2)              | 1. Cessation of Manoj Sonawala as Director<br>2. Appointment of Director Mr. S.P. Kadakia   | 27.09.2007     | Yes   | No  |
| 8.      | Form 23                 | 192                 | Amendment of situation clause of Memorandum of Association  | 16.08.2007     | Yes   | No  |
| 9.      | Form 32                 | 303(2)              | Appointment of Mr. M.K. Sonawala as an Additional Director  | 25.06.2007     | Yes   | No  |
| 10.     | Form 18                 | 146                 | Change of situation of Registered Office  | 16.04.2008     | Yes   | No  |
| 11.     | Form 23                 | 192                 | Special resolution for Increase in Authorized Share Capital & alteration of capital clause V of MOA & Article 3 of AOA and further issue of shares  | 19.03.2008     | Yes   | No  |
| 12.     | Form 5                  | 97                  | Increase in Authorized Share Capital from Rs.55 Lakhs to Rs.5 crores  | 19.03.2008     | Yes   | No  |
| 13.     | Form 32                 | 303(2)              | Appointment of Mr. Ashok Barat as additional Director   | 19.03.2008     | Yes   | No  |
| 14.     | Form 21                 | 394                 | Notice of High Court of judiciary at Madras   | 04.04.2008     | Yes   | No  |
| 15.     | Form 21                 | 17(1)               | Notice of Company Law Board   | 07.04.2008     | Yes   | No  |

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## FORBES FINANCE LIMITED

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### AUDITORS REPORT TO THE MEMBERS OF FORBES FINANCE LIMITED

1. We have audited the attached balance sheet of **Forbes Finance Limited ('the Company')** as at 31<sup>st</sup> March, 2008, and also the profit and loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditors Report) (Amendment) Order 2004 issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in Paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred in paragraph 3 above, we report that:
  - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper Books of Account as required by law have been kept by the Company so far as appears from our examination of those books.
  - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956.
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2008, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2008 from being appointed as a director in terms of clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.
  - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view, in conformity with the Accounting Principles generally accepted in India;
    - (i) in the case of the balance sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2008.
    - (ii) in the case of the profit and loss Account, of the profit for the year ended on that date.
    - (iii) in the case of the cash flow statement of the cash flows for the year ended on that date.

For **BATLIBOI & PUROHIT**  
*Chartered Accountants*

**ATUL MEHTA**  
*Partner*

Place : Mumbai  
Dated : 6<sup>th</sup> June, 2008

Membership No. 15935

**ANNEXURES TO AUDITORS REPORT**

Annexure referred to in paragraph 3 of our report of even date to the members of Forbes Finance Limited on the accounts for the year ended 31<sup>st</sup> March, 2008.

- i. The company does not have any fixed assets. Accordingly the provision of clause 4(i) of the Companies (Auditor Report) Order, 2003 (as amended) are not applicable.
- ii. Company does not have any inventory. Accordingly the provision of clause 4(ii) of the Companies (Auditors Report) Order, 2003 (as amended) are not applicable.
- iii. (a) Company has granted unsecured loans to two parties covered in the register maintained under Section 301 of the companies Act, 1956. The maximum amount involved during the year was Rs.3,04,50,000 and the year end balance of loans granted to such parties was Rs.3,04,50,000  
(b) As informed the Company has not taken any unsecured loan from any party covered in the register maintained under Section 301 of the Companies Act, 1956.  
(c) In our opinion and according to the information and explanations given to us, rate of interest and other terms and conditions of loan given by the company are not prima facie prejudicial to the interest of the company.  
(d) In respect of loans granted, repayment of the principal amount is as stipulated and payment of interest have been regular except in case of interest free loan to Latham India Limited.  
(e) There is no overdue amount in respect of loans granted to Companies, firms or other parties listed in the register maintained under Section 301 of the companies Act, 1956.
- iv. The Company does not have any inventory or fixed assets hence the provisions of clause 4(iv) of Companies (Auditor's Report), 2003 (as amended) in respect of internal control is not applicable.
- v. There are no contracts or arrangements with the company covered under Section 301 of the Companies Act., 1956.
- vi. The company has not accepted any deposits from the public within the meaning of provision of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under.
- vii. The company does not have any internal audit because the no. of transactions are very few.
- viii. The Company being an investment company is not required to maintain cost records under clause (d) of Sub-section (1) of Section 209 of the Companies Act, 1956.
- ix. (a) The company is regular in depositing undisputed statutory dues including provident fund, Investor education and protection fund, Employees State Insurance, Income Tax, Service Tax, Cess and other material statutory dues applicable to it with the appropriate authorities. Sales tax, wealth Tax, customs duty and Excise duty are not applicable to the company.  
(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees state insurance, income – tax , Wealth – Tax, Service Tax, Sales Tax, Customs Duty, excise duty, cess and other undisputed statutory dues were outstanding at the year end for a period of more than six months from the date they become payable.  
(c) According to the information and explanations given to us, there are no dues of Income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.
- x. The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- xi. The Company did not have any dues to financial institution, banks or debenture holders during the year.
- xii. According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted any loans and advances on the basis of securities by way of pledge of shares, debentures and other securities.
- xiii. Company is not a chit fund / nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditors Report) Order 2003 (as amended) are not applicable to Company.



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## FORBES FINANCE LIMITED

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- xiv. In our opinion, the Company is not trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditors Report) Order 2003 (as amended) are not applicable to company
- xv. According to the information and explanations given to us the company has not given any guarantee for loans taken by others from bank or financial institutions.
- xvi. The Company did not have any term loans outstanding during the year.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we are of the opinion that the company has not raised any funds on short term basis.
- xviii. Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the companies Act, 1956.
- xix. The Company did not have outstanding debentures during the year.
- xx. The Company has not raised any money by public issues during the year.
- xxi. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statement and as per the information and explanation given by the management, we report that no fraud or by the company has been noticed or reported during the course of our audit.

For **BATLIBOI & PUROHIT**  
*Chartered Accountants*

Place : Mumbai  
Dated : 6<sup>th</sup> June, 2008

**ATUL MEHTA**  
*Partner*  
Membership No. 15935

## BALANCE SHEET AS AT 31ST MARCH, 2008

|  | Schedule<br>No. | Rupees            | Rupees                   | <i>As at<br/>31.03.2007<br/>Rupees</i> |
|--|-----------------|-------------------|--------------------------|--|
| <b>1 SOURCES OF FUNDS:</b>                               |                 |                   |                          |  |
| <b>I SHAREHOLDERS FUNDS:</b>                             |                 |                   |                          |  |
| (a) Share capital  | A               |                   | 4,925,000                | 2,230,000                              |
| (b) Reserves and Surplus                                 | B               |                   | 52,667,512               | 50,051,908                             |
|  |                 |                   | <u>57,592,512</u>        | <u>52,281,908</u>                      |
| <b>II UNSECURED LOANS</b>                                | C               |                   | –                        | 39,800,000                             |
|  |                 |                   | <u>57,592,512</u>        | <u>92,081,908</u>                      |
| <b>2 APPLICATION OF FUNDS:</b>                           |                 |                   |                          |  |
| <b>I INVESTMENTS</b>                                     | D               |                   | 24,475,837               | 85,630,773                             |
| <b>II CURRENT ASSETS,<br/>LOANS AND ADVANCES:</b>        | E               |                   |                          |  |
| (a) Cash and Bank Balances                               |                 | 1,431,294         |                          | 1,130,650                              |
| (b) Loans and Advances                                   |                 | 32,238,549        |                          | 5,331,721                              |
|  |                 | <u>33,669,843</u> |                          | <u>6,462,371</u>                       |
| <b>LESS:<br/>CURRENT LIABILITIES AND<br/>PROVISIONS:</b> | F               |                   |                          |  |
| (a) Sundry Creditors for Expenses                        |                 | 552,818           |                          | 11,236                                 |
| (b) Provisions   |                 | 350               |                          | –                                      |
|  |                 | <u>553,168</u>    | –                        | <u>11,236</u>                          |
| <b>NET CURRENT ASSETS</b>                                |                 |                   | 33,116,675               | 6,451,135                              |
|  |                 |                   | <u><u>57,592,512</u></u> | <u><u>92,081,908</u></u>               |
| <b>NOTES FORMING PART OF THE ACCOUNTS</b>                | G               |                   |                          |  |

As per our report of even date attached

For **BATLIBOI & PUROHIT**  
Chartered Accountants**ATUL MEHTA**  
Partner

Membership No. 15935

Dated : 6th June, 2008

C. G. Shah

Chairman

Ashok Barat

R.T. Doshi

M.L. Khetan

A.T. Shah

S.P. Kadakia

Directors

# FORBES FINANCE LIMITED

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

|   | <u>Rupees</u> | <u>Rupees</u>     | <i>Prev. Year<br/>Rupees</i> |
|---|---------------|-------------------|------------------------------|
| <b>1. INCOME:</b>   |               |                   |                              |
| Dividend (Gross)  |               | 1,062,393         | 944,310                      |
| Interest (Other than Bank)                                      |               | 2,038,849         | 2,467,315                    |
| (Tax Deducted at Source Rs.454105/- Previous Year Rs.553655/-.) |               |                   |                              |
| Miscellaneous Income  |               | –                 | 190                          |
| Recovery of Doubtful Loan                                       |               | 1,450,000         | –                            |
|   |               | <u>4,551,242</u>  | <u>3,411,815</u>             |
| <b>2. EXPENDITURE:</b>  |               |                   |                              |
| Interest on Loans   |               | 911,873           | 18,537                       |
| Advertisement Expenses  |               | 147,486           | –                            |
| Office Admn. Expenses   |               | 292,136           | –                            |
| Professional Tax  |               | 5,000             | –                            |
| <u>Auditors Remuneration:</u>                                   |               |                   |                              |
| Audit Fees  | 5,000         |                   | 5,000                        |
| Tax Audit Fees  | 5,000         |                   | –                            |
| Service Tax   | 1,236         |                   | 618                          |
| Out of pocket expenses  | <u>3,985</u>  | 15,221            | 1,000                        |
| Directors Fees  |               | 66,000            | –                            |
| Miscellaneous Expenses  |               | 526,419           | 45,757                       |
|   |               | <u>1,964,135</u>  | <u>70,912</u>                |
| <b>3. PROFIT BEFORE TAX</b>                                     |               | 2,587,107         | 3,340,903                    |
| Less : Provision for Taxation                                   | 173,000       |                   | 269,000                      |
| for earlier year  | 1,714         |                   | 2,349                        |
| Fringe Benefit Tax  | <u>850</u>    | 175,564           | 500                          |
| <b>4. PROFIT AFTER TAX</b>                                      |               | 2,411,543         | 3,069,054                    |
| <b>5. Add: SURPLUS AS PER PREVIOUS<br/>YEAR ACCOUNTS</b>        |               | 42,895,951        | 48,069,170                   |
| <b>6. BALANCE AVAILABLE FOR APPROPRIATIONS</b>                  |               | 45,307,494        | 51,138,224                   |
| <b>7. APPROPRIATIONS TO:</b>                                    |               |                   |                              |
| Interim Dividend  |               | –                 | 6,690,000                    |
| Proposed Dividend   |               | –                 | –                            |
| Dividend Tax  |               | –                 | 938,273                      |
| Transferred to General Reserve                                  |               | –                 | 614,000                      |
| Surplus Carried to Balance Sheet                                |               | 45,307,494        | 42,895,951                   |
|   |               | <u>45,307,494</u> | <u>51,138,224</u>            |
| <b>No. of Equity Shares</b>                                     |               | <b>492,500</b>    | <b>492,500</b>               |
| <b>Face Value Per Share</b>                                     |               | <b>10</b>         | <b>10</b>                    |
| <b>Basic and Diluted Earning per share</b>                      |               | <b>10.70</b>      | <b>13.76</b>                 |
| [ Calculated on weighted average capital ]                      |               |                   |                              |
| <b>8. NOTES TO THE ACCOUNTS-SCHEDULE 'F'</b>                    |               |                   |                              |

As per our report of even date attached

For **BATLIBOI & PUROHIT**  
Chartered Accountants

**ATUL MEHTA**  
Partner

Membership No. 15935

Dated : 6th June, 2008

C. G. Shah

Chairman

Ashok Barat

R.T. Doshi

M.L. Khetan

A.T. Shah

S.P. Kadakia

Directors

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008

|   | <u>Rupees</u> | <u>Rupees</u>     | <i>As at<br/>31.03.2007<br/>Rupees</i> |
|---|---------------|-------------------|--|
| <b>SCHEDULE 'A' : SHARE CAPITAL</b>   |               |                   |  |
| <b>1. AUTHORISED:</b>   |               |                   |  |
| 4990000 Equity Shares of Rs.10/- each.  |               | 49,900,000        | 5,400,000                              |
| 10000 Preference Shares of Rs.10/- each.  |               | 100,000           | 100,000                                |
|   |               | <u>50,000,000</u> | <u>5,500,000</u>                       |
| <b>2. ISSUED AND SUBSCRIBED:</b>  |               |                   |  |
| 492500 Equity Shares of Rs.10/- each  |               | 4,925,000         | 4,925,000                              |
| <b>3. PAID-UP:</b>  |               |                   |  |
| 2500 Equity Shares of Rs.10/- each, fully paid-up.  |               | 25,000            | 25,000                                 |
| 490000 Equity Shares of Rs.10/- each Rs10/-paid-up per Share. (Previous Year Rs.4.50 paid-up) |               | 4,900,000         | 2,205,000                              |
|   |               | <u>4,925,000</u>  | <u>2,230,000</u>                       |

(ALL SHARES ARE HELD BY FORBES & CO. LTD.  
THE HOLDING COMPANY AND ITS NOMINEES)

|   | <u>Rupees</u>  | <u>Rupees</u>     | <i>As at<br/>31.03.2007<br/>Rupees</i> |
|---|----------------|-------------------|--|
| <b>SCHEDULE 'B': RESERVES AND SURPLUS</b> |                |                   |  |
| <b>1. GENERAL RESERVE:</b>                |                |                   |  |
| Balance as per last Balance Sheet         | 7,155,957      |                   | 6,541,957                              |
| Transferred from Profit and Loss Account  | -              |                   | 614,000                                |
|   |                | <u>7,155,957</u>  | <u>7,155,957</u>                       |
| <b>2. AMALGAMATION: RESERVES</b>          |                |                   |  |
| Surplus on Amalgamation                   | 2,375,431      |                   | -                                      |
| Less: Goodwill on Amalgamation            | 1,340,748      |                   | -                                      |
| Less: Amalgamation Expenses               | <u>830,622</u> | 204,061           | -                                      |
| <b>3. SURPLUS:</b>                        |                |                   |  |
| As per Profit and Loss Account            |                | 45,307,494        | 42,895,951                             |
|   |                | <u>52,667,512</u> | <u>50,051,908</u>                      |

**SCHEDULE 'C': UNSECURED LOANS**

|   |  |          |                   |
|---|--|----------|-------------------|
| Intercompany Deposits<br>(From Forbes Campbell Holdings Ltd.) |  | -        | 39,800,000        |
|   |  | <u>-</u> | <u>39,800,000</u> |

# FORBES FINANCE LIMITED

## SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008

|   | <u>Rupees</u>            | <u>As at<br/>31.03.2007<br/>Rupees</u> |
|---|--------------------------|--|
| <b>SCHEDULE 'D': INVESTMENTS NON-TRADE AT COST - LONG TERM</b>                        |                          |  |
| <b>1. QUOTED:</b>   |                          |  |
| Forbes & Co. Ltd.,  |                          |  |
| 166398 Equity shares of Rs.10/- each<br>Fully paid-up (Previous Year 164862)          | 3,254,692                | 5,059,649                              |
| Gokak Textiles Ltd.   | 2,086,122                | –                                      |
| 83199 Equity Shares of Rs.10/- each<br>Fully Paid-up (Previous year NIL)              |                          |  |
|   | <u>5,340,814</u>         | <u>5,059,649</u>                       |
| <b>2. UNQUOTED:</b>   |                          |  |
| Sea Speed Shipping (24000 Equity Shares of Rs.10/- each)                              | 9,383,400                | 9,383,400                              |
| Trident Shipping (24000 Equity Shares of Rs.10/- each)                                | 4,306,740                | 4,306,740                              |
| Sea Falcon Shipping (25000 Equity Shares of Rs.10/- each)                             | 5,042,576                | 5,042,576                              |
| Warrior (Investment) Ltd. (1280000 Equity Shares of Rs.10/- each)                     | –                        | 61,837,408 @                           |
| Forbes Tinsley Co. Ltd. - 74970 Equity Shares of Rs.10/- each (Prev. Year 37500)      | 375,700 \$               | 1,000                                  |
| Forbes Campbell Services Ltd. - 15000 Equity Shares of Rs.10/- each. (Prev. Year NIL) | 150,050 #                | –                                      |
| R.S. Business Machines Ltd. - 34 Equity Shares of Rs.10/- each. (Prev. Year NIL)      | 3,417 #                  | –                                      |
| P.T. Gokak, Indonesia - 1375 Equity Shares of U.S. \$ 1000 each. (Prev. Year NIL)     | 11,288,212 #             | –                                      |
| Forbes Technosys Ltd. - 607980 Equity Shares of Rs.10/- each. (Prev. Year NIL)        | 2,100,305 #              | –                                      |
| HighPoint properties Ltd. - 25000 Equity Shares of Rs.10/- each. (Prev. Year NIL)     | 251,250 #                | –                                      |
| Tornado Appliances Ltd. - 2400 Equity Shares of Rs.10/- each. (Prev. Year NIL)        | 24,003 #                 | –                                      |
|   | <u>32,925,653</u>        | <u>80,571,124</u>                      |
| Less: PROVISION FOR DIMINUTION IN VALUE OF INVESTMENTS                                | <b>13,790,630</b>        | –                                      |
| <b>TOTAL</b>  | <b><u>24,475,837</u></b> | <b><u>85,630,773</u></b>               |

|                      | <u>AS AT 31-03-2008</u>   |                         | <u>AS AT 31-03-2007</u>   |                         |
|----------------------|---------------------------|-------------------------|---------------------------|-------------------------|
|                      | <u>AGGREGATE<br/>COST</u> | <u>MARKET<br/>VALUE</u> | <u>AGGREGATE<br/>COST</u> | <u>MARKET<br/>VALUE</u> |
| QUOTED INVESTMENTS   | 5,340,814                 | 85,503,612              | 5,059,649                 | 65,779,938              |
| UNQUOTED INVESTMENTS | 19,135,023                | –                       | 80,571,124                | –                       |
|                      | <u>24,475,837</u>         | <u>85,503,612</u>       | <u>85,630,773</u>         | <u>65,779,938</u>       |

# Shares added on Amalgamation

\$ 37470 Shares added on Amalgamation

@ Shares cancelled on Amalgamation

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008

|  | <u>Rupees</u>   | <u>Rupees</u>     | <i>As at<br/>31.03.2007<br/>Rupees</i> |
|--|-----------------|-------------------|--|
| <b>SCHEDULE 'E': CURRENT ASSETS, LOANS AND ADVANCES</b>              |                 |                   |  |
| <b>1. CURRENT ASSETS:</b>  |                 |                   |  |
| Cash and Bank Balances:  |                 |                   | –                                      |
| Scheduled Bank:  |                 |                   |  |
| On Current Accounts  |                 | 1,431,294         | 1,130,650                              |
| <b>2. LOANS AND ADVANCES:<br/>(UNSECURED, CONSIDERED GOOD)</b>       |                 |                   |  |
| Deposits with Companies  |                 |                   |  |
| Good and Unsecured   | 30450000        |                   | 4,000,000                              |
| Doubtful and Unsecured   | 5178000         |                   | –                                      |
|  | <u>35628000</u> |                   | <u>4,000,000</u>                       |
| Less: Provision for Doubtful loan                                    | 5178000         |                   | –                                      |
|  | <u>30450000</u> |                   | <u>4,000,000</u>                       |
| Advances recoverable in cash or in kind or for value to be received: |                 |                   |  |
| Unsecured Considered Good  | –               |                   | 500,000                                |
| Advance payment of Tax   | 1788549         |                   | 831,721                                |
| (Net after provision for Taxation)                                   |                 | <u>32,238,549</u> | <u>5,331,721</u>                       |
|  |                 | <u>33,669,843</u> | <u>6,462,371</u>                       |

|   | <u>Rupees</u> | <u>Rupees</u>  | <i>As at<br/>31.03.2007<br/>Rupees</i> |
|---|---------------|----------------|--|
| <b>SCHEDULE 'F': CURRENT LIABILITIES AND PROVISIONS</b> |               |                |  |
| <b>1. CURRENT LIABILITIES:</b>                          |               |                |  |
| Sundry Creditors for Expenses                           |               | 552,818        | 11,236                                 |
| <b>2. PROVISIONS:</b>                                   |               |                |  |
| For FBT   |               | 350            | –                                      |
|   |               | <u>553,168</u> | <u>11,236</u>                          |

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# FORBES FINANCE LIMITED

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## SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008

### SCHEDULE 'G': NOTES TO THE ACCOUNTS

#### 1 Significant Accounting Policies

##### A. BASIS OF ACCOUNTING:

The Financial Statements are prepared under historical cost convention, on accrual basis, and are in accordance with the requirements of the Companies Act, 1956, and comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the said Act.

##### B. INVESTMENTS:

Long term investments are stated at cost, less provision for diminution in value. Current investments are stated at lower of cost and fair value.

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

##### C. TAX ON INCOME

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income - Tax Act, 1961.

Deferred tax is recognised on timing differences, being the difference between taxable income and accounting Income that originate in one period and are capable of reversal in one or more subsequent periods.

Since there are no timing differences the implementation of Accounting Standard (AS-22) "Accounting for taxes on Income issued by the Institute of Chartered Accountants of India is not required.

2. Additional information as required under Schedule VI of the Companies Act, 1956 has not been furnished as the same is not applicable.

3. The Scheme of amalgamation of Forbes Campbell Holdings Ltd. and Warrior (Investment) Ltd. erstwhile subsidiary companies with the Company which had been approved by the Shareholders earlier, was approved by the High court, Mumbai and High Court, Madras on 29th February, 2008 and 26th March, 2008 respectively.

Information in terms of Accounting Standard (As 14):-

- |    |   |                           |
|----|---|---------------------------|
| a) | <b>Name of the amalgamating Company</b> | <b>Nature of Business</b> |
|    | Forbes Campbell Holdings Ltd.           | Investment and Financing  |
|    | Warrior (Investment) Ltd.               | Investment and Financing  |
- b) Effective date of amalgamation for accounting purpose (Appointed date) 1st June, 2007
- c) Method of Accounting and particulars of scheme to reflect the Amalgamation:

The amalgamation has been accounted for under the "Pooling of Interest method" as prescribed by Accounting Standard 14 (AS-14) issued by the Institute of Chartered Accountants of India. In terms of the above scheme all assets, liabilities and reserves of FCHL and WIL have been taken over at their book values. Net debit resulting from the entries passed to bring the accounting policies of FCHL and WIL on par with those of the Company, is debited to Amalgamation Reserve. Goodwill arising as a result of the cancellation of equity shares in transferor companies with carrying value of investment is adjusted against the Amalgamation Reserve of the Company.

d) The figures for the previous year do not include figures for FCHL and WIL and accordingly the current year's figures are not comparable to those of the previous year.

4. No amount is due to Small Scale Industries (SSI) as at 31st March, 2008

5. Related Party Disclosures: As required by Accounting Standard 18

I. Name of the Related Party and nature of relationship where control exists are as under:

A. Enterprises having more than one half of voting powers:

**FORBES & CO. LTD**

**B** Enterprises that are under common control:

| <u>As on 31-3-2008</u>                      | <u>As on 31-3-2007</u>                       |
|---|--|
| 1. Aquamall Water Solutions Ltd.            | 1. Aquamall Water Solutions Ltd.             |
| 2. Eureka Forbes Ltd.                       | 2. Eureka Forbes Ltd.                        |
| 3. Volkart Fleming Shipping & Services Ltd. | 3. Volkart Fleming Shipping & Services Ltd.  |
| 4. Forbes Sterling Star Ltd.                | 4. Forbes Sterling Star Ltd.                 |
| 5. Latham India Ltd.                        | 5. Latham India Ltd.                         |
| 6. Forbes Aquamall Ltd.                     | 6. Forbes Aquamall Ltd.                      |
| 7. Forbes Abans Facility Services Pvt. Ltd. | 7. Forbes Abans Cleaning Solutions Pvt. Ltd. |
| 8. Forbes Doris & Naess Maritime Ltd.       | 8. Forbes Doris & Naess Maritime Ltd.        |
| 9. Prohandyman (I) Ltd.                     | 9. Prohandyman (I) Ltd.                      |
| 10. Euro Forbes International Pte. Ltd.     | 10. Next Gen Publishing Ltd.                 |
| 11. Forbes Technosys Ltd.                   | 11. Euro Forbes International Pte. Ltd.      |
| 12. Forbes Campbell Holdings Ltd.           | 12. Forbes Smart Data Ltd.                   |
| 13. Warrior Investments Ltd.                | 13. Forbes Technosys Ltd.                    |
| 14. Forbes Campbell Services Ltd.           | 14. Forbes Campbell Holdings Ltd.            |
| 15. Forbes Tinsley Co. Ltd.                 | 15. Warrior (Investment)Ltd                  |
| 16. Forbes Container Line PTE Ltd.          | 16. Forbes Services Ltd.                     |
| 17. Forbes Smart Data Ltd.                  | 17. Forbes Tinsley Co.Ltd.                   |
| 18. Forbes Bumi Armada Ltd.                 |  |

**II Transactions with related parties**

| <u>Nature of Transactions</u> | <u>Related Party</u>                |            |                                     |            |
|-------------------------------|-------------------------------------|------------|-------------------------------------|------------|
|                               | <u>Referred to in<br/>"A" above</u> |            | <u>Referred to in<br/>"B" above</u> |            |
|                               | 31.03.2008                          | 31.03.2007 | 31.03.2008                          | 31.03.2007 |
| <b>Purchases</b>              |                                     |            |                                     |            |
| 1. Investments                | 2,695,000                           | 61,683,200 | -                                   | 230,000    |
| <b>Sale</b>                   |                                     |            |                                     |            |
| 2. Investments                | -                                   | -          | -                                   | -          |
| <b>Expenses</b>               |                                     |            |                                     |            |
| 3. Interest Paid              | -                                   | -          | 911,873                             | 18,537     |
| 4. Dividend Paid              | -                                   | 11,150,000 | -                                   | -          |
| 5. Reimbursement of Expenses  | -                                   | -          | 292,136                             | -          |
| <b>Income</b>                 |                                     |            |                                     |            |
| 6. Interest Received          | 1,655,465                           | 2,147,315  | 383,384                             | 320,000    |
| 7. Dividend Received          | 582,393                             | 824,310    | -                                   | -          |
| <b>Finance</b>                |                                     |            |                                     |            |
| 8. Deposit Taken              | -                                   | -          | -                                   | -          |



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**FORBES FINANCE LIMITED**

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|                    |                            |            |            |           |            |
|--------------------|----------------------------|------------|------------|-----------|------------|
| 9.                 | Repayment of Deposit taken | -          | -          | -         | -          |
| 10.                | Deposits Placed            | 6,550,000  | 3,100,000  | -         | -          |
| 11.                | Deposits Refunded          | 2,100,000  | 35,575,000 | -         | -          |
| <b>Outstanding</b> |                            |            |            |           |            |
| 12.                | Deposits payable           | -          | -          | -         | 39,800,000 |
| 13.                | Deposits Receivable        | 26,450,000 | 500,000    | 4,000,000 | 4,000,000  |
| 14.                | Expenses Payable           | -          | -          | -         | -          |

**III. Related party disclosures**

The above transactions includes:-

1. All amounts referred to in table 'A' are with a single party viz. Forbes & Co. Ltd.
2. 1B represents Investments made in Forbes Tinsley Co. Ltd.
3. 3B represents Interest paid to WIL Rs.330066/- and FCHL Rs.581807/-
4. 5B represents transactions with VFSS
5. 6B represents Interest received from Forbes Technosys Ltd.
6. 12B represents Loan from FCHL
7. 13B represents Deposits placed with Forbes Technosys Ltd.

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As per our report of even date attached

For **BATLIBOI & PUROHIT**  
*Chartered Accountants*

**ATUL MEHTA**  
*Partner*

Membership No. 15935

Dated : 6th June, 2008

C. G. Shah

*Chairman*

Ashok Barat

R.T. Doshi

M.L. Khetan

A.T. Shah

S.P. Kadakia

} *Directors*

## INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956.

**I. Registration Details**

|                    |            |            |    |
|--------------------|------------|------------|----|
| Registration No.   | 9127       | State code | 18 |
| Balance Sheet Date | 31.03.2008 |            |    |

**II. Capital Raised during the year (Amount in Rs.'000)**

|              |     |                   |     |
|--------------|-----|-------------------|-----|
| Public Issue | Nil | Right Issue       | Nil |
| Bonus Issue  | Nil | Private Placement | Nil |

**III. Position of Mobilisation and Deployment of Funds (Amount in Rs.'000)**

|                      |       |                      |       |
|----------------------|-------|----------------------|-------|
| Total Liabilities    | 57593 | Total Assets*        | 57593 |
| Sources of Funds     |       | Application of Funds |       |
| Paid-up Capital      | 4925  | Investments          | 24476 |
| Reserves and Surplus | 52668 | Net Current Assets   | 33117 |
| Loans                | —     |                      |       |

\* Net of Current Liabilities and Provisions

**IV. Performance of the Company (Amount in Rs.'000)**

|                          |       |
|--------------------------|-------|
| Turnover                 | 4551  |
| Total Expenditure        | 1964  |
| Profit before Tax        | 2587  |
| Profit after Tax         | 2412  |
| Earning per Share in Rs. | 10.70 |
| Dividend Rate            | NIL   |

**V. Generic names of three principal products/services of Company (as per monetary terms)**

|               |     |                     |         |
|---------------|-----|---------------------|---------|
| Item Code No. | Nil | Product Description | Finance |
|---------------|-----|---------------------|---------|

# FORBES FINANCE LIMITED

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

|  | 2007-2008<br>Rupees | 2006-2007<br>Rupees |
|--|---------------------|---------------------|
| <b>PROFIT BEFORE TAX</b>   | <b>2,587,107</b>    | <b>3,338,554</b>    |
| Adjusted for – Dividend Income   | (1,062,393)         | (944,310)           |
| Interest Recd  | (2,038,849)         | (2,467,315)         |
| Recovery of Doubtful Loan  | (1,450,000)         | –                   |
| Interest Paid  | 911,873             | 18,537              |
| Prior Year Tax Adjustment  | 1,714               | 2,349               |
| <b>OPERATING PROFIT BEFORE WORKING</b>   | <b>(1,050,548)</b>  | <b>(52,185)</b>     |
| <b>CAPITAL CHANGES AND OTHER ADJUSTMENTS</b>   |                     |                     |
| Changes in Sundry Creditors  | 480,908             | (3,355)             |
| Changes in Advances  | 172,479             | (500,000)           |
| Direct Taxes Paid Net  | (577,998)           | (689,165)           |
| <b>(A) NET CASH FROM OPERATING ACTIVITIES</b>  | <b>(975,159)</b>    | <b>(1,244,705)</b>  |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>   |                     |                     |
| Dividend   | 1,062,393           | 944,310             |
| Interest Received  | 2,038,849           | 2,467,315           |
| Purchase of Investments  | (58,128,960)        | (62,067,984)        |
| ICD received   | 56,625,000          | –                   |
| ICD given  | (2,000,000)         | –                   |
| Increase in Share Capital  | 2,695,000           | –                   |
| Recovery of Doubtful Loan  | 1,450,000           | –                   |
|  | <b>3,742,282</b>    | <b>(58,656,359)</b> |
| <b>(B) NET CASH FROM ( USED IN) INVESTING ACTIVITIES</b>   | <b>2,767,123</b>    | <b>(59,901,064)</b> |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>   |                     |                     |
| Refund of I/C Deposits   | –                   | 3,297,500           |
| Proceedings from Borrowings  | –                   | 39,800,000          |
| Interest Paid  | (911,873)           | (18,537)            |
| Dividend Paid  | –                   | (11,150,000)        |
| Dividend Tax Paid  | –                   | (1,563,788)         |
| Amalgamation expenses  | (400,000)           | –                   |
| Goodwill written off   | (1,340,748)         | –                   |
|  | <b>(2,652,621)</b>  | <b>60,042,675</b>   |
| <b>NET DECREASE/INCREASE IN CASH AND CASH EQUIVALENTS (A)+(B)</b>  | <b>114,502</b>      | <b>141,611</b>      |
| Cash and Cash equivalent as at the commencement of the year comprising Cash, Cheques on hands & remittances in transit and Balance with Bank | 1,130,650           | 989,039             |
| Add : Taken over on amalgamation   | 186,142             | –                   |
| Sub Total :  | 1,316,792           | 989,039             |
| Cash and Cash equivalent as at the end of the year comprising cash, cheques on hands and remittances in transit and balance with bank.       | 1,431,294           | 1,130,650           |
| <b>NET DECREASE/INCREASE AS DISCLOSED ABOVE</b>  | <b>114,502</b>      | <b>141,611</b>      |

As per our report of even date attached

For **BATLIBOI & PUROHIT**  
Chartered Accountants

**ATUL MEHTA**  
Partner

Membership No. 15935

Dated : 6th June, 2008

C. G. Shah

Chairman

Ashok Barat

R.T. Doshi

M.L. Khetan

A.T. Shah

S.P. Kadakia

Directors

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# FORBES SMART DATA LIMITED

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(a wholly owned Subsidiary Company)

Annual Report and Accounts  
for the year ended 31<sup>st</sup> March, 2008

**DIRECTORS:**

G. Mukherji

*Chairman*

M.L. Khetan

A.T. Shah

**BANKERS:**

IDBI Bank Limited

**AUDITORS:**

Messrs. U.V. Shah & Co.

**REGISTERED OFFICE:**

Forbes Building,

Charanjit Rai Marg,

Fort, Mumbai - 400 001

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# FORBES SMART DATA LIMITED

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## DIRECTORS' REPORT

To,  
The Shareholders,

1. Your Directors submit their Report and the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2008.
2. **OPERATIONS:**  
The Company has not commenced commercial activity. There was no activity during the period ended 31<sup>st</sup> March, 2008. The Company earned an interest of Rs.25,500 on an inter corporate deposit placed with the holding company, Forbes & Company Limited.
3. **DIRECTORATE:**  
Mr. G.. Mukherji is due for retirement by rotation. The Board of Directors commend his re-appointment as a Director of the Company.
4. **AUDITORS:**  
You are requested to appoint Auditors for the current year and authorise the Board to fix their remuneration. The retiring Auditors, M/s. U.V. Shah & Co., Chartered Accountants, offer themselves for re-appointment.
5. **PARTICULARS REGARDING EMPLOYEES:**  
The Company did not have any employee who was entitled to receipt of remuneration of Rs.24,00,000 or more in aggregate throughout the financial year or Rs.2,00,000 or more per month for a part of the financial year.
6. **DIRECTORS' RESPONSIBILITY STATEMENT:**  
"Pursuant to the provisions of section 217 (2AA) of the Companies Act, 1956, the Directors confirm –
  - (a) that in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
  - (b) that they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for the period;
  - (c) that they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
  - (d) that they have prepared the annual accounts on a going concern basis".
7. **INFORMATION REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.**
  - A. **Conservation of energy and technology absorption.**  
Since the Company does not own any manufacturing facility, particulars relating to conservation of energy and technology absorption are not applicable.
  - B. **Foreign Exchange earning and outgo**  
The Company has not earned and used any foreign exchange during the period.

For and on behalf of the Board of Directors

Mumbai,  
Dated: 4<sup>th</sup> July, 2008.

**(G. MUKHERJI)**  
Chairman

## AUDITORS' REPORT

### AUDITORS' REPORT TO THE MEMBERS OF FORBES SMART DATA LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2008.

1. We have audited the attached Balance Sheet of **FORBES SMART DATA LIMITED** as at 31st March 2008 and also the Profit & Loss Account for year ended on the date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express the opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 as amended by the Companies (Auditors' Report) (Amendment) Order, 2004, (together the 'Order') issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act 1956, and on the basis of such checks of the books and the records of the company and according to information and explanations given to us, we enclose in the annexure a statement on the matter as specified in paragraph 4 & 5 of the said order, to the extent applicable to the company.
4. Further to our comments in the annexure referred to in paragraph 2 above, we report that:
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of the books.
  - (iii) The Balance Sheet and Profit and Loss Account referred to in this report are in agreement with the books of account.
  - (iv) In our opinion, the Balance Sheet and Profit & Loss Account comply with the accounting standards referred to in sub section (3C) of section 211 of the Companies Act, 1956.
  - (v) On the basis of information and explanation received by us, none of the directors are, prima facie, as at 31<sup>st</sup> March 2007 disqualified from being appointed as directors of the company under clause (g) of sub section (1) of Section 274 of the Companies Act, 1956.
  - (vi) In our opinion, and to the best of our information and according to the explanations given to us, the accounts subject to notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
    - (i) In the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 2008 and
    - (ii) In the case of the Profit and Loss Account of the loss for the year ended on that date.

For **U.V. Shah & Co.**  
*Chartered Accountants*

**(UDAY SHAH)**  
*Proprietor*

Place : Mumbai  
Dated : 04.07.2008

Membership No. 35626

### ANNEXURE TO THE AUDITORS' REPORT TO THE MEMBERS OF FORBES SMART DATA LIMITED FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH 2008.

(Referred to in paragraph 3 of our report of even date)

1. In our opinion and according to the information and explanations given to us, and the nature of the Companies activities during the year have been such that the requirement of paragraph 4 (i), (ii), (iv), (vii), (viii), (x), (xi), (xiii), and (xiv) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not, on facts, applicable and hence no comments have been offered there under.
2. **Loans taken / granted**
  - (a) As per the information and explanations given to us, the company has not granted any loan, secured or unsecured to companies, firm or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4 (iii) (b), (c) and (d) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.

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## FORBES SMART DATA LIMITED

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(b) The company has not taken any loans during the year, secured or unsecured, from the Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, clauses (iii) (f), and (iii) (g) of paragraph 4 of the Order are not applicable

### 3. Section 301

(a) As per the information and explanations given to us, there are no transactions made in pursuance of contracts or arrangements, that need to be entered in register maintained under Section 301 of the Companies Act, 1956. Accordingly, clauses (v) (a), and (v) (b) of paragraph 4 of the Order are not applicable

### 4. Deposit from Public

The company has not accepted any deposits from the public to which the provisions of sections 58A of the Companies Act, 1956 and the rules framed there under would apply.

### 5. Payment of Statutory Dues

According to the information and explanations given to us, No undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues payable to appropriate authorities were outstanding as at 31<sup>st</sup> March, 2007 for a period of more than six months from the date they became payable.

### 6. Grant of Secured Loans and Advances

The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

### 7. Provision of Guarantee

According to the information and explanations given to us, The Company has not given any guarantee for loans taken by others from Banks or financial Institutions.

### 8. Term Loans

According to the information and explanations given to us, The Company has not raised any term loan under review and hence question of its application of the clause does not arise.

### 9. Usage of Funds

According to the information and explanations given to us, The company has not raised any funds on short term basis which have been used during the year for long term investment and vice versa.

### 10. Preferential Allotments

The company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.

### 11. Creation of security for Debenture Issue

In our opinion and according to the information and explanations given to us, the Company has not issued any secured debentures during the period covered by our report. Accordingly, the provisions of clause 4 (xix) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.

### 12. Disclosure of end use of Fund

During the year, the company has not raised money by public issue and hence the question of disclosure and verification of end use if such monies does not arise.

### 13. Frauds

To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For **U.V. Shah & Co.**  
*Chartered Accountants*

**(UDAY SHAH)**  
*Proprietor*

Place : Mumbai  
Dated : 04.07.2008

Membership No. 35626

## BALANCE SHEET AS AT 31ST MARCH 2008

|  | <u>Schedule</u> | <u>Rupees</u> | As at<br>31st March, 2008<br><u>Rupees</u> | As at<br>31st March, 2007<br><u>Rupees</u> |
|--|-----------------|---------------|--|--|
| <b>SOURCES OF FUNDS:</b>                                     |                 |               |  |  |
| Share Capital  | 1               |               | 500,000                                    | 500,000                                    |
| Reserves & Surplus   |                 |               | —  | —  |
| Total Shareholders Fund                                      |                 |               | 500,000                                    | 500,000                                    |
| <b>Loan:</b>   |                 |               |  |  |
| Secured  |                 |               | —  | —  |
| Unsecured  |                 |               | —  | —  |
| Total  |                 |               | 500,000                                    | 500,000                                    |
| <b>APPLICATION OF FUNDS:</b>                                 |                 |               |  |  |
| <b>Current Assets, Loans &amp; Advances</b>                  | 2               |               |  |  |
| (a) Sundry Debtors   |                 | —             |  | —  |
| (b) Cash and Bank Balances                                   |                 | 27,230        |  | 18,417                                     |
| (c) Loans and advances                                       |                 | 307,048       |  | 301,269                                    |
|  |                 | 334,278       |  | 319,686                                    |
| <i>Less</i> : Current liabilities & provisions               | 3               | 12,742        |  | 8492                                       |
| Net Current assets   |                 |               | 321,536                                    | 311,194                                    |
| Deferred Tax Asset (See Note 1)                              |                 |               | 10,080                                     | 955  |
| Miscellaneous Expenditure<br>(to the extent not written off) |                 |               | 148,775                                    | 185,969                                    |
| Profit and Loss Debit Balance                                |                 |               | 19,609                                     | 1,882                                      |
| Total  |                 |               | 500,000                                    | 500,000                                    |

## NOTES TO THE ACCOUNTS (PER SCHEDULE '4')

As per our report of even date attached

For **U.V. SHAH & CO.**  
*Chartered Accountants***UDAY V. SHAH**  
*Proprietor*

(Membership No. 35626)

Mumbai, Dated 4th July, 2008

G. Mukherji

*Chairman*M.L. Khetan  
A.T. Shah

}

*Directors*



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**FORBES SMART DATA LIMITED**

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**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2008**

|   | Rupees | 31st March, 2008<br>Rupees | 31st March, 2007<br>Rupees |
|---|--------|----------------------------|----------------------------|
| <b>1. Income:</b>                       |        |                            |                            |
| Interest Income                         |        | 25,500                     | 5,655                      |
| <b>2. Expenditure:</b>                  |        |                            |                            |
| Preliminary Expenses                    | 37,194 |                            |                            |
| Legal & Professional Charges            | 3,933  |                            |                            |
| Filing Fees                             | 1,500  |                            | 1,500                      |
| Profession Tax                          | 2,500  |                            | 2,500                      |
| Misc. Exp                               | 1,346  |                            |                            |
| Bank Charges                            | 40     |                            |                            |
| Auditor's remuneration                  |        |                            |                            |
| Audit Fees                              | 2,500  |                            | 2,500                      |
| Service tax                             | 309    |                            | 309                        |
| Certification Fees                      | 3,030  | 52,352                     | 1,683                      |
|   |        | <u>8,492</u>               | <u>8,492</u>               |
| 3. Profit / (Loss) before tax           |        | (26,852)                   | (2,837)                    |
| 4. Less: Provision for Taxation         |        |                            |                            |
| Current tax                             |        | -                          | -                          |
| Deferred Tax                            |        | (9125)                     | (955)                      |
| 5. Profit / Loss after tax              |        | (17,727)                   | (1,882)                    |
| 6. Balance brought forward              |        | (1882)                     |                            |
| 7. Balance Carried to the Balance sheet |        | <u>(19,609)</u>            | <u>(1,882)</u>             |

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**NOTES TO THE ACCOUNTS (PER SCHEDULE '4')**

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As per our report of even date attached

For **U.V. SHAH & CO.**  
*Chartered Accountants*

G. Mukherji

*Chairman*

**UDAY V. SHAH**  
*Proprietor*

M.L. Khetan  
A.T. Shah }  
}

*Directors*

(Membership No. 35626)

Mumbai, Dated 4th July, 2008

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**SCHEDULES “1” TO “4” ANNEXED TO & FORMING PART OF THE ACCOUNTS**

|  | <u>Rupees</u>                | <u>Rupees</u>                |
|--|------------------------------|------------------------------|
|  | As at<br>31st March,<br>2008 | As at<br>31st March,<br>2007 |
|  | <u>Rupees</u>                | <u>Rupees</u>                |
| <b>SCHEDULE ‘1’ – SHARE CAPITAL</b>  |                              |                              |
| <b>Authorised</b>  |                              |                              |
| 10,00,000 Equity Shares of Rs.10 each  | 10,000,000                   | 10,000,000                   |
| <b>Issued and Subscribed</b>   |                              |                              |
| 50,000 Equity Shares of Rs.10 each fully paid-up                                       | 500,000                      | 500,000                      |
|  | <u>500,000</u>               | <u>500,000</u>               |
| (All the shares are held by Forbes & Company Ltd., the holding company of the Company) |                              |                              |

**SCHEDULE ‘2’ – CURRENT ASSETS, LOANS AND ADVANCES**

**Sundry Debtors**

Unsecured, considered good and subject to confirmations

|   |          |  |
|---|----------|--|
| 1. Outstanding for more than six months | –        |  |
| 2. Other Debts                          | –        |  |
|   | <u>–</u> |  |

**Cash and Bank Balances**

|                       |        |        |
|-----------------------|--------|--------|
| Cash in hand          | –      |        |
| With Scheduled Banks: |        |        |
| on Current Accounts   | 27,230 | 18,417 |

**Loans and Advances**

(Unsecured, considered good and subject to confirmations)

|   |                |                |
|---|----------------|----------------|
| Advances recoverable in cash or in kind or for value to be received | –              |                |
| Inter-corporate deposits  | 300,000        | 300,000        |
| Taxes paid less provisions (other than deferred tax)                | 7,048          | 1,269          |
|   | <u>307,048</u> | <u>301,269</u> |
|   | <u>334,278</u> | <u>319,686</u> |

**SCHEDULE ‘3’ – CURRENT LIABILITIES AND PROVISIONS**

**Current liabilities**

|   |   |  |
|---|---|--|
| Sundry creditors (No outstanding dues of Small Scale Industrial Undertakings) | – |  |
|---|---|--|

**Provisions**

|                        |               |              |
|------------------------|---------------|--------------|
| Provision for Expenses | 12,742        | 8,492        |
|                        | <u>12,742</u> | <u>8,492</u> |

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# FORBES SMART DATA LIMITED

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## SCHEDULE “4” – NOTES FORMING PART OF THE ACCOUNTS

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### A. BASIS OF ACCOUNTING:

The Financial Statements are prepared under historical cost convention, on accrual basis, and are in accordance with the requirements of the Companies Act, 1956, and comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the said Act.

#### B. TAX ON INCOME:

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax is recognised on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

The Company has accounted for deferred taxation in respect of timing difference in accordance with the requirement of Accounting Standard 22 – “Accounting for Taxes on Income.”

Break up of Deferred Tax Liability and Assets

| Nature of Timing Difference | Deferred Tax Liability (-) / Assets (+) | Deferred Tax Liability (-) / Assets (+) as on 31.03.2008 | Deferred Tax Liability (-) / Assets (+) | Deferred Tax Liability (-) / Assets (+) as on 31.03.2007 |
|-----------------------------|---|--|---|--|
| Business Loss               | 9,125                                   | 9,125  | 955                                     | 955  |

#### C. REVENUE RECOGNITION:

The Company recognises Income from service activity as and when services are rendered or as per contractual agreement entered with parties. Interest Income is recognised on the time proportion basis.

- No amount is due to Small Scale Industries (SSI) as at 31st March, 2008
- The additional information as required under Schedule VI of the Companies Act, 1956 has not been furnished as the same is not applicable.
- Related Party Disclosures: As required by Accounting Standard 18

#### I. Name of the Related Party and Nature of relationship where control exists are as under:

##### A. Enterprises having more than one half of voting powers:

Forbes & Company Ltd. (Formerly known as Forbes Gokak Ltd.)

##### B. Enterprises that are under common control:

- Aquamall Water Solutions Ltd.
- Eureka Forbes Ltd.
- Euro Forbes International Pte. Ltd.
- Forbes Aquamall Limited
- Forbes Campbell Holdings Ltd.
- Forbes Container Lines Pte Ltd.
- Forbes Doris & Naess Maritime Ltd.
- Forbes Facility Services Pvt. Ltd. (Formerly known as Forbes Abans Cleaning Solutions Pvt. Ltd.)
- Forbes Finance Ltd.
- Forbes Campbell Services Ltd.
- Forbes Sterling Star Ltd.

12. Forbes Technosys Ltd.
13. Forbes Tinsley Co. Ltd.
14. Latham India Ltd.
15. Volkart Fleming Shipping & Services Ltd.
16. Warrior (Investment) Ltd.

**B. Key Managerial Personnel:**

1. Mr. G. Mukherji
2. Mr. M.L. Khetan
3. Mr. A.T. Shah

**II. Transactions with related parties:**

| Nature of Transactions        | 31st March, 2008       |                        | 31st March, 2007       |                        |
|-------------------------------|------------------------|------------------------|------------------------|------------------------|
|                               | Referred to in A above | Referred to in B above | Referred to in A above | Referred to in B above |
| 1. Income                     |                        |                        |                        |                        |
| (a) Interest Received         | 25,500                 | –                      | 5,655                  | –                      |
| 2. Finance                    |                        |                        |                        |                        |
| (a) Deposits Placed           | –                      | –                      | –                      | –                      |
| (b) Reimbursement of Expenses | –                      | –                      | –                      | 193,542                |
| 3. Outstanding                |                        |                        |                        |                        |
| (a) Deposits Given            | 300,000                | –                      | 300,000                | –                      |
| (b) Interest Receivable       | –                      | –                      | –                      | –                      |

1. All amount referred in above table "A" are with a single party viz., Forbes & Company Limited (earlier known as Forbes Gokak Limited)
2. Item 2b refers to Forbes Technosys Limited

Related Parties defined under clause 3 of AS –18 “Related Party Disclosure: have been identified on the basis of representation made by managerial personnel and information available with the Company

5. The Company was incorporated on 24th April, 2006 and has not yet commenced any commercial activity.

For **U.V. SHAH & CO.**  
Chartered Accountants

**UDAY V. SHAH**  
Proprietor

(Membership No. 35626)

Mumbai, Dated 4th July, 2008

G. Mukherji

Chairman

M.L. Khetan  
A.T. Shah

}

Directors

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**FORBES SMART DATA LIMITED**

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**INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956****I. Registration Details**

|                    |                       |            |    |
|--------------------|-----------------------|------------|----|
| Registration No.   | U72100MH2006PLC161311 | State code | 11 |
| Balance Sheet Date | 31st March, 2008      |            |    |

**II. Capital Raised during the year (Amount in Rs.'000)**

|              |     |                   |     |
|--------------|-----|-------------------|-----|
| Public Issue | Nil | Right Issue       | Nil |
| Bonus Issue  | Nil | Private Placement | Nil |

**III. Position of Mobilisation and Deployment of Funds (Amount in Rs.'000)**

|                   |     |               |     |
|-------------------|-----|---------------|-----|
| Total Liabilities | 500 | Total Assets* | 500 |
|-------------------|-----|---------------|-----|

**Sources of Funds**

|                      |     |
|----------------------|-----|
| Paid-up Capital      | 500 |
| Reserves and Surplus |     |
| Unsecured Loans      |     |

**Application of Funds**

|                     |     |
|---------------------|-----|
| Fixed Assets        | –   |
| Net Current Assets  | 321 |
| Deferred Tax Assets | 1   |
| Misc. Expenditure   | 149 |
| Profit and Loss     | 29  |

\* Net of Current Liabilities and Provisions

**IV. Performance of the Company (Amount in Rs.'000)**

|                          |      |
|--------------------------|------|
| Turnover                 | 26   |
| Total Expenditure        | 52   |
| Profit / Loss before Tax | (27) |
| Profit/ Loss after Tax   | (18) |
| Earning per Share in Rs. | –    |
| Dividend Rate            | Nil  |

**V. Generic names of three principal products/services of Company (as per monetary terms)**

|               |     |                     |    |
|---------------|-----|---------------------|----|
| Item Code No. | Nil | Product Description | NA |
|---------------|-----|---------------------|----|

G. Mukherji *Chairman*

Place : Mumbai

M.L. Khetan }  
A.T. Shah } *Directors*

Dated : 4th July, 2008

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

|  | 2007-2008 |                 | 2006-2007 |                  |
|--|-----------|-----------------|-----------|------------------|
|  | Rupees    | Rupees          | Rupees    | Rupees           |
| <b>PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS</b>                                |           | (26,852)        |           | (2,837)          |
| Adjusted for: Interest Received  | (25,500)  |                 |           | (5,655)          |
| for preoperative expenses  | 37,194    | 11,694          |           |                  |
| <b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS</b>     |           | (15,158)        |           | (8,492)          |
| Changes in   |           |                 |           |                  |
| Trade and other receivables  | —         |                 | —         |                  |
| Trade payables and others  | 4,250     | 4,250           | 8,492     | 8,492            |
| <b>CASH GENERATED FROM OPERATIONS</b>  |           | (10,908)        |           | —                |
| Less : Direct Taxes paid (Net)   |           | 5,779           |           | 1,269            |
| <b>(A) NET CASH FLOW FROM OPERATING ACTIVITIES</b>                               |           | <b>(16,687)</b> |           | <b>(1,269)</b>   |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                                       |           |                 |           |                  |
| Interest Received on Loans   | 25,500    |                 | 5,655     |                  |
| Intercompany deposit   |           |                 | (300,000) |                  |
| <b>(B) NET CASH FLOW FROM INVESTING ACTIVITIES</b>                               |           | <b>25,500</b>   |           | <b>(294,345)</b> |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                                       |           |                 |           |                  |
| Proceeds from Issue of Share Capital   |           | —               |           | 500,000          |
| <b>CASH FLOW FROM FINANCING ACTIVITIES BEFORE EXTRA ORDINARY ITEMS</b>           |           | —               |           | 500,000          |
| Less : Pre-operative Expenditure   |           |                 |           | (185,969)        |
| <b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>                                   |           | —               |           | 314,031          |
| <b>NET DECREASE/INCREASE IN CASH AND CASH EQUIVALENTS (A) + (B) + (C)</b>        |           | <b>8,813</b>    |           | <b>18,417</b>    |
| <b>CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE YEAR, COMPRISING:</b> |           |                 |           |                  |
| Cash, Cheques on hand & Remittances in transit                                   | —         |                 | —         |                  |
| Balance with scheduled banks on Current accounts and Deposit accounts            | 18,417    | 18,417          | —         | —                |
| <b>CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR, COMPRISING:</b>          |           |                 |           |                  |
| Cash, Cheques on hand & Remittances in transit                                   | —         |                 | —         |                  |
| Balance with scheduled banks on Current accounts and Deposit accounts            | 27,230    |                 | 18,417    |                  |
|  |           | 27,230          |           | 18,417           |
|  |           | <b>8,813</b>    |           | <b>18,417</b>    |

For **U.V. SHAH & CO.**  
Chartered Accountants

**UDAY V. SHAH**  
Proprietor

(Membership No. 35626)

Mumbai, Dated 4th July, 2008

G. Mukherji

Chairman

M.L. Khetan  
A.T. Shah

}

Directors

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**FORBES STERLING STAR LIMITED**  
**(Incorporated in Vanuatu)**

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(a wholly owned Subsidiary Company)

Annual Report and Accounts  
for the year ended 31st March, 2008

**DIRECTORS:**

Capt. S.P. Rao  
Timothy A. Hartnoll  
V.K. Shetty

**BANKERS:**

Standard Chartered Bank, Singapore

**AUDITORS:**

Moore Stephens  
Certified Public Accounts  
11, Collyer Quay  
# 10-02, The Arcade  
Singapore - 049 317

**REGISTERED OFFICE:**

C/o. Atlas Corporation Limited  
First Floor,  
International Building,  
Lini Highway,  
Port Vila, Vanuatu.

**STATEMENT BY DIRECTORS**

**31ST MARCH, 2008**

In the opinion of the directors, the financial statements set out on pages 4 to 16 are drawn up so as to give a true and fair view of the state of affairs of Forbes Sterling Star Limited as at 31st March, 2008 and of the results of the business, changes in equity and cash flows of the Company for the year then ended.

At the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the directors

.....  
Capt. S.P. Rao

Dubai

30.06.2008



**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF**

**FORBES STERLING STAR LIMITED**  
**(INCORPORATED IN VANUATU)**

**31ST MARCH, 2008**

We have audited the accompanying financial statements of Forbes Sterling Star Limited for the year ended 31st March, 2008 as set out on pages 4 to 16 which comprise the balance sheet, income statement, statement of changes in equity and a summary of significant accounting policies and other explanatory notes.

**Directors' Responsibility for the Financial Statements**

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

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

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

As disclosed in Note 2(a), drydocking costs are expensed in the income statement as incurred. International Accounting Standard 16: Property, plant and equipment requires such costs to be capitalised and amortised over the period to the next scheduled drydocking or special survey. In the financial statements for the year ended 31st March, 2006, drydocking costs of US\$250,200 were expensed and our audit report was qualified in this respect.

The vessel has been sold in April 2007. The drydocking costs incurred in January 2006 should have been allocated as follows:

- US\$ 35,743 to the period ended 31st March, 2006; and
- US\$ 214,457 to the period ended 31st March, 2007.

Accordingly, the loss for the year ended 31st March, 2006 is overstated by US\$ 214,457 and the profit for the year ended 31st March, 2007 is overstated by the same amount.

*Opinion*

In our opinion, except for the effect on the financial statements of the matter referred to in the preceding paragraph, the financial statements give a true and fair view of the state of affairs of the Company as at

31st March, 2008 and the results, changes in equity and cash flows of the Company for the year ended on that date.

**Moore Stephens**  
Public Accountants and  
Certified Public Accountants

Singapore

## INCOME STATEMENT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2008

|                                  | Note | 2008<br>US\$          | 2008<br>INR              | 2007<br>US\$          | 2007<br>INR              |
|----------------------------------|------|-----------------------|--------------------------|-----------------------|--------------------------|
| <b>Revenue</b>                   | (4)  | 57,092                | 2,291,102                | 2,335,800             | 105,093,482              |
| <i>Add</i> : <b>Other income</b> |      |                       |                          |                       |                          |
| Gain on disposal of vessel       | (5)  | 711,824               | 28,565,497               | –                     | –                        |
| Interest Income                  | (5)  | 3,332                 | 133,713                  | –                     | –                        |
|                                  |      | <u>715,156</u>        | <u>28,699,210</u>        | <u>–</u>              | <u>–</u>                 |
| <i>Less</i> : <b>Expenses</b>    |      |                       |                          |                       |                          |
| Maintenance Cost                 |      | 176,485               | 7,082,343                | 1,052,900             | 47,372,603               |
| Insurance                        |      | 72,300                | 2,901,399                | 110,450               | 4,969,422                |
| Registration and Statutory Fees  |      | 798                   | 32,024                   | 2,932                 | 131,918                  |
| Damage and Repair Compensation   |      | –                     | –                        | 33,779                | 1,519,802                |
| Postage and Courier              |      | 301                   | 12,079                   | –                     | –                        |
| Professional Fees                |      | 5,720                 | 229,544                  | 37,234                | 1,675,251                |
| Bank Charges                     |      | 769                   | 30,860                   | 2,704                 | 121,660                  |
|                                  |      | <u>256,373</u>        | <u>10,288,249</u>        | <u>1,239,999</u>      | <u>55,790,656</u>        |
| <b>Operating Profit</b>          |      | 515,875               | 20,702,063               | 1,095,801             | 49,302,826               |
| Finance Charges                  | (7)  | (4,156)               | (166,780)                | (99,771)              | (4,334,052)              |
| <b>Profit before Income Tax</b>  |      | <u>511,719</u>        | <u>20,535,283</u>        | <u>996,030</u>        | <u>44,968,774</u>        |
| Income Tax                       | (8)  | –                     | –                        | –                     | –                        |
| <b>Profit for the year</b>       |      | <u><u>511,719</u></u> | <u><u>20,535,283</u></u> | <u><u>996,030</u></u> | <u><u>44,968,774</u></u> |

**FORBES STERLING STAR LIMITED**  
(Incorporated in Vanuatu)

**BALANCE SHEET AS AT 31ST MARCH, 2008**

|  | Note | 2008 US\$ | Indian Rs.   | Indian Rs.   | 2007 US\$ | Indian Rs.  |
|--|------|-----------|--------------|--------------|-----------|-------------|
| <b>Assets</b>                          |      |           |              |              |           |             |
| <b>Non-Current Assets</b>              |      |           |              |              |           |             |
| Plant and Equipment                    | 1    | –         | –            | –            | 1,686,545 | 73,263,515  |
|  |      | –         | –            | –            | 16,86,545 | 73,263,515  |
| <b>Current Assets</b>                  |      |           |              |              |           |             |
| Inventories                            |      | –         | –            | –            | –         | –           |
| Trade receivable                       |      | –         | –            | –            | 6,100     | 264,984     |
| Other receivables                      |      | 101,785   | 4,068,346    | 4,068,346    | 148,189   | 6,437,330   |
| Due to Related Party                   |      | 42,680    | 1,705,920    | 1,705,920    | 42,680    | 1,854,019   |
| Cash and Bank Balances                 |      | 72,868    | 2,912,534    | 2,912,534    | 3,255     | 141,397     |
|  |      | 217,333   | 8,686,800    | 8,686,800    | 200,224   | 8,697,730   |
| Total Assets                           |      | 217,333   | 8,686,800    | 8,686,800    | 18,86,769 | 81,961,245  |
| <b>Share Capital and Reserves</b>      |      |           |              |              |           |             |
| Share Capital                          | 4    | 1,000     | 39,970       | 39,970       | 1,000     | 43,440      |
| Retained Earnings - As Per P.Year      |      | 1,058,514 | 42,308,805   | 42,308,805   | 102,484   | 4,489,634   |
| As per C. Year                         |      | (888,281) | (35,646,717) | (35,646,717) | 956,030   | 43,169,074  |
| Foreign Currency Translation Reserve – |      | –         | –            | 142,125      | –         | (1,676,860) |
| Total Equity                           |      | 171,233   | 6,844,183    | 6,844,183    | 10,59,514 | 46,025,288  |
| <b>Non-Current Liabilities</b>         |      |           |              |              |           |             |
| Loan from Holding Company, Non-trade   |      | –         | –            | –            | –         | –           |
| <b>Current Liabilities</b>             |      |           |              |              |           |             |
| Other Payables                         | 5    | 46,100    | 1,842,617    | 1,842,617    | 14,054    | 610,506     |
| Dividends Payable                      |      | –         | –            | –            | –         | –           |
| Loan from Holding Company, Non-trade   |      | –         | –            | –            | 813,201   | 35,325,451  |
|  |      | 46,100    | 1,842,617    | 1,842,617    | 827,255   | 35,935,957  |
| Total Liabilities                      |      | 46,100    | 1,842,617    | 1,842,617    | 8,27,255  | 35,935,957  |
| <b>Total Equity and Liabilities</b>    |      | 217,333   | 8,686,800    | 8,686,800    | 18,86,769 | 81,961,245  |

## PROFIT AND LOSS STATEMENT FOR THE FINANCIAL YEAR ENDED 31ST MARCH. 2008

|  | Y.E 31.3.2008    |                     | 01.04.2006 to 31.3.2007 |                   |
|--|------------------|---------------------|-------------------------|-------------------|
|  | US\$             | Rs.                 | US\$                    | Rs.               |
| <b>Revenue</b>                               | 57,092           | 2,291,102           | 23,35,800               | 105,093,482       |
| <i>Add : Other Income</i>                    |                  |                     |                         |                   |
| Gain on Disposal of Vessel                   | 711,824          | 28,565,497          | –                       | –                 |
| Interest Income                              | 3,332            | 133,713             | –                       | –                 |
|  | <u>715,156</u>   | <u>28,699,210</u>   | <u>–</u>                | <u>–</u>          |
| <i>Less : Expenses</i>                       |                  |                     |                         |                   |
| Maintenance Cost                             | 1,76,485         | 7,082,343           | 1,052,900               | 47,372,603        |
| Insurance                                    | 72,300           | 2,901,399           | 110,450                 | 4,969,422         |
| Registration and Statutory Fees              | 798              | 32,024              | 2,932                   | 131,918           |
| Damage and Repair Compensation               | –                | –                   | 33,779                  | 1,519,802         |
| Depreciation                                 | –                | –                   | –                       | –                 |
| Postage & Courier                            | 301              | 12,079              | –                       | –                 |
| Professional Fees                            | 5,720            | 229,544             | 37,234                  | 1,675,251         |
| Bank Charges                                 | 769              | 30,860              | 2,704                   | 121,660           |
|  | <u>2,56,373</u>  | <u>10,288,249</u>   | <u>1,239,999</u>        | <u>55,790,656</u> |
| <b>Operating Profit</b>                      | 5,15,875         | 207,02,063          | 1,095,801               | 49,302,826        |
| Finance Charges                              | (4,156)          | (166,780)           | (99,771)                | (4,334,052)       |
| <b>(Loss) / Profit before Income Tax</b>     | 511,719          | 20,535,283          | 996,030                 | 44,968,774        |
| Income Tax                                   | –                | –                   | –                       | –                 |
| <b>(Loss) / Profit for the Year / Period</b> | 511,719          | 20,535,283          | 996,030                 | 44,968,774        |
| <i>Less : Dividend</i>                       | 1,400,000        | 56,182,000          | 40,000                  | 1,799,700         |
| Balance Transfer to Balancesheet             | <u>(888,281)</u> | <u>(35,646,717)</u> | <u>956,030</u>          | <u>43,169,074</u> |

**FORBES STERLING STAR LIMITED**  
(Incorporated in Vanuatu)

**1. Plant & Equipment**

|  | Vessel<br>US\$   | Rs.               | Vessel<br>Equipment<br>US\$ | Rs.            | Total<br>US\$    | Total<br>Rs.      |
|--|------------------|-------------------|-----------------------------|----------------|------------------|-------------------|
| <b>2008</b>                                |                  |                   |                             |                |                  |                   |
| Cost                                       |                  |                   |                             |                |                  |                   |
| At 1st April, 2007                         | 2,250,000        | 97,740,000        | 15,593                      | 677,360        | 2,265,593        | 98,417,360        |
| Disposals During the Year                  | 2,250,000        | 97,740,000        | 15,593                      | 677,360        | 2,265,593        | 98,417,360        |
| <b>As at 31st March, 2008</b>              | <u>–</u>         | <u>–</u>          | <u>–</u>                    | <u>–</u>       | <u>–</u>         | <u>–</u>          |
| <b>Accumulated Depreciation</b>            |                  |                   |                             |                |                  |                   |
| At 1st April, 2007                         | 575,989          | 25,020,962        | 3,059                       | 132,883        | 579,048          | 25,153,845        |
| Charge for the year                        |                  |                   |                             |                |                  |                   |
| Deletion / Adjustment for the year         | 575,989          | 25,020,962        | 3,059                       | 132,883        | 579,048          | 25,153,845        |
| At 31st March, 2008                        | <u>–</u>         | <u>–</u>          | <u>–</u>                    | <u>–</u>       | <u>–</u>         | <u>–</u>          |
| Net Book Value                             |                  |                   |                             |                |                  |                   |
| At 31st March, 2008                        | <u>–</u>         | <u>–</u>          | <u>–</u>                    | <u>–</u>       | <u>–</u>         | <u>–</u>          |
| <b>2007</b>                                |                  |                   |                             |                |                  |                   |
| Cost                                       |                  |                   |                             |                |                  |                   |
| Acquisition                                | 2,250,000        | 97,740,000        | 15,593                      | 677,360        | 2,265,593        | 98,417,360        |
| At 1st April, 2006 and at 31st March, 2007 | 2,250,000        | 97,740,000        | 15,593                      | 677,360        | 2,265,593        | 98,417,360        |
| Accumulated Depreciation                   |                  |                   |                             |                |                  |                   |
| At 31st March, 2006                        | 575,989          | 25,020,962        | 3,059                       | 132,883        | 579,048          | 25,153,845        |
| Charge for the year                        | –                | –                 | –                           | –              | –                | –                 |
| At 31st March, 2007                        | <u>575,989</u>   | <u>25,020,962</u> | <u>3,059</u>                | <u>132,883</u> | <u>579,048</u>   | <u>25,153,845</u> |
| Net Book Value                             |                  |                   |                             |                |                  |                   |
| At 31st March, 2008                        | <u>1,674,011</u> | <u>72,719,038</u> | <u>12,534</u>               | <u>544,477</u> | <u>1,686,545</u> | <u>73,263,515</u> |

The Vessel was sold on 20th April 2007 for a net consideration of US \$ 23,98,369.

| <b>Trade Receivable</b> | <u>2008</u> | <u>2008</u> | <u>2007</u> | <u>2007</u> |
|-------------------------|-------------|-------------|-------------|-------------|
|                         | US\$        | Rs.         | US\$        | Rs.         |
| Trade Receivable        | 0           | –           | 6,100.00    | 264,984     |

| <b>Other Receivables</b> | <u>2008</u>    | <u>2008</u>      | <u>2007</u>    | <u>2007</u>      |
|--------------------------|----------------|------------------|----------------|------------------|
|                          | US\$           | Rs.              | US\$           | Rs.              |
| Prepaid Expenses         | 0              | –                | 46,404         | 2,015,790        |
| Other Receivables        | 101,785        | 4,068,346        | 101,785        | 4,421,540        |
|                          | <u>101,785</u> | <u>4,068,346</u> | <u>148,189</u> | <u>6,437,330</u> |

| <b>Share Capital</b>                | <u>2008</u> | <u>2008</u> | <u>2007</u> | <u>2007</u> |
|-------------------------------------|-------------|-------------|-------------|-------------|
|                                     | US\$        | Rs.         | US\$        | Rs.         |
| Issued and Fully paid:              |             |             |             |             |
| 1,000 Ordinary Shares of US\$1 each | 1,000       | 39,970      | 1,000       | 43,440      |

| <b>Other Payables</b>      | <u>2008</u>   | <u>2008</u>      | <u>2007</u>   | <u>2007</u>    |
|----------------------------|---------------|------------------|---------------|----------------|
|                            | US\$          | Rs.              | US\$          | Rs.            |
| Accrued Operating Expenses | 46,100        | 1,842,617        | 14,054        | 610,506        |
|                            | –             | –                | 0             | –              |
|                            | <u>46,100</u> | <u>1,842,617</u> | <u>14,054</u> | <u>610,506</u> |

**FORBES STERLING STAR LIMITED**  
**(Incorporated in Vanuatu)**

**STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 ST MARCH 2008**

|                                    | Share Capital |        | Retained Earnings |              | Total       |              |
|------------------------------------|---------------|--------|-------------------|--------------|-------------|--------------|
|                                    | US\$          | Rs.    | US\$              | Rs.          | US\$        | Rs.          |
| Balance at 1st April 2006          | 1,000         | 43,440 | 102,484           | 4,489,634    | 103,484     | 4,533,074    |
| Profit for the Year                | –             | –      | 996,030           | 44,968,774   | 996,030     | 44,968,774   |
| Dividend                           | –             | –      | (40,000)          | 1,799,700    | (40,000)    | 1,799,700    |
| <b>Balance at 31st March, 2007</b> | 1,000         | 43,440 | 1,058,514         | 51,258,108   | 1,059,514   | 51,301,548   |
| Profit for the Year                | –             | –      | 511,719           | 20,535,283   | 511,719     | 20,535,283   |
| Dividends                          |               |        | (1,400,000)       | (56,182,000) | (1,400,000) | (56,182,000) |
| <b>Balance at 31st March, 2008</b> | 1,000         | 39,970 | 170,233           | 15,611,391   | 171,233     | 15,651,361   |

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

|  | 31.3.2008<br>US\$  | 31.3.2008<br>Rs.    | 31.3.2007<br>US\$ | 31.3.2007<br>Rs.    |
|--|--------------------|---------------------|-------------------|---------------------|
| Cash Flows from Operating Activities                                   |                    |                     |                   |                     |
| (Loss) / Profit before Income Tax                                      | 511,719            | 20,535,283          | 996,030           | 44,968,774          |
| Adjustments for:   |                    |                     |                   |                     |
| Gain on Sale of Vessel   | (711,824)          | (28,565,497)        | –                 | –                   |
| Interest Income  | (3,332)            | (133,713)           |                   |                     |
| Finance Charges  | 4,156              | 166,780             | 99,771            | 4,334,052           |
| Foreign Currency Translation Reserve                                   | 2,463,601          | 3,23,866            |                   |                     |
| Operating Cash Flows before Working Capital Changes                    | (199,281)          | (5,533,546)         | 1,095,801         | 49,626,692          |
| Changes in Working Capital:  |                    |                     |                   |                     |
| Inventories  | –                  | –                   | 19,212            | 858,392             |
| Receivables  | 52,504             | 2,633,968           | (134,528)         | (5,819,438)         |
| Payables   | 32,046             | 1,232,111           | (27,855)          | (1,261,988)         |
| Cash (used in) / generated from operating activities                   | (114,731)          | (1,667,467)         | 952,630           | 43,403,658          |
| Interest received  | (3,332)            | (133,713)           | –                 | –                   |
| <b>Net Cash generated from operating activities</b>                    | <b>(111,399)</b>   | <b>(1,801,180)</b>  | <b>952,630</b>    | <b>43,403,658</b>   |
| Cash Flows from Investing Activities                                   |                    |                     |                   |                     |
| Proceeds from Sale of Vessel   | 2,398,369          | 96,246,548          | –                 | –                   |
| <b>Net Cash generated from investing activities</b>                    | <b>2,398,369</b>   | <b>96,246,548</b>   | <b>–</b>          | <b>–</b>            |
| Cash Flows from Financing Activities                                   |                    |                     |                   |                     |
| Dividends Paid   | (1,400,000)        | (56,182,000)        | (40,000)          | (1,799,700)         |
| Repayment of Loan from Holding Company                                 | (813,201)          | (35,325,451)        | (880,000)         | (40,203,009)        |
| Interest Paid  | (4,156)            | (166,780)           |                   |                     |
| Proceeds from Loan from Holding Company                                | –                  | –                   | –                 | –                   |
| Advance to Related Company   | –                  | (42,680)            | (1,854,019)       |                     |
| <b>Net Cash (used in) / generated from Financing Activities</b>        | <b>(2,217,357)</b> | <b>(91,674,231)</b> | <b>(962,680)</b>  | <b>(43,856,728)</b> |
| <b>(Decrease) / Increase in Cash and Cash Equivalents</b>              | <b>69,613</b>      | <b>2,771,137</b>    | <b>(10,050)</b>   | <b>(453,070)</b>    |
| <b>Cash and Cash Equivalents at the beginning of the Year / Period</b> | <b>3,255</b>       | <b>141,397</b>      | <b>13,305</b>     | <b>594,467</b>      |
| <b>Cash and Cash Equivalents at the end of the Year / Period</b>       | <b>72,868</b>      | <b>2,912,534</b>    | <b>3,255</b>      | <b>141,397</b>      |



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**FORBES STERLING STAR LIMITED**  
**(Incorporated in Vanuatu)**

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1. At the reporting date i.e Balancesheet date, are the following monetary assets are recorded at closing rate or amount likely to be realised, if restrction on remittance;
  - (a) Cash and Bank Balance
  - (b) Receivables
  - (c) Payables
2. At the reporting date i.e Balancesheet date, are the following non-monetary assets are recorded at the rates prevailing on transaction date;
  - (a) Investments
  - (b) Inventories
  - (c) Fixed Assets
  - (d) Depreciation
3. Is the foreign operations is a Subsidiary, Associate, Joint Venture or a branch of the reporting enterprise.  
A: Subsidiary
4. Check whether the foreign operations are integral operation or non – integral foreign operations

Def:

**Non Intergral Foreign Operations** are such where the activites of the foreign operations are carried out with a significant degree of autonomy, transactions with the reporting currency are not a high proportion of the foreign operations activities and financing of the foreign operations is mainly through its operations and borrowings.

5. **Sch. VI requirements:**

- (a) Provides that any increase or reduction in liability on account of an asset acquired from outside India in consequence of a change in the rate of exchange, the amount of such increase or decrease, should added to , or, as the case may be, deducted from the cost of the Fixed assets
- (b) Exchange difference arising on the settlement of monetary items or restatement of monetary items on each balancesheet date shall be recognised as expense or income in a period which they arise
- (c) *In translating the financial statements of a non-integral foreign operation for incorporation in its financial statements, the reporting enterprise should use the following procedures:*
  - (a) the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation should be translated at the closing rate;
  - (b) *income and expense items of the non-integral foreign operation should be translated at exchange rates at the dates of the transactions; and*
  - (c) all resulting exchange differences should be accumulated in a foreign currency translation reserve until the disposal of the net investment.

25. For practical reasons, a rate that approximates the actual exchange rates, for example an average rate for the period, is often used to translate income and expense items of a foreign operation.

26. The translation of the financial statements of a non-integral foreign operation results in the recognition of exchange differences arising from:

- (a) translating income and expense items at the exchange rates at the dates of transactions and assets and liabilities at the closing rate;
- (b) translating the opening net investment in the non-integral foreign operation at an exchange rate different from that at which it was previously reported; and
- (c) other changes to equity in the non-integral foreign operation.

These exchange differences are not recognised as income or expenses for the period because the changes in the exchange rates have little or no direct effect on the present and future cash flows from operations of either the non-integral foreign operation or the reporting enterprise. When a non-integral foreign operation is consolidated but is not wholly owned, accumulated exchange differences arising from translation and attributable to minority interests are allocated to, and reported as part of, the minority interest in the consolidated balance sheet.

**Notes**

Indian rupees is a reporting currency for the Forbes group. However, the local currencies of overseas subsidiaries are different from the reporting currency of the Forbes group. The translation of local currencies into Indian Rupees is performed for assets and liabilities (excluding Share Capital, opening reserves and surplus and fixed assets), using the exchange rate at the balance sheet date, for revenue, costs and expenses using weighted average exchange rate during the period. Share capital and opening reserves and surplus and fixed assets are carried at historical costs. Resultant currency translation exchange gain / loss is carried as translation reserve under reserves & surplus.

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# FORBES TECHNOSYS LIMITED

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(a wholly owned Subsidiary Company)

Annual Report and Accounts  
for the year ended 31<sup>st</sup> March, 2008

**DIRECTORS:**

Ashok Barat

*Chairman*

Rahul Jain

C.A. Karnik

A.T. Shah

**BANKERS:**

Union Bank of India

Industrial Development Bank of India Limited

**AUDITORS:**

U.V. Shah & Co.

**REGISTERED OFFICE:**

Forbes Building,

Charanjit Rai Marg,

Fort, Mumbai - 400 001.

**DIRECTORS' REPORT**

Your Directors submit their Report and the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2008.

**1. FINANCIAL RESULTS:**

|  | Current year<br>Rupees | <i>Previous year</i><br><i>Rupees</i> |
|--|------------------------|---------------------------------------|
| Profit / Loss before Tax                   | (440,47,676)           | (224,56,516)                          |
| Less: Provision for Taxation – Current Tax |                        |                                       |
| Fringe Benefit Tax                         | 2,61,029               | 1,43,300                              |
| Profit / Loss : After Tax                  | (443,08,705)           | (225,99,816)                          |
| Debit Balance brought forward              | (432,61,165)           | (206,61,349)                          |
| Loss carried to Balance Sheet              | <b>(875,69,870)</b>    | <b>(432,61,165)</b>                   |

**2. OPERATIONS:**

The Company posted a turnover of Rs.1.89 crores during the fiscal year as against Rs.3.22 crores in the previous year.

The reduction in turnover during the year ended 31<sup>st</sup> March, 2008 was on account of the following:

- (a) The Company exited from the Medical Transcription business from 1<sup>st</sup> July, 2007. This exited that had contributed Rs.1.54 crs. in the previous year.
- (b) RBI mandate for Cheque Truncation did not move to next location(s) due to delays in implementation of pilots in the NCR region. Consequently, no new business could be targeted and closed during the current year.

The loss after depreciation has increased due to payment of Licence Fees for the full year to the Licensor of the Software for Cheque Truncation System.

As the cheque truncation pilot got delayed, the Company negotiated and secured extension of license period upto 2011 as well as rights to resell in Asia Pacific and Africa.

The Company had secured a contract from BSNL for deployment of 1000 Bill collection kiosks across various locations all over the country. The execution and installation of these machines has been very slow due to lack of readiness at BSNL and issues related to quantum of Bank Guarantee to be furnished. A representation to reduce Bank Guarantee amounts has been made to BSNL.

The Company has chalked out a growth strategy including commencement of manufacturing of these Kiosks in the first quarter of FY 2008-09.

**3. DIRECTORATE:**

Mr. A.T. Shah, retires from the Board by rotation and is eligible for re-appointment. Your Directors commend his re-appointment as a Director of the Company.

**4. AUDITORS AND AUDIT REPORT:**

You are requested to appoint Auditors for the current year and to fix their remuneration. The retiring Auditors M/s. U. V. Shah & Co., Chartered Accountants, offer themselves for re-appointment as Auditors of the Company.

The Auditors have in their Report referred that accounts are prepared on a going concern. The management is of the view that inspite of total erosion of net worth, the company is diversifying in various alternative proposals to improve the business of the Company.

**5. COMPLIANCE AUDIT CERTIFICATE:**

Pursuant to Section 383A of the Companies Act, 1956, Secretarial Compliance Certificate from M/s. Sanjay Dholakia & Associates, is attached herewith.

**6. PARTICULARS REGARDING EMPLOYEES:**

The particulars of employees, as required under Section

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## FORBES TECHNOSYS LIMITED

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217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, are attached hereto and form part of this Report.

### 7. DIRECTOR'S RESPONSIBILITY STATEMENT:

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors based on the representations received from the Operating Management confirm –

- (a) that in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- (b) that they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the period;
- (c) that they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance

of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- (d) that they have prepared the annual accounts on a going concern basis.

### 8. INFORMATION REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

The required particulars are annexed hereto which forms a part of this Report.

For and on behalf of the Board of Directors

**ASHOK BARAT**

*Chairman*

Dated : 20th June, 2008

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### STATEMENT UNDER SECTION 217(2-A) READ WITH THE COMPANIES

(PARTICULARS OF EMPLOYEES) RULES AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2008.

Details as required u/s 217 (2A): Part (B)

Particulars of employees employed for part of the year who were in receipt of remuneration at the rate not less than Rs.2,00,000/- per month :

| Name, Age, Qualification                  | Designation, Nature of Duties, Commencement of Employment and Experience ( Years) | Gross Amount Paid 31/03/08 | Particulars of Last Employment.   |
|---|---|----------------------------|---|
| Mr Ajay Singh (49 yrs)<br>MSC, PGDCS, DIM | VP-CEO<br>11 <sup>th</sup> December 2007<br>29 years                              | Rs.12,72,345               | Director Product Management and Head of Sales APAC<br>Vistaar Technologies Inc. |

### NOTES :

1. Remuneration as shown above include Salary, House Rent Allowance, Other Allowances, Company's contribution to Provident Fund, Superannuation Fund and Taxable Perquisites, Leave Travel Concession, Medical Reimbursement, etc. as applicable.
2. None of the above employees are related to any of the Directors of the Company.
3. There was no employee employed either throughout the financial year or part thereof who was in respect of remuneration which in the aggregate or as the case may be at a rate which in the aggregate was in excess of that drawn by the Managing Director and who held by himself or along with his spouse or dependent children two percent of the Equity Shares of the Company.

**ANNEXURE TO THE DIRECTORS' REPORT**

Information required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

**A. Conservation of Energy:**

The Company's operations involve low energy consumption. Wherever possible, energy conservation measures have already been implemented and there are no major areas where further energy conservation measures can be taken. However, efforts to conserve and optimise the use of energy through operational methods will continue.

**B. Forms for Disclosure of Particulars with respect to Absorption:****FORM – B****Research & Development (R & D)**

|  |   |
|--|---|
| 1. Specific areas in which R&D carried out by the Company  | — |
| 2. Benefits derived as result of the above R&D             | — |
| 3. Future Plan of action                                   | — |
| 4. Expenditure on R&D                                      |   |
| (a) Capital  | — |
| (b) Recurring  | — |
| (c) Total  | — |
| (d) Total R&D expenditure as percentage of total turnover. | — |

**Technology Absorption, Adaptation and Innovation:**

|  |      |
|--|------|
| 1. Efforts in brief, made towards technology absorption Adaptation and Innovation.   | NIL  |
| 2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution , etc.                 | N.A. |
| 3. In case of imported technology (imported during last five years reckoned from the beginning of the Financial Year), following information may be furnished: |      |
| (a) Technology imported  | —    |
| (b) Year of Import   | —    |
| (c) Has technology been fully absorbed?  | —    |
| (d) If not fully absorbed areas where this has not taken place, reasons therefore and future plans of action.  | —    |

**C. Foreign Exchange Earnings and Outgo:**

|  |                |
|--|----------------|
| 1. Activities relating to exports; initiatives taken to increase exports; markets for products and services; and export plans. | N I L          |
| 2. Total Foreign Exchange used and earned.   |                |
| Earned   | Rs.NIL         |
| Used   | Rs.93,35,719/- |

**FORM [SEE RULE 3]  
COMPLIANCE CERTIFICATE**

To  
The Board of Directors,  
Forbes Technosys Limited

We have examined the registers, records, books and papers of Forbes Technosys Limited (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31<sup>st</sup> March, 2008. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made thereunder and all entries therein have been duly recorded.
2. The company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies or other authorities within the time prescribed under the Act and the rules made thereunder.
3. The company is a public limited company, the restriction clauses as provided in section 3(1)(iii) of the Companies Act, 1956, is not applicable.
4. The Board of Directors duly met 4 times on 29<sup>th</sup> June, 2007, 7<sup>th</sup> August, 2007, 31<sup>st</sup> December, 2007 and 27<sup>th</sup> March, 2008 and Circular Resolutions Dt. 24<sup>th</sup> September, 2007, 24<sup>th</sup> October, 2007 and 10<sup>th</sup> December, 2007 were passed and in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed.
5. The company was not required to close its Register of Members during the financial year.
6. The annual general meeting for the financial year ended on 31<sup>st</sup> March, 2007 was held on 31<sup>st</sup> August, 2007 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. One Extra Ordinary General Meeting was held on 31<sup>st</sup> December, 2007 during the financial year after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
8. The company has not advanced any loans to its directors and/or persons or firms or companies referred in the section 295 of the Act.
9. The company has not entered into any contracts falling within the purview of section 297 of the Act.
10. The company has made necessary entries in the Register maintained under section 301 of the Act.
11. As there were no instances falling within the purview of section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, Members or Central Government, as the case may be.
12. The company has not issued any duplicate share certificates during the financial year.
13. The Company has:
  - (i) not made any transfer/transmission of securities during the financial year. However the Company has allotted 32,00,000 Equity Shares during the financial year.
  - (ii) not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
  - (iii) not posted warrants to any member of the company as no dividend was declared during the financial year.
  - (iv) no unpaid dividend, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid and as are required to be transferred to Investor Education and Protection Fund.
  - (v) duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the company is duly constituted. There was one Resignation of Director during the financial year. There was regularization of appointment of two Additional Directors during the year.
15. The company has not appointed any manager/whole-time director / managing director during the financial year.
16. The company has not appointed any sole-selling agents during the financial year.
17. The company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar or such other applicable authorities as may be prescribed in the Act during the year under review.

18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The company has not issued any debentures during the financial year. The Company has allotted and issued 32,00,000 Equity Shares during the year.
20. The company has not bought back any shares during the financial year.
21. There was no redemption of preference shares or debentures during the financial year.
22. There were no transaction necessitating the company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The company has not invited/accepted any deposits as per the provisions of section 58A read with companies (Acceptance of Deposits) Rules, 1975 during the financial year.
24. The company has not made any borrowings during the financial year.
25. The company has not made any loans, investments, or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the Register kept for the purpose.
26. The company has not altered the provisions of the memorandum with respect to situation of the company's registered office from one state to another during the year under scrutiny.
27. The company has not altered the provisions of the memorandum with respect to the objects of the company during the year under scrutiny.
28. The company has not altered the provisions of the memorandum with respect to name of the company during the year under scrutiny.
29. The company has altered the provisions of the memorandum with respect to share capital of the company during the year under scrutiny.
30. The company has altered its articles of association with respect to share capital of the company during the financial year.
31. There was no prosecution initiated against or show cause notices received by the company during the financial year for offences under the Act.
32. The company has not received any money as security from its employees during the financial year under certification as per provisions of section 417(1) of the Act.
33. The company has deposited both employer's and employee's contribution towards Provident Fund within the meaning of section 418 of the Companies Act, 1956, during the financial year.

For **SANJAY DHOLAKIA & ASSOCIATES**

**SANJAY R. DHOLAKIA**

*Practising Company Secretary*

*Proprietor*

C.P. No. 1798

Place : Mumbai  
Date : 20th June, 2008

#### **ANNEXURE – A**

##### **Registers as maintained by the Company**

1. Register of Members under section 150.
2. Register of Transfers
3. Register of Directors, Managing Director, Manager and Secretaries under section 303.
4. Register of Contracts with the Companies and firms in which directors are directly or indirectly interested under section 301.
5. Register of Director's Shareholding under section 307.
6. Minutes of the Annual General Meeting / Extra Ordinary General Meeting and Board Meeting under section 193.
7. Register of intercorporate loans and investments.



**ANNEXURE – B****Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending on 31<sup>st</sup> March, 2008.**

1. Form 23AC for Balance Sheet as at 31/3/2007 and Form 23ACA for Profit & Loss Account for the year ended 31<sup>st</sup> March, 2007 filed with the Registrar of Companies, Maharashtra on 14<sup>th</sup> September, 2007.
2. Form 66 for Compliance Certificate for the year ended 31<sup>st</sup> March, 2007, as required u/s. 383A of the Companies Act, 1956, was filed with the Registrar of Companies, Maharashtra on 14<sup>th</sup> September, 2007.
3. Form 20B for Annual Return made up to 31<sup>st</sup> August, 2007, filed with the Registrar of Companies, Maharashtra on 19<sup>th</sup> September, 2007.
4. Form No. 5 and Form No. 23 in respect of Increase in Authorised share capital from Rs.7.00 Crores to Rs.10.00 Crores passed at the Extra Ordinary General Meeting held on 31<sup>st</sup> December, 2007 were filed with the Registrar of Companies, Maharashtra on 29<sup>th</sup> January, 2008.
5. Form No. 2 in respect of allotment of 32,00,000 Equity Shares made on 24<sup>th</sup> October, 2007 was filed with the Registrar of Companies, Maharashtra on 16<sup>th</sup> November, 2007.
6. Form 32 in respect of resignation of Mr. K C Mehra as Director w e f 31<sup>st</sup> July, 2007 was filed with the Registrar of Companies, Maharashtra on 31<sup>st</sup> August, 2007.
7. Form 32 in respect of regularization of appointment of Two Directors at the Annual General Meeting held on 31<sup>st</sup> August, 2007 was filed with the Registrar of Companies, Maharashtra on 19<sup>th</sup> September, 2007.
8. Form 23 in respect of resolution passed at the Annual General Meeting held on 31<sup>st</sup> August, 2007 was filed with the Registrar of Companies, Maharashtra on 14<sup>th</sup> September, 2007.

For **SANJAY DHOLAKIA & ASSOCIATES**

Place : Mumbai  
Date : 20th June, 2008

**SANJAY R. DHOLAKIA**  
*Practising Company Secretary*  
*Proprietor*  
C.P. No. 1798

**AUDITORS' REPORT TO THE MEMBERS OF FORBES TECHNOSYS LIMITED (FORMERLY KNOWN AS: WANDEL & GOLTERMAN & FORBES LIMITED) ON THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2008.**

1. We have audited the attached Balance Sheet of FORBES TECHNOSYS LIMITED (FORMERLY KNOWN AS: WANDEL & GOLTERMAN & FORBES LIMITED) as at 31st March, 2008 and also the Profit & Loss Account for year ended on the date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express the opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 as amended by the Companies (Auditors' Report) (Amendment) Order, 2004, (together the 'Order') issued by the Central Government of India in terms of Section 227(4A) of the Companies Act 1956, and on the basis of such checks of the books and the records of the company and according to information and explanations given to us, we enclose in the annexure a statement on the matter as specified in paragraph 4 & 5 of the said order, to the extent applicable to the company.
4. *The accounts have been prepared on a going concern basis having regard to the representation made by the company in this behalf, referred to in Note 2 on Schedule 11. We are unable to express an opinion in the matter.*
5. Subject to the matter referred in paragraph 4 above Further to our comments in the annexure referred to in paragraph 2 above, we report that:
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
  - (iii) The Balance Sheet and Profit and Loss Account referred to in this report are in agreement with the books of account.
  - (iv) In our opinion, the Balance Sheet and Profit & Loss Account comply with the accounting standards referred to in sub section (3C) of section 211 of the Companies Act, 1956.
  - (v) On the basis of information and explanation received by us, none of the directors are, prima facie, as at 31<sup>st</sup> March, 2008 disqualified from being appointed as directors of the company under clause (g) of sub section (I) of Section 274 of the Companies Act, 1956.
  - (vi) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts, including the Balance Sheet, Profit & Loss Account, dealt with by this Report read with the notes thereon and documents annexed thereto, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India in the case of:
    - (i) In the case of **Balance Sheet**, of the state of affairs of the Company as at 31st March, 2008 and
    - (ii) In the case of **Profit and Loss Account**, of the Loss of the Company for the year ended on that date.
    - (iii) In the case of the **Cash Flow Statement**, of the cash flows of the Company for the year ended on that date.

For **U.V. SHAH & CO.**  
*Chartered Accountants*

**(UDAY V. SHAH)**  
*Proprietor*

Membership No. 35626

Dated: 20th June, 2008

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# FORBES TECHNOSYS LIMITED

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## ANNEXURE TO THE AUDITOR'S REPORT TO THE MEMBERS OF FORBES TECHNOSYS LIMITED (FORMERLY KNOWN AS: WANDEL & GOLTERMANN & FORBES LIMITED) FOR THE PERIOD ENDED 31ST MARCH, 2008.

(Referred to in paragraph 3 of our report of even date)

### i) Fixed Assets

- (a) According to the information & explanation given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, all the assets have been physically verified by the management in accordance with a programme of verification which in our opinion is reasonable having regard to the size of the company and the nature of its assets. As informed and record produced by us for our verification, discrepancies noticed were not, in our opinion, material however the same have been properly dealt with in the books of account.

### ii) Inventory

- (a) The physical verification of inventory has been conducted at reasonable intervals by the management;
- (b) The procedure of physical verification of inventory followed by the management is reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and discrepancies noticed on physical verification have been dealt with in the books of account.

### iii) Loans taken / granted

- (a) The company has not granted any loans, secured or unsecured, from Companies, firms or other parties listed in the register maintained under section of the Companies Act, 1956.
- (b) In our opinion, the rate of interest and other terms and conditions of loans given or taken by the company, secured or unsecured, are prima facie not prejudicial to the interests of the company or its members;
- (c) The parties to whom the loan has been given making payment of the principal and interest amount as stipulated.
- (d) There is no overdue amount of loans taken or granted to Companies, Firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (e) The company has taken loans, secured or unsecured, from Companies, Firms or other parties listed in the register maintained under section of the Companies Act, 1956. The details of which are mentioned here below:

| Sr. No. | Name of Related Parties      | Maximum amount due at any time during the year.<br>Amount (Rs) | Balance due as at the end of the financial year.<br>Amount (Rs) |
|---------|------------------------------|--|---|
| 1       | Forbes & Company Ltd         | 11,75,00,000   | 8,50,00,000   |
| 2       | Forbes Finances Ltd          | 40,00,000  | 40,00,000   |
| 3       | Shapoorji Pallonji & Company | 2,00,00,000  | 2,00,00,000   |

- (f) In our opinion, the rate of interest and other terms and conditions of loans taken by the company, secured or unsecured, are prima facie not prejudicial to the interests of the company or its members.
- (g) The company is regular in making the payment of the principal and interest amount as stipulated from whom the loans have been taken.

### iv) Internal Control

In our opinion and according to the information and explanations given to us, having regard to the items purchased are of special nature and suitable alternative source do not exist for obtaining comparative quotations and looking to the size of the companies operations, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for purchase of Inventory, fixed assets and sale of goods and services.

**v) Section 301**

In respect of transactions entered in register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanation given to us,

- a) The transactions that needed to be entered in the Register have been so entered.
- b) Where each of such transactions in excess of Rs 5 Lakhs in respect of any party, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market price at the relevant time except in respect of transactions of services which are of special nature where, owing to their nature, comparable quotations are not available.

**vi) Deposit from Public**

The company has not accepted any deposits from the public to which the provisions of sections 58A of the Companies Act, 1956 or any other relevant provisions of the act and the rules framed there under would apply.

**vii) Internal Audit**

*The company does not have an internal audit system commensurate with the size and nature of its business. As explained to us the company is in the process of establishing internal audit department.*

**viii) Cost Records**

As explained to us, the maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Act.

**ix) Payment of Statutory Dues**

- (a) According to the information & explanation's given to us, the company is regular in depositing the undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other material statutory dues applicable to it
- (b) According to the information and explanation given to us, no undisputed amount payable in respect of Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess, etc payable to appropriate authorities were outstanding as at 31<sup>st</sup> March, 2008 for a period of more than six months from the date they became payable.

**x) Accumulated Losses / Cash Losses**

The Company has accumulated losses at the end of the financial year; which are more than fifty percent of its net worth. The Company has incurred operating cash losses during the financial period; and also in the immediately preceding financial year.

**xi) Default in repayment of Dues**

The Company has not defaulted in repayment of dues to any financial Institution or Bank or Debenture Holders.

**xii) Grant of Secured Loans and Advances**

The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

**xiii) Special Statue- Chit Fund Companies, Nidhis / Mutual Benefit Fund / Societies**

Not applicable to this company

**xiv) Company dealing or Trading in Shares, Securities Etc.,**

Not applicable to this company.

**xv) Provision of Guarantee**

According to the information and explanations given to us, The Company has not given any guarantee for loans taken by others from Banks or financial Institutions.

**xvi) Term Loans**

According to the information and explanations given to us, The Company has not raised any term loan under review and hence question of its application of the clause does not arise.

**xvii) Usage of Funds**

According to the information and explanations given to us and on overall examination of the balance sheet of the company, there are no funds raised on short term basis, which have been used for long term investment except for funding of the losses during the year.

**xviii) Preferential Allotments**

During the year under audit, the company has made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956. In our opinion each of the transactions has been made at prices; which are not prejudicial to the interest of the company.

**xix) Creation of security or charge for Debenture Issue**

In our opinion and according to the information and explanations given to us, the Company has not issued any debentures during the period covered by our report. Accordingly, the provisions of clause 4(xix) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.

**xx) Disclosure of end use of Fund**

During the year, the company has not raised money by public issue and hence the question of disclosure and verification of end use if such monies does not arise.

**xxi) Frauds**

To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For **U.V. SHAH & CO.**  
*Chartered Accountants*

**(UDAY V. SHAH)**  
*Proprietor*  
Membership .No 35626

Dated: 20th June, 2008

## BALANCE SHEET AS AT 31ST MARCH, 2008

|  | Schedule | Rupees     | As at<br>31-Mar-08<br>Rupees | As at<br>31-Mar-07<br>Rupees |
|--|----------|------------|------------------------------|------------------------------|
| <b>FUNDS EMPLOYED:</b>   |          |            |                              |                              |
| Share Capital  | 1        |            | 45,000,000                   | 13,000,000                   |
| Unsecured Loans  | 2        |            | 109,000,000                  | 81,000,000                   |
| Total Funds Employed   |          |            | 154,000,000                  | 94,000,000                   |
| <b>APPLICATION OF FUNDS:</b>   |          |            |                              |                              |
| Fixed Assets   | 3        |            |                              |                              |
| (a) Gross Block  |          | 55,460,814 |                              | 43,255,632                   |
| (b) Less: Total Depreciation   |          | 19,340,345 |                              | 10,466,556                   |
| (c) Net Block  |          | 36,120,469 |                              | 32,789,076                   |
| (d) Capital work-in-progress including<br>Advances for capital expenditure |          | 5,185,134  |                              | –                            |
|  |          |            | 41,305,603                   | 32,789,076                   |
| <b>Investments</b>   |          |            |                              |                              |
| Fixed Deposit - UBI  |          | 95,000     | –                            |                              |
| <b>Current Assets, Loans &amp; Advances</b>                                |          |            |                              |                              |
| (a) Stock-in-Trade   | 4        | 11,983,801 |                              | 11,664,795                   |
| (b) Sundry Debtors   |          | 9,732,252  |                              | 13,852,651                   |
| (c) Cash and Bank Balances   |          | 1,416,503  |                              | 2,001,270                    |
| (d) Loans and advances   |          | 8,658,053  |                              | 5,664,587                    |
|  |          | 31,790,610 |                              | 33,183,302                   |
| <b>Less: Current liabilities &amp; provisions</b>                          |          |            |                              |                              |
| (a) Liabilities  | 5        | 5,796,772  |                              | 14,269,233                   |
| (b) Provision  |          | 964,310    |                              | 964,310                      |
|  |          | 6,761,082  |                              | 15,233,543                   |
| <b>Net Current assets</b>  |          |            | 25,029,528                   | 17,949,759                   |
| Profit and loss account Debit Balance                                      |          |            | 87,569,869                   | 43,261,165                   |
| Total Assets (Net)   |          |            | 154,000,000                  | 94,000,000                   |

## NOTES TO THE ACCOUNTS (per Schedule "11")

As per our report of even date attached.

For **U.V. SHAH & CO**  
Chartered Accountants

ASHOK BARAT

Chairman

**UDAY V. SHAH**  
Proprietor

RAHUL JAIN

(Membership No. 35626)

C.A. KARNIK

Mumbai, Dated : 20th June, 2008

A.T. SHAH

Directors

# FORBES TECHNOSYS LIMITED

## PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH, 2008

|  | Schedule | As at<br>31-Mar-08<br>Rupees | As at<br>31-Mar-07<br>Rupees |
|--|----------|------------------------------|------------------------------|
| <b>1. INCOME</b>                                 |          |                              |                              |
| Sales - Solutions                                |          | 16,572,356                   | 16,777,063                   |
| Services rendered & other Income                 | 6        | 2,318,878                    | 15,431,551                   |
|  |          | <u>18,891,234</u>            | <u>32,208,614</u>            |
| <b>2. EXPENDITURE</b>                            |          |                              |                              |
| Purchase of Services & Traded goods              | 7        | 13,559,793                   | 10,362,155                   |
| Staff costs                                      | 8        | 15,099,175                   | 16,283,987                   |
| Administrative & General Expenses                | 9        | 16,773,884                   | 13,517,387                   |
| Finance Charges                                  | 10       | 9,069,672                    | 4,068,439                    |
|  |          | <u>54,502,524</u>            | <u>44,231,968</u>            |
| <b>3. PROFIT BEFORE PRIOR PERIOD ITEMS</b>       |          |                              |                              |
| Add: Prior Period adjustment                     |          | 457,582                      | -                            |
| <b>PROFIT BEFORE DEPRECIATION AND TAX</b>        |          | (35,153,709)                 | (12,023,354)                 |
| <b>4. DEPRECIATION</b>                           |          | 8,893,967                    | 10,433,161                   |
| <b>5. PROFIT BEFORE TAX</b>                      |          | (44,047,676)                 | (22,456,515)                 |
| <b>6. Less: PROVISION FOR TAXATION</b>           |          |                              |                              |
| Current tax                                      |          | -                            | -                            |
| Fringe Benefit Tax                               |          | 261,029                      | 143,300                      |
| Deferred Tax                                     |          | -                            | -                            |
|  |          | <u>261,029</u>               | <u>143,300</u>               |
| <b>7. PROFIT AFTER TAX</b>                       |          | (44,308,705)                 | (22,599,815)                 |
| <b>8. BALANCE BROUGHT FORWARD FROM LAST YEAR</b> |          | (43,261,165)                 | (20,661,350)                 |
| <b>AMOUNT AVAILABLE FOR APPROPRIATION</b>        |          | (87,569,870)                 | (43,261,165)                 |
| Less: APPROPRIATIONS                             |          | -                            | -                            |
| <b>9. BALANCE CARRIED TO BALANCE SHEET</b>       |          | <u>(87,569,870)</u>          | <u>(43,261,165)</u>          |

NOTES TO THE ACCOUNTS (per Schedule "11")

As per our report of even date attached.

For **U.V. SHAH & CO**  
Chartered Accountants

ASHOK BARAT

Chairman

**UDAY V. SHAH**  
Proprietor

RAHUL JAIN

C.A. KARNIK

Directors

(Membership No. 35626)

A.T. SHAH

Mumbai, Dated : 20th June, 2008

## SCHEDULES "1" TO "11" ANNEXED TO &amp; FORMING PART OF THE ACCOUNTS

|  | Year ended<br>31-Mar-08<br>Rupees | Year ended<br>31-Mar-07<br>Rupees |
|--|-----------------------------------|-----------------------------------|
| <b>SCHEDULE '1' – SHARE CAPITAL</b>  |                                   |                                   |
| <b>Authorised</b>  |                                   |                                   |
| 100,00,000 Equity Shares (P.Y. 7,000,000) of Rs.10 each                              | 100,000,000                       | 70,000,000                        |
| <b>Issued and Subscribed</b>   |                                   |                                   |
| Fully paid up Shares   |                                   |                                   |
| 40,00,000 (P.Y. 8,00,000) Equity Shares of Rs.10 each fully paid up                  | 40,000,000                        | 8,000,000                         |
| <b>Partly paid up shares</b>   |                                   |                                   |
| 20,00,000 (P.Y. 20,00,000) Equity Shares of Rs 10 each                               |                                   |                                   |
| Rs 2.50 per share paid up on call  | 5,000,000                         | 5,000,000                         |
| Of the above shares,   |                                   |                                   |
| (a) 13,92,000 shares at Rs.10 each are held by Forbes & Co. Ltd                      |                                   |                                   |
| (b) 6,07,980 shares at Rs.10 each are held by Forbes Finance Ltd                     |                                   |                                   |
| (c) 20,00,000 shares at Rs.10 each are held by Shapoorji Pallonji & Co. Ltd          |                                   |                                   |
| (d) 20 shares are held jointly with Forbes & Co. Ltd by nominees of Forbes & Co. Ltd | 45,000,000                        | 13,000,000                        |

## SCHEDULE '2' – UNSECURED LOAN

|                                      |             |            |
|--------------------------------------|-------------|------------|
| Forbes Finance Ltd.                  | 4,000,000   | 4,000,000  |
| Forbes & Co. Ltd.                    | 85,000,000  | 77,000,000 |
| Shapoorji Pallonji & Company Limited | 20,000,000  | –          |
|                                      | 109,000,000 | 81,000,000 |

(All shares are held by Forbes & Co Ltd., Forbes Finance Ltd and Eureka Forbes Ltd and also by Shapoorji Pallonji & Co., which are subsidiary Companies of Sterling Investment Corporation Pvt. Ltd. The ultimate holding Company is Shapoorji Pallonji & Co. Ltd.)

## SCHEDULE '3' – FIXED ASSETS

(Amount in Rupees)

| Description                                      | GROSS BLOCK         |            |                            |                     | DEPRECIATION BLOCK  |                 |                                  |                     | NET BLOCK                 |                           |
|--|---------------------|------------|----------------------------|---------------------|---------------------|-----------------|----------------------------------|---------------------|---------------------------|---------------------------|
|  | As at<br>01.04.2007 | Additions  | Deductions/<br>Adjustments | As at<br>31.03.2008 | Up to<br>31.03.2007 | For the<br>year | On<br>Deductions/<br>Adjustments | Up to<br>31.03.2008 | Value as at<br>31.03.2008 | Value as at<br>31.03.2007 |
| <b>Tangible Assets</b>                           |                     |            |                            |                     |                     |                 |                                  |                     |                           |                           |
| Furniture and fittings                           | 15,545              | –          | –                          | 15,545              | 10,755              | 984             | –                                | 11,739              | 3,806                     | 4,790                     |
| Data Processing Equip.                           | 467,404             | 5,545,390  | 200,000                    | 5,812,794           | 64,420              | 384,443         | 11,014                           | 437,849             | 5,374,946                 | 402,984                   |
| Vehicle  | 43,819              | 186,099    | 43,819                     | 186,099             | 7,082               | 15,366          | 9,164                            | 13,284              | 172,815                   | 36,737                    |
| Office Equipment                                 | 1,228,017           | 4,380      | 13,950                     | 1,218,447           | 9,087               | 57,712          | –                                | 66,799              | 1,151,648                 | 1,218,930                 |
| <b>Intangible Assets</b>                         |                     |            |                            |                     |                     |                 |                                  |                     |                           |                           |
| * Intellectual Property /<br>Distribution Rights | 41,500,847          | 4,131,082  | –                          | 45,631,929          | 10,375,212          | 8,295,698       | –                                | 18,670,910          | 26,961,019                | 31,125,635                |
| # Bill Payment and<br>Cheque Deposit<br>Software | –                   | 2,002,000  | –                          | 2,002,000           | –                   | –               | –                                | –                   | 2,002,000                 | –                         |
| CTS – Module License<br>DOL & DOS                | –                   | 594,000    | –                          | 594,000             | –                   | 139,765         | –                                | 139,765             | 454,235                   | –                         |
| Total  | 43,255,632          | 12,462,951 | 257,769                    | 55,460,814          | 10,466,556          | 8,893,967       | 20,178                           | 19,340,345          | 36,120,469                | 32,789,076                |
| Previous Year                                    | 266,170             | 42,989,462 | –                          | 43,255,632          | 33,395              | 10,433,161      | –                                | 10,466,556          | 32,789,076                | 232,775                   |

\* As per Accounting Standard Bill Payment and Cheque Deposit Software is not amortised, since it is not ready to use

# As per Accounting Standard amortisation amount of Intellectual Property / Distribution Rights is restated due to change in its estimated useful life



# FORBES TECHNOSYS LIMITED

## SCHEDULES “1” TO “11” ANNEXED TO & FORMING PART OF THE ACCOUNTS

|  | Rupees     | Year ended<br>31-Mar-08<br>Rupees | Year ended<br>31-Mar-07<br>Rupees |
|--|------------|-----------------------------------|-----------------------------------|
| <b>SCHEDULE ‘4’ – CURRENT ASSETS, LOANS AND ADVANCES</b>                             |            |                                   |                                   |
| <b>Inventories</b>   |            |                                   |                                   |
| (as taken, valued and certified by the Management)                                   |            | 11,983,801                        | 11,664,795                        |
| <b>Sundry Debtors</b>  |            |                                   |                                   |
| (i) Debts Outstanding for a period exceeding six months:                             |            |                                   |                                   |
| (a) Unsecured, Considered Good and subject to confirmations)                         | 6,745,367  |                                   | –                                 |
| (b) Unsecured, Considered Doubtful   | 706,919    |                                   | 428,063                           |
| (ii) Other Debts   | 2,986,885  |                                   | 13,424,588                        |
|  | 10,439,171 |                                   | 13,852,651                        |
| Less: Provision for Doubtful Debts   | 706,919    |                                   | –                                 |
|  |            | 9,732,252                         | 13,852,651                        |
| <b>Cash and Bank Balances</b>  |            |                                   |                                   |
| Cash on hand   | 63,028     |                                   | 119,700                           |
| Balance with Scheduled Banks in Current Account                                      | 1,353,474  |                                   | 1,881,569                         |
|  |            | 1,416,503                         | 2,001,270                         |
| <b>Loans and Advances</b>  |            |                                   |                                   |
| (Unsecured, Considered Good and subject to confirmations)                            |            |                                   |                                   |
| Advances recoverable in cash or in kind or for value to be received                  | 4,691,877  |                                   | 4,107,851                         |
| Advances to Suppliers  | 3,853,610  |                                   | 1,474,273                         |
| Taxes paid less provisions including Fringe Benefit Tax<br>(other than deferred tax) | 86,812     |                                   | 133,927                           |
| Balance with Central excise  | –          |                                   | 5,922                             |
| VAT Refund   | 25,754     |                                   | (57,386)                          |
|  |            | 8,658,053                         | 5,664,587                         |
|  |            | 31,790,610                        | 33,183,302                        |
| <b>SCHEDULE ‘5’ – CURRENT LIABILITIES AND PROVISIONS</b>                             |            |                                   |                                   |
| <b>Current Liabilities</b>   |            |                                   |                                   |
| Sundry Creditors   | 3,521,720  |                                   | 9,722,652                         |
| Advances received from Customers   | 417,514    |                                   | 507,939                           |
| FBT Payable  | 56,029     |                                   | –                                 |
| Other Liabilities  | 1,801,509  |                                   | 4,038,642                         |
|  |            | 5,796,772                         | 14,269,233                        |
| <b>Provisions</b>  |            |                                   |                                   |
| Provision for taxation   |            | 964,310                           | 964,310                           |
|  |            | 6,761,082                         | 15,233,543                        |
| <b>SCHEDULE ‘6’ – SERVICES RENDERED &amp; OTHER INCOME</b>                           |            |                                   |                                   |
| Services Rendered  |            | 2,271,962                         | 15,431,551                        |
| Income from Services rendered  |            | 26,763                            | –                                 |
| Interest on Staff Loan   |            | 8,656                             | –                                 |
| Profit on Sale of Fixed Assets   |            | 11,497                            | –                                 |
|  |            | 2,318,878                         | 15,431,551                        |

**SCHEDULES “1” TO “11” ANNEXED TO & FORMING PART OF THE ACCOUNTS**

|   | Rupees     | Year ended<br>31-Mar-08<br>Rupees | Year ended<br>31-Mar-07<br>Rupees |
|---|------------|-----------------------------------|-----------------------------------|
| <b>SCHEDULE ‘7’ – PURCHASE OF SERVICES &amp; TRADED GOODS</b> |            |                                   |                                   |
| Opening Stock   | 11,664,795 |                                   | –                                 |
| Less: Capitalised during the year                             | 3,806,576  |                                   | –                                 |
|   |            | 7,858,219                         | –                                 |
| Purchases   |            |                                   |                                   |
| Local   | 12,550,892 |                                   | 21,115,466                        |
| Import Purchase   | 2,692,756  | 15,243,648                        | 911,484                           |
|   |            | 23,101,867                        | 22,026,950                        |
| Less: Closing Stock   |            | 11,983,801                        | 11,664,795                        |
|   |            | 11,118,066                        | 10,362,155                        |
| Add: Service Charges  |            | 2,441,727                         | –                                 |
|   |            | 13,559,793                        | 10,362,155                        |

**SCHEDULE ‘8’ – STAFF COST:**

|                                |  |            |            |
|--------------------------------|--|------------|------------|
| Salaries                       |  | 14,174,450 | 15,218,500 |
| Medical reimbursement          |  | 125,415    | 87,046     |
| Refreshment expenses           |  | 117,181    | 243,134    |
| Job Related Exp.               |  | 54,316     | –          |
| Staff Welfare                  |  | 20,508     | 89,870     |
| Cos Contribution to P.F.       |  | 388,957    | 522,718    |
| Training, Seminar & Other Exp. |  | 218,348    | 122,719    |
|                                |  | 15,099,175 | 16,283,987 |

**SCHEDULES ‘9’ – ADMINISTRATIVE & GENERAL EXPENSES**

|                                       |         |           |           |
|---------------------------------------|---------|-----------|-----------|
| Rent                                  |         | 3,033     | 47,425    |
| Electricity Charges                   |         | 383,002   | 1,636,842 |
| Auditor’s remuneration                |         |           |           |
| Audit Fees                            | 12,000  |           | 12,000    |
| Tax Audit Fees                        | 5,000   |           | 5,000     |
| Service tax thereon                   | –       |           | –         |
| For other matters                     | 107,259 |           | 5,000     |
|                                       |         | 124,259   | 22,000    |
| Legal and Prof. Fees                  |         | 1,223,332 | 1,436,662 |
| Loss on Foreign Exchange fluctuations |         | (214,736) | 343,061   |
| ROC filing fees                       |         | 288,000   | 289,242   |
| Telephone Expenses                    |         | 754,149   | 592,755   |
| Motor car Running Expenses            |         | 517,440   | 437,161   |
| Security Charges                      |         | –         | 268,060   |
| Postage & Stamp Expenses              |         | 169,275   | 112,062   |
| Lease Line Expenses                   |         | 304,339   | 467,667   |
| Printing & Stationery                 |         | 172,112   | 131,927   |

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# FORBES TECHNOSYS LIMITED

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## SCHEDULES “1” TO “11” ANNEXED TO & FORMING PART OF THE ACCOUNTS

|   | Year ended<br>31-Mar-08<br>Rupees | Year ended<br>31-Mar-07<br>Rupees |
|---|-----------------------------------|-----------------------------------|
| <b>SCHEDULES ‘9’ – ADMINISTRATIVE &amp; GENERAL EXPENSES (Contd.)</b> |                                   |                                   |
| Profession Tax  | 2,500                             | 2,500                             |
| Travel and conveyance   | 3,292,158                         | 2,632,753                         |
| Entertainment   | 2,970                             | 12,333                            |
| Advertisements & Selling exps   | 423,432                           | 275,811                           |
| Freight & Octroi Charges  | 574,218                           | 410,662                           |
| Business Development expenses   | 1,062,271                         | 1,731,368                         |
| Annual Maintenance & Service Charges                                  | 5,202,965                         | 1,535,105                         |
| Amount W/Off  | 38,398                            | –                                 |
| Provision for Doubtful Debts  | 706,919                           | –                                 |
| Research and Development Expenses                                     | 82,857                            | –                                 |
| Other expenses  | 1,660,992                         | 1,131,991                         |
|   | <u>16,773,884</u>                 | <u>13,517,387</u>                 |

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## SCHEDULES ‘10’ – FINANCE CHARGES

|                         |                  |                  |
|-------------------------|------------------|------------------|
| Bank Charges & Interest | 202,848          | 416,324          |
| Interest on Loan        | 8,866,824        | 3,652,115        |
|                         | <u>9,069,672</u> | <u>4,068,439</u> |

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## SCHEDULE ‘11’ – NOTES TO THE ACCOUNTS

### 1. Significant Accounting Policies

#### (a) Basis of Accounting

The Financial Statements are prepared under historical cost convention, on accrual basis, and are in accordance with the requirements of the Companies Act, 1956, and comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the said Act.

#### (b) Fixed Assets and Depreciation / Amortisation

Tangible Fixed Assets and Depreciation

Fixed assets are stated at cost less accumulated depreciation.

The Company capitalises all costs relating to the acquisition and installation for tangible Fixed Assets. The acquisition value includes the purchase price (Excluding refundable taxes if any) and expenses directly attributable to the asset to bring the assets to its working condition for its intended use.

#### Depreciation

Depreciation is provided pro-rata to the period of use on the straight line method, at the following rates stipulated in Schedule XIV to the Companies Act, 1956 except for Intangible Asset - Intellectual Property / Distribution Rights and software.

|                           |        |
|---------------------------|--------|
| Data processing equipment | 16.21% |
| Office equipment          | 4.75%  |
| Furniture and Fixtures    | 6.33%  |
| Vehicles                  | 9.50%  |

|   |   |   |
|---|---|---|
| Intellectual Property / Distribution Rights | : | apportioned over 20 quarters  |
| Software                                    | : | To be amortised over the period of its useful life from the date its ready to use |

**Intangible assets and amortisation**

Intangible assets are valued at cost less amortisation

Cost incurred to develop new software, are capitalised to the extent that these products are expected to generate future financial benefits

Amortisation take place on a straight line basis over the asset's anticipated useful life. The useful life is determined based on the period of the underlying contract and the period of time over which the intangible assets is expected to be use and generally does not exceed 10 years.

**(c) Inventories**

Inventories are valued at cost or net realizable value, whichever is lower using First In First Out (FIFO) method of valuation. Cost of inventories comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

**(d) Revenue Recognition**

Revenue from Sales of products is recognised when the risk and rewards of ownership are passed on to the customers, which are generally on dispatch of goods. Sales are stated net of sales returns, discounts and Sales Tax. The Company recognises Income from service activity as and when services are rendered or as per contractual agreement entered with parties. Revenue from Rental contracts are recognised pro-rata over the period of the contract. Interest Income is recognised on the time proportion basis.

**(e) Foreign Currency**

Foreign currency transactions are recorded at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities related to foreign currency transactions remaining unsettled at the close of the year are translated at the year end rate and difference in translation and realised gains and losses on foreign exchange transaction are recognised in the profit and loss account.

**(f) Retirement Benefits**

Provident Fund contribution as required by the statute made to Government Provident Fund is debited to the Profit and Loss Account.

**(g) Deferred Taxes**

The Accounting Standard 22 (AS-22) for 'Accounting for Taxes on Income', requires the Company to review the carrying amount of Deferred tax Assets at each Balance Sheet Date. Presently the balance of Deferred tax Asset as per Books is Rs. NIL as at 31st March, the Company has not recognised the Deferred tax Assets since the Company has substantial unabsorbed depreciation & carried forward loss under the Income Tax Act, 1961 and there is no virtual certainty that the company will have sufficient future taxable income. Therefore based on concept of prudence, the deferred tax liability for the year Rs NIL has been recognised in the profit and loss account for the year and the deferred tax liability upto 31st March, 2008 amounting to Rs. NIL has been adjusted to the Profit & Loss balance.

**(h) Tax on Income**

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act 1961.

**(i) Research & Development**

Research & Development expenditure is recognised in the profit & loss account when incurred. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the depreciation rates set out 1(b).

- The accounts have been prepared on going concern basis inspite of total erosion of net worth, as the management is diversifying in various alternative proposals to improve the business of the company.
- Estimated amount of contracts remaining to be executed on capital account (Intangible Fixed Assets) and not provided for – Rs 39,90,000/- (Previous Year Rs 43,00,000)

## FORBES TECHNOSYS LIMITED

4. The amount of exchange differences:

(i) included in the Profit and Loss Account is a net Income of Rs -2,14,736/- (Previous year: 3,43,061/-)

|  | 2007-08                              | 2006-07    |
|--|--------------------------------------|------------|
| 5. Expenditure in foreign currency               |                                      |            |
| a Traveling                                      | 91,443                               | 684,504    |
| b Licenses/Service Charges                       | 9,244,276                            | 35,452,696 |
| 6. C.I.F. Value of Direct Imports purchase       | 2,047,965                            | 911,484    |
| 7. Earnings in Foreign Exchange                  |                                      |            |
| Export of goods/services calculated on FOB Basis | –                                    | 13,686,154 |
| 8. Contingent Liability not provided for:        | Guarantee issued by Bank – Rs.94,435 |            |

9. Information in regard to class of goods traded by the Company:

| Product                                   | Current Year       |                   | Previous Year      |                   |
|---|--------------------|-------------------|--------------------|-------------------|
|   | Quantity<br>In Nos | Value<br>In Rs.   | Quantity<br>In Nos | Value<br>In Rs.   |
| <b>A. Opening Stock</b>                   |                    |                   |                    |                   |
| Cheque Truncation System (H/W)            | 16                 | 1,183,470         | –                  | –                 |
| Cheque Truncation System (S/W) **         | 26                 | 2,137,074         | –                  | –                 |
| Kiosks (Finished Goods)                   | 16                 | 2,321,420         | –                  | –                 |
| Others                                    |                    | 6,022,832         | –                  | –                 |
|   | <u>58</u>          | <u>11,664,795</u> | <u>–</u>           | <u>–</u>          |
| <b>Less:- Capitalised during the year</b> |                    |                   |                    |                   |
| Cheque Truncation System (H/W)            | 1                  | 15,556            | –                  | –                 |
| Cheque Truncation System (S/W)            | 1                  | 594,000           | –                  | –                 |
| Kiosks (Finished Goods)                   | 16                 | 2,321,420         | –                  | –                 |
| Others ##                                 |                    | 875,600           | –                  | –                 |
|   | <u>18</u>          | <u>3,806,576</u>  | <u>–</u>           | <u>–</u>          |
|   | <u>40</u>          | <u>7,858,219</u>  | <u>–</u>           | <u>–</u>          |
| <b>B. Closing Stock</b>                   |                    |                   |                    |                   |
| Cheque Truncation System (H/W)            | 26                 | 1,844,949         | 16                 | 1,183,470         |
| Cheque Truncation System (S/W)            | 23                 | 1,619,007         | 26                 | 2,137,074         |
| Kiosks (Finished Goods)                   | 51                 | 6,094,165         | 16                 | 2,321,420         |
| Others ##                                 |                    | 2,425,680         |                    | 6,022,832         |
|   | <u>100</u>         | <u>11,983,801</u> | <u>58</u>          | <u>11,664,795</u> |
| <b>C. Sales</b>                           |                    |                   |                    |                   |
| Cheque Truncation System (H/W)            | 2                  | 98,543            | 1                  | 15,300            |
| Cheque Truncation System (S/W)            | 50                 | 3,985,727         | 10                 | 818,600           |
| Kiosks (Finished Goods)                   | –                  | –                 | –                  | –                 |
| Others ##                                 |                    | 12,488,086        |                    | 15,943,163        |
|   | <u>52</u>          | <u>16,572,356</u> | <u>11</u>          | <u>16,777,063</u> |

**D. Purchases**

|                                |            |                   |           |                   |
|--------------------------------|------------|-------------------|-----------|-------------------|
| Cheque Truncation System (H/W) | 13         | 758,332           | 17        | 1,198,770         |
| Cheque Truncation System (S/W) | 49         | 1,637,116         | 36        | 2,431,703         |
| Kiosks (Finished Goods)        | 51         | 6,047,244         | 16        | 2,321,420         |
| Others ##                      |            | <u>6,800,956</u>  |           | <u>16,075,057</u> |
|                                | <u>113</u> | <u>15,243,648</u> | <u>69</u> | <u>22,026,950</u> |

## Diverse Automation products

\*\* 1 nos adjusted during the year

**10. Related party disclosures: As required by AS-18**

**I. Name of the Related Party and Nature of relationship where control exists as under:**

**A. Holding Company / Ultimate Holding Company**

|   |   |
|---|---|
| <u>As on 31-March-2008</u>  | <u>As at 31-March-2007</u>                                |
| Shapoorji Pallonji & Co Ltd<br>(Ultimate Holding Company)               | Shapoorji Pallonji & Co Ltd<br>(Ultimate Holding Company) |
| Holding Company   | Holding Company   |
| Sterling Investments Corporation Private Limited                        | Sterling Investments Corporation Private Limited          |
| Forbes & Co Ltd (Formerly known as<br>Forbes Gokak Ltd Before Demerger) | Forbes Gokak Limited                                      |

**B. Enterprises that are under common control with which transactions have taken place during the period:**

|                            |                            |
|----------------------------|----------------------------|
| <u>As at 31-March-2008</u> | <u>As at 31-March-2007</u> |
| 1 Eureka Forbes Limited    | 1 Eureka Forbes Limited    |
| 2 Forbes Finance Limited   | 2 Forbes Finance Limited   |

**C. Fellow Subsidiaries:**

|                                     |                                     |
|-------------------------------------|-------------------------------------|
| <u>As at 31-March-2008</u>          | <u>As at 31-March-2007</u>          |
| 1 Forvol International Services Ltd | 1 Forvol International Services Ltd |

**II. Transactions with related parties:**

| Nature of Transactions | Referred in 'A' above |           | Referred in 'B' above |           | Referred in 'C' above |           |
|------------------------|-----------------------|-----------|-----------------------|-----------|-----------------------|-----------|
|                        | 31-3-2008             | 31-3-2007 | 31-3-2008             | 31-3-2007 | 31-3-2008             | 31-3-2007 |
| <b>Sales</b>           |                       |           |                       |           |                       |           |
| 1. Goods and Materials | 3,100,864             | 6,455,239 |                       |           |                       |           |
| <b>Purchases</b>       |                       |           |                       |           |                       |           |
| 2. Goods and Materials | 566,694               | –         |                       |           |                       |           |
| 3. Fixed Assets        | 442,325               | 1,017,946 |                       |           |                       |           |
| <b>Expenses</b>        |                       |           |                       |           |                       |           |
| 4. Rent                | 776,441               | 217,075   |                       |           |                       |           |
| 5. Electricity charges | –                     | 1,318,322 |                       |           |                       |           |

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**FORBES TECHNOSYS LIMITED**

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|                          |           |           |         |         |           |   |
|--------------------------|-----------|-----------|---------|---------|-----------|---|
| 6. Other Service Charges | 287,751   | 100,144   | 56,000  | –       | 1,135,793 | – |
| 7. Interest paid         | 8,483,440 | 3,332,115 | 383,384 | 320,000 |           |   |

**Finance**

|                                 |            |            |  |  |  |  |
|---------------------------------|------------|------------|--|--|--|--|
| 8. Deposits taken               | 60,500,000 | 65,500,000 |  |  |  |  |
| 9. Deposits Given               | –          | –          |  |  |  |  |
| 10. Repayment of Deposits Taken | 32,500,000 | –          |  |  |  |  |
| 11. Loans and Advances Taken    | –          | 1,216,400  |  |  |  |  |
| 12. Loans and Advances Given    | –          | –          |  |  |  |  |

**Outstanding**

|                      |             |            |           |           |        |   |
|----------------------|-------------|------------|-----------|-----------|--------|---|
| 13. Deposits payable | 105,000,000 | 77,000,000 | 4,000,000 | 4,000,000 |        |   |
| 14. Sundry Creditors | 282,583     | 3,826,978  | 32,000    | –         | 47,926 | – |
| 15. Sundry Debtors   | 531,606     | –          |           |           |        |   |
| 16. Bank Guarantee   | 1,000,000   | –          |           |           |        |   |

1. All amount referred to in table 'A' are with single party viz, Forbes & Co Ltd., except;  
Item 7A includes transactions of interest paid to Shapoorji Pallonji & Company – Rs.5,59,588/-  
Item 8A includes transactions of Deposits taken from Shapoorji Pallonji & Company – Rs 2,00,00,000/-  
Item 13A includes transactions of Deposits payable to Shapoorji Pallonji & Company – Rs 2,00,00,000/-
2. Item 6B and 14B refers to Eureka Forbes Ltd.
3. Item 7B and 13B refers to Forbes Finance Ltd.

11. Amounts including interest, if any, due to Micro & Small Enterprises under the Micro, Small & Medium Enterprises Development Act, 2006, could not be disclosed as such parties could not be identified from records of the company.
12. Previous years figures are regrouped / rearrange wherever necessary to confirm to this year classification.
13. Additional information as required under schedule VI of the Companies Act, 1956 has not been furnished, as the same is not applicable.

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For **U.V. SHAH & CO**  
*Chartered Accountants*

ASHOK BARAT

*Chairman*

**UDAY V. SHAH**

*Proprietor*

(Membership No. 35626)

Mumbai, Dated :20th June, 2008

RAHUL JAIN

C.A. KARNIK

A.T. SHAH

} *Directors*

## INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956

**I. Registration Details**

|                    |            |            |    |
|--------------------|------------|------------|----|
| Registration No.   | 62425      | State code | 11 |
| Balance Sheet Date | 31.03.2008 |            |    |

**II. Capital Raised during the year** (Amount in Rs.'000)

|              |     |                   |       |
|--------------|-----|-------------------|-------|
| Public Issue | Nil | Right Issue       | Nil   |
| Bonus Issue  | Nil | Private Placement | 5,000 |

**III. Position of Mobilisation and Deployment of Funds** (Amount in Rs.'000)

|                   |         |               |         |
|-------------------|---------|---------------|---------|
| Total Liabilities | 154,000 | Total Assets* | 154,000 |
|-------------------|---------|---------------|---------|

**Sources of Funds**

|                      |         |
|----------------------|---------|
| Paid-up Capital      | 45,000  |
| Reserves and Surplus | —       |
| Unsecured Loans      | 109,000 |

**Application of Funds**

|                    |        |
|--------------------|--------|
| Investments        | 95     |
| Fixed Assets       | 41,306 |
| Net Current Assets | 25,030 |
| Accumulated Loss   | 87,570 |

\* Net of Current Liabilities and Provisions

**IV. Performance of the Company** (Amount in Rs.'000)

|                          |          |
|--------------------------|----------|
| Turnover                 | 18,891   |
| Total Expenditure        | 54,503   |
| Profit before Tax        | (44,048) |
| Profit after Tax         | (44,309) |
| Earning per Share in Rs. | —        |
| Dividend Rate            | NIL      |

**V. Generic names of three principal products/services of Company** (as per monetary terms)

|               |     |                     |  |
|---------------|-----|---------------------|--|
| Item Code No. | Nil | Product Description | Banking Solutions<br>Office Automation |
|---------------|-----|---------------------|--|

ASHOK BARAT *Chairman*

|             |   |                  |
|-------------|---|------------------|
| RAHUL JAIN  | } | <i>Directors</i> |
| C.A. KARNIK |   |                  |
| A.T. SHAH   |   |                  |

Mumbai, Dated : 20th June, 2008



# FORBES TECHNOSYS LIMITED

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

|   | 2007-2008<br>Rs. In Lakhs |              | 2006-2007<br>Rs. In Lakhs |              |
|---|---------------------------|--------------|---------------------------|--------------|
| PROFIT / LOSS BEFORE TAX  |                           | (44,047,676) |                           | (22,456,516) |
| Adjusted for  |                           |              |                           |              |
| Depreciation  | 8,893,967                 |              | 10,433,161                |              |
| Interest Paid   | 8,866,824                 |              | 3,652,115                 |              |
| Prior Period Adjustments (in fixed Assets)  | 202,936                   |              | –                         |              |
| Profit on Sale of Fixed Asset   | (11,497)                  |              | –                         |              |
| Provision for Doubtful Debts  | 706,919                   |              | –                         |              |
|   |                           | 18,659,149   |                           | 14,085,276   |
| Operating Profit Before Working Capital Changes   |                           | (25,388,527) |                           | (8,371,240)  |
| (Decrease) / Increase in Sundry Creditors   | (8,528,490)               |              | 12,642,245                |              |
| Decrease / (Increase) in Sundry Debtors   | 3,413,479                 |              | (10,076,461)              |              |
| (Increase) in Inventories   | (319,006)                 |              | (11,664,795)              |              |
| (Increase) / Decrease in Loans and Advances   | (2,993,466)               |              | (5,316,584)               |              |
|   |                           | (8,427,484)  |                           | (14,415,595) |
| Income Tax Refund / Paid  | –                         |              | (107,755)                 |              |
| Fringe Benefit Tax Paid   | (205,000)                 |              | (143,300)                 |              |
|   |                           | (205,000)    |                           | (251,055)    |
| (A) NET CASH FROM OPERATING ACTIVITIES.   |                           | (34,021,011) |                           | (23,037,890) |
| CASH FLOW FROM INVESTING ACTIVITIES   |                           |              |                           |              |
| Purchase of Fixed Assets  | (17,648,085)              |              | (42,989,462)              |              |
| Sale of Fixed Assets  | 46,152                    |              | –                         |              |
| Purchase of Investments   | (95,000)                  |              | –                         |              |
|   |                           | (17,696,933) | (42,989,462)              |              |
| (B) NET CASH FROM INVESTING ACTIVITIES.   |                           |              |                           |              |
| CASH FLOW FROM FINANCING ACTIVITIES   |                           |              |                           |              |
| Proceeds from Borrowings  | 28,000,000                |              | 65,500,000                |              |
| Proceeds from Capital increase  | 32,000,000                |              | 5,000,000                 |              |
| Interest Paid   | (8,866,824)               |              | (3,652,115)               |              |
|   |                           | 51,133,176   |                           | 66,847,885   |
| (C) NET CASH FROM FINANCING ACTIVITIES.   |                           |              |                           |              |
| NET DECREASE/INCREASE IN  |                           | (584,767)    |                           | 820,533      |
| CASH AND CASH EQUIVALENTS (A)+(B)+(C)   |                           | 2,001,270    |                           | 1,180,736    |
| Cash and Cash equivalent as at the commencement of the year comprising Cash, Cheques on hands & remittances in transit and Balance with Bank. |                           |              |                           |              |
| Cash and Cash equivalent as at the end of the year comprising Cash, Cheques on hands and remittances in transit and Balance with Bank.        |                           | 1,416,503    |                           | 2,001,270    |
| NET DECREASE/INCREASE as disclosed above  |                           | (584,767)    |                           | 820,533      |

As per our report of even date attached.

For **U.V. SHAH & CO**  
Chartered Accountants

**UDAY V. SHAH**  
Proprietor  
(Membership No. 35626)

Mumbai, Dated : 20th June, 2008

ASHOK BARAT

Chairman

RAHUL JAIN

C.A. KARNIK

A.T. SHAH

Directors

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# FORBES TINSLEY COMPANY LIMITED

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(a wholly owned Subsidiary Company)

Annual Report and Accounts  
for the year ended 31<sup>st</sup> March, 2008

**DIRECTORS:**

G. Mukharji

*Chairman*

R.T. Doshi

A.T. Shah

**BANKERS:**

Union Bank of India

**AUDITORS:**

Messrs. Shirish Karnik & Co.

**REGISTERED OFFICE:**

Forbes Building,

Charanjit Rai Marg,

Fort, Mumbai - 400 001.

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# FORBES TINSLEY COMPANY LIMITED

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## REPORT OF THE DIRECTORS

The Shareholders,

Your Directors submit their Report and the Audited Accounts of the Company for the year ended 31<sup>st</sup> March 2008.

### 1. FINANCIAL RESULTS :

|  | CurrentYear<br>Rupees | PreviousYear<br>Rupees |
|--|-----------------------|------------------------|
| Profit / (Loss) before Depreciation    | (28,027)              | (2,53,730)             |
| Less : Depreciation                    | -                     | -                      |
| Balance                                | (28,027)              | (2,53,730)             |
| Less : Provision for Taxation          | -                     | (49,408)               |
| Profit/(Loss) for the year             | (28,027)              | (3,03,138)             |
| Debit balance brought forward          | (31,24,445)           | (28,21,307)            |
| Debit balance carried to Balance Sheet | <u>(31,52,472)</u>    | <u>(31,24,445)</u>     |

### 2. OPERATIONS:

The Company shrunk its operations, in order to curtail cost. We are also exploring new business opportunities to reduce overall losses.

### 3. DIRECTORATE:

**Mr. Gautam Mukharji**, who retires from the Board by rotation and being eligible, offers himself for re-appointment. Your Directors recommend his appointment.

### 4. AUDITORS:

You are requested to appoint Auditors for the current year and to fix their remuneration. The retiring Auditors, M/s. Shirish Karnik & Co., Chartered Accountants, being eligible, offer themselves for re-appointment and they have confirmed that they are not disqualified u/s.224(1)(B) of the Companies Act, 1956.

### 5. SECRETARIAL COMPLIANCE AUDIT:

Pursuant to Section 383 A of the Companies Act, 1956, Secretarial Compliance Certificate from M/s. P.P. Shah & Co., is attached herewith.

### 6. PARTICULARS REGARDING EMPLOYEES :

The Company did not have any employee who was drawing a remuneration of Rs.24,00,000/- or more in aggregate throughout the financial year or Rs.2,00,000/- or more per month if employed for a part of the financial year.

### 7. DIRECTOR'S RESPONSIBILITY STATEMENT :

Pursuant to the provisions contained in sub-section (2AA) of Section 217 of the Companies Act, 1956, the Board Reports to the members of the Company that, to the best of their knowledge and belief :-

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

### 8. INFORMATION REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

The required particulars are annexed hereto which forms a part of this Report.

For and on behalf of the Board of Directors

(GAUTAM MUKHARJI)  
CHAIRMAN

Dated: 30<sup>th</sup> May, 2008.

**ANNEXURE TO THE DIRECTORS' REPORT**

Information required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

**A. Conservation of Energy:**

The Company's operations involve low energy consumption. Wherever possible, energy conservation measures have already been implemented and there are no major areas where further energy conservation measures can be taken. However, efforts to conserve and optimise the use of energy through operational methods will continue.

**B. Forms for Disclosure of Particulars with respect to Absorption :****FORM – B****Research & Development (R & D)**

- |   |   |
|---|---|
| 1. Specific areas in which R&D carried out by the Company | — |
| 2. Benefits derived as result of the above R&D            | — |
| 3. Future Plan of action                                  | — |
| 4. Expenditure on R&D                                     | — |
| a) Capital  |   |
| b) Recurring  |   |
| c) Total  |   |
| d) Total R&D expenditure as percentage of total turnover. |   |

**Technology Absorption, Adaptation and Innovation:**

1. Efforts in brief, made towards technology absorption Adaptation and Innovation.
2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution , etc.
3. In case of imported technology (imported during last five years reckoned from the beginning of the Financial Year), following information may be furnished :-
  - a) Technology imported
  - b) Year of Import
  - c) Has technology been fully absorbed?
  - d) If not fully absorbed areas where this has not taken place, reasons therefore and future plans of action.

**C. Foreign Exchange Earnings and Outgo :**

- |  |       |
|--|-------|
| 1. Activities relating to exports; initiatives taken to increase exports; markets for products and services; and export plans. | N I L |
| 2. Total Foreign Exchange used and earned.   |       |
| Earned   |       |
| Used   |       |

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# FORBES TINSLEY COMPANY LIMITED

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## COMPLIANCE CERTIFICATE

To  
The Board of Directors,  
**Forbes Tinsley Company Limited**

We have examined the registers, records, books and papers of Forbes Tinsley Company Limited (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31<sup>st</sup> March, 2008. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made thereunder and all entries therein have been duly recorded.
2. The company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies or other authorities within the time prescribed under the Act and the rules made there under.
3. The company is a public limited company, the restriction clauses as provided in section 3 (1) (iii) of the Companies Act, 1956, is not applicable.
4. The Board of Directors duly met 4 times on 8<sup>th</sup> June, 2007, 6<sup>th</sup> July, 2007, 22<sup>nd</sup> October, 2007 and 28<sup>th</sup> February, 2008 in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed.
5. The company was not required to close its Register of Members during the financial year.
6. The annual general meeting for the financial year ended on 31<sup>st</sup> March, 2007 was held on 30<sup>th</sup> July, 2007 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meeting was held during the financial year.
8. The company has not advanced any loans to its directors and/or persons or firms or companies referred in the section 295 of the Act.
9. The company has not entered into any contracts falling within the purview of section 297 of the Act.
10. The company has made necessary entries in the Register maintained under section 301 of the Act.
11. As there were no instances falling within the purview of section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, Members or Central Government, as the case may be.
12. The company has not issued any duplicate share certificates during the financial year.
13. The Company has:
  - (i) not made any allotment/transmission of securities during the financial year. However during the year under review, the Company has delivered the share certificates in respect of shares lodged for transfer of 10 shares.
  - (ii) not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
  - (iii) not posted warrants to any member of the company as no dividend was declared during the financial year.
  - (iv) no unpaid dividend, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid and as are required to be transferred to Investor Education and Protection Fund.
  - (v) duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the company is duly constituted. There was no change among Directors of the Company during the year.
15. The company has not appointed any manager/whole-time director / managing director during the financial year.
16. The company has not appointed any sole-selling agents during the financial year.
17. The company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar or such other applicable authorities as may be prescribed in the Act during the year under review.
18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The company has not issued any shares/debentures/ other securities during the financial year.

20. The company has not bought back any shares during the financial year.
21. There was no redemption of preference shares or debentures during the financial year.
22. There were no transaction necessitating the company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The company has not invited/accepted any deposits as per the provisions of section 58A read with companies (Acceptance of Deposits) Rules, 1975 during the financial year.
24. The company has not made any borrowings during the financial year.
25. The company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
26. The company has not altered the provisions of the memorandum with respect to situation of the company's registered office from one state to another during the year under scrutiny.
27. The company has not altered the provisions of the memorandum with respect to the objects of the company during the year under scrutiny.
28. The company has not altered the provisions of the memorandum with respect to name of the company during the year under scrutiny.
29. The company has not altered the provisions of the memorandum with respect to share capital of the company during the year under scrutiny.
30. The company has not altered its articles of association during the financial year.
31. There was no prosecution initiated against or show cause notices received by the company during the financial year for offences under the Act.
32. The company has not received any money as security from its employees during the financial year under certification as per provisions of section 417(1) of the Act.
33. The company was not required to deduct both employer's and employee's contribution towards Provident Fund within the meaning of section 418 of the Companies Act, 1956, during the financial year.

For **P. P. SHAH & Co.,**

**(PUNIT SHAH)**

*Practising Company Secretary*

*Partner*

CP No. 7506 M. No. 20536

Place : Mumbai

Date : 30<sup>th</sup> May, 2008

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# FORBES TINSLEY COMPANY LIMITED

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## ANNEXURE - A

### Registers as maintained by the Company

1. Register of Members u/s. 150.
2. Register of Transfers
3. Register of Directors, Managing Director, Manager and Secretaries u/s.303.
4. Register of Contracts with the Companies and firms in which directors are directly or indirectly interested u/s. 301.
5. Register of Director's Shareholding u/s. 307.
6. Minutes of the Annual General Meeting/Extra Ordinary General Meeting and Board Meeting under section 193.
7. Register of intercorporate loans and investments.

For **P. P. SHAH & Co.,**

**(PUNIT SHAH)**

*Practising Company Secretary  
Partner*

CP No. 7506 M. No. 20536

Place : Mumbai

Date : 30<sup>th</sup> May, 2008

## ANNEXURE - B

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending on 31<sup>st</sup> March, 2008.

1. Form 23AC in respect of Balance Sheet as at 31<sup>st</sup> March, 2007 and Form 23ACA in respect of Profit & Loss Account for the year ended 31<sup>st</sup> March, 2007 was filed u/s. 220 with the Registrar of Companies, Maharashtra on 30<sup>th</sup> August, 2007.
2. Form 66 in respect of Compliance Certificate for the year ended 31<sup>st</sup> March, 2007, as required u/s. 383A of the Companies Act, 1956, was filed with the Registrar of Companies, Maharashtra on 30<sup>th</sup> August, 2007.
3. Form 20B in respect of Annual Return made up to 30<sup>th</sup> July, 2007, was filed with the Registrar of Companies, Maharashtra on 11<sup>th</sup> September, 2007.
4. Form DIN3 in respect of Directors of the Company was filed with the Registrar of Companies, Maharashtra on 29<sup>th</sup> June, 2007.

For **P. P. SHAH & Co.,**

**(PUNIT SHAH)**

*Practising Company Secretary  
Partner*

CP No. 7506 M. No. 20536

Place : Mumbai

Date : 30<sup>th</sup> May, 2008

**AUDITORS' REPORT**

To the members,  
Forbes Tinsley Company Limited

**REPORT OF THE AUDITORS TO THE MEMBERS OF FORBES TINSLEY COMPANY LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2008.**

We have audited the attached balance sheet of FORBES TINSLEY COMPANY LIMITED as at 31<sup>st</sup> March, 2008 and also the profit and loss account of the company for the year ended on that date, annexed thereto. These financial statement are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statement based on our audit.

- I. We conducted our audit in accordance with auditing standards which are generally accepted. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimate made by management, as well as evaluating the overall financial statement presentation basis. We believe that our audit provides a reasonable basis for our opinion.
- II. As required by the statement on Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act,1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- III. The Company has a negative net worth of Rs.652472/- as at 31<sup>st</sup> March, 2008 and the accounts have been prepared on a going concern basis.
- IV. Further to our comments in the Annexure referred to above, we report that.
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (ii) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
  - (iii) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
  - (iv) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the Accounting Standard referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - (v) On the basis of written representations received from directors as on 31<sup>st</sup> March,2008 and taken on record by the Board of Directors, we report that none of the director is disqualified as on 31<sup>st</sup> March, 2008 from being appointed as a director in term of clause (g) of sub – section (I) of section 274 of the Companies Act, 1956.
  - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted.
    - (a) In the case of the Balance Sheet, of the state of affairs of the Company, as at 31<sup>st</sup> March, 2008, and
    - (b) In the case of Profit and Loss Account, of the Loss for the year ended on that date.

For **SHIRISH KARNIK & CO.**  
*Chartered Accountants*

Place : Mumbai  
Date : 30<sup>th</sup> May, 2008.

**(SHIRISH KARNIK)**  
*(Proprietor)*



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## FORBES TINSLEY COMPANY LIMITED

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### ANNEXURE REFERRED TO IN PARAGRAPH I OF THE REPORT OF THE AUDITORS TO THE MEMBERS OF FORBES TINSLEY COMPANY LIMITED. ON THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2008.

Clauses No. (I)(c), (v), (vi), (vii), (viii), (xi), (xii), (xiii), (xiv), (xv), (xvi), (xvii), (xviii), (xix), (xx) of the CARO are not applicable in case of this Company.

- (i) In respect of its fixed assets:
- (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) Most of the fixed assets were physically verified during the year by the Management in accordance with a programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (ii) In respect of inventories:
- (a) As explained to us, inventories (other than stocks lying with third parties, in respect of which confirmation have been obtained in most cases) were physically verified during the year by the management at reasonable intervals.
  - (b) In our opinion and according to the information and explanation given to us, the procedure of physical verification of inventories followed by the Management was reasonable and adequate in relation to the size of the company and the nature of its business.
  - (c) In our opinion and according to the information and explanation given to us, the company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iii) The company has taken loan from following party:-
- | Serial No. | Name of Party         | Relationship With the Company | Amount    | Year end Balance |
|------------|-----------------------|-------------------------------|-----------|------------------|
| 1.         | Forbes & Company Ltd. | Subsidiary                    | 4200000/- | 700000/-         |
- (iv) In our opinion and according to the information and explanation given to us there are adequate internal control procedure commensurate with the size of the company and the nature of its business for purchase of inventory and fixed assets and for the sale of goods. We have not observed any continuing failure to correct major weakness in such internal controls.
- (v) According to the information and explanations given to us, no undisputed amounts payable in respect of income – tax, wealth – tax, sales tax, Customs duty and excise duty were outstanding as at 31<sup>st</sup> March, 2008 for a period of more than six months from the date they became payable.
- (vi) The company has a negative net worth of Rs.652472/- as at 31.3.2008. The company has incurred cash losses of Rs.28027/- in the financial Year under review, namely march 31<sup>st</sup> 2008. The cash loss incurred in the previous year ended on 31<sup>st</sup> March 2007 was Rs.253730/-.

For **SHIRISH KARNIK & CO.**  
*Chartered Accountants*

Place : Mumbai  
Date : 30<sup>th</sup> May, 2008.

**(SHIRISH KARNIK)**  
*(Proprietor)*

**BALANCE SHEET AS AT 31ST MARCH, 2008**

|                                      | Schedule | Rupees  | Rupees    | As at<br>31.03.2007<br>Rupees |
|--------------------------------------|----------|---------|-----------|-------------------------------|
| <b>SOURACE OF FUNDS</b>              |          |         |           |                               |
| Shareholders' funds                  |          |         |           |                               |
| Share capital                        | 1        |         | 25,00,000 | 25,00,000                     |
| Loan funds                           |          |         |           |                               |
| Unsecured loans                      | 2        |         | 7,00,000  | 7,00,000                      |
| Total                                |          |         | 32,00,000 | 32,00,000                     |
| <b>APPLICATION OF FUNDS</b>          |          |         |           |                               |
| Fixed assets                         |          |         |           |                               |
| Gross block                          | 3        | –       |           | –                             |
| Less: Accumulated depreciation       |          | –       |           | –                             |
| Net block                            |          |         | –         |                               |
| Investments                          | 4        |         | –         |                               |
| Current assets, loans and advances : |          |         |           |                               |
| Current assts                        |          |         |           |                               |
| Interest accrued on deposits         |          | –       |           | –                             |
| Inventories                          |          | –       |           | –                             |
| Sundry debtors                       |          | 12,375  |           | –                             |
| Cash and bank balances               |          | 65,889  |           | 90,838                        |
|                                      |          | 78,264  |           | 90,838                        |
| Loans and advances                   |          | 51,000  |           | 51,000                        |
|                                      |          | 129,264 |           | 1,41,838                      |
| Less :                               |          |         |           |                               |
| Current liabilities and provisions   |          |         |           |                               |
| Current liabilites                   | 6        | 32,328  |           | 16,875                        |
| Provisions                           |          | 49,408  |           | 49,408                        |
|                                      |          | 81,736  |           | 66,283                        |
| Net current assets                   |          |         | 47,528    | 75,555                        |
| Profit and loss account              |          |         |           |                               |
| Debit balance as per account annexed |          |         | 31,52,472 | 31,24,445                     |
| Total                                |          |         | 32,00,000 | 32,00,000                     |
| Notes to the accounts                | 9        |         |           |                               |

Per our report attached

For **SHIRISH KARNIK & CO.**  
Chartered Accountants

G. Mukharji

Chairman

**SHIRISH KARNIK**  
Proprietor

R. T. Doshi  
A. T. Shah

}

Directors

Mumbai, Dated : 30<sup>th</sup> May, 2008

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**FORBES TINSLEY COMPANY LIMITED**

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

|   | Schedule | Rupees | Rupees      | <i>For the<br/>year ended<br/>31.03.2007<br/>Rupees</i> |
|---|----------|--------|-------------|---|
| INCOME                                    |          |        |             |   |
| Sales and other income                    | 7        | –      | 11,000      | 2,22,828  |
| EXPENDITURE                               |          |        |             |   |
| Manufacturing, Trading and other expenses | 8        | 39,027 |             | 4,76,558  |
| Interest on fixed loans                   |          | –      |             | –   |
| Depreciation                              |          | –      |             | –   |
|   |          |        | 39,027      | 4,76,558  |
| Profit (Loss) before Tax                  |          |        | (28,027)    | (2,53,730)  |
| Less : Provision for Taxation             |          |        | –           | (49,408)  |
| Profit (Loss) for the year after Tax      |          |        | (28,027)    | (3,03,138)  |
| Debit balance brought forward             |          |        | (31,24,445) | (28,21,307)   |
| Debit balance carried to balance sheet    |          |        | (31,52,472) | (31,24,445)   |
| Notes to the Accounts                     | 9        |        |             |   |

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Per our report attached

For **SHIRISH KARNIK & CO.**  
*Chartered Accountants*

G. Mukharji

*Chairman*

**SHIRISH KARNIK**  
*Proprietor*

R. T. Doshi  
A. T. Shah

}

*Directors*

Mumbai, Dated : 30<sup>th</sup> May, 2008

**SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008**

|  | Rupees            | As at<br>31.03.2007<br>Rupees |
|--|-------------------|-------------------------------|
|  | <u>          </u> | <u>          </u>             |
| <b>SCHEDULE 1 - SHARE CAPITAL</b>                    |                   |                               |
| AUTHORISED :   |                   |                               |
| 2,50,000 Equity SHARES OF Rs.10 each                 | 25,00,000         | 25,00,000                     |
|  | <u>          </u> | <u>          </u>             |
| Issued and subscribed:                               |                   |                               |
| 2,50,000 Equity shares of Rs.10 each fully paid - up | 25,00,000         | 25,00,000                     |
|  | <u>          </u> | <u>          </u>             |

**SCHEDULE 2 - UNSECURED LOANS**

|                                   | Rupees            | Rupees            |
|-----------------------------------|-------------------|-------------------|
|                                   | <u>          </u> | <u>          </u> |
| Short term deposit from a company | 7,00,000          | 7,00,000          |
|                                   | <u>          </u> | <u>          </u> |
|                                   | <u>          </u> | <u>          </u> |

**SCHEDULE 3 - FIXED ASSETS**

(Amount in RS.)

| Description of Assets                       | GROSS BLOCK                     |                                 |                      |                     | DEPRECIATION        |                 |                  |                     | NET BLOCK           |                     |
|---|---------------------------------|---------------------------------|----------------------|---------------------|---------------------|-----------------|------------------|---------------------|---------------------|---------------------|
|   | As at<br>01.04.2007<br>the year | Additions<br>during<br>the year | Deductions<br>during | As at<br>31.03.2008 | As at<br>01.04.2007 | For<br>the year | On<br>Deductions | As at<br>31.03.2008 | As at<br>31.03.2008 | As at<br>31.03.2007 |
| Leasehold improves                          | -                               | -                               | -                    | -                   | -                   | -               | -                | -                   | -                   | -                   |
| Plant and Machinery                         | -                               | -                               | -                    | -                   | -                   | -               | -                | -                   | -                   | -                   |
| Furniture, fixture and<br>office equipments | -                               | -                               | -                    | -                   | -                   | -               | -                | -                   | -                   | -                   |
| <b>Total</b>                                | -                               | -                               | -                    | -                   | -                   | -               | -                | -                   | -                   | -                   |
| Previous year                               | -                               | -                               | -                    | -                   | -                   | -               | -                | -                   | -                   | -                   |

**SCHEDULE 4 - INVESTMENTS :**

|       | No.of<br>Shares   | Face Value<br>Rupees | Rupees            | As at<br>31.03.2007<br>Rupees |
|-------|-------------------|----------------------|-------------------|-------------------------------|
|       | <u>          </u> | <u>          </u>    | <u>          </u> | <u>          </u>             |
|       | -                 | -                    | -                 | -                             |
| Total |                   |                      | <u>          </u> | <u>          </u>             |
|       |                   |                      | <u>          </u> | <u>          </u>             |

# FORBES TINSLEY COMPANY LIMITED

## SCHEDULE ANNEXED FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008

|   | Rupees | Rupees   | <i>As at<br/>31.03.2007<br/>Rupees</i> |
|---|--------|----------|--|
| <b>SCHEDULE 5 - CURRENT ASSETS, LOANS AND ADVANCES</b>                                    |        |          |  |
| Current assets :  |        |          |  |
| Interest accrued on deposits  |        | -        | -                                      |
| Inventories<br>(at lower of cost and net realisable value, as certified by the directors) |        |          |  |
| Stock - in- trade:  |        |          |  |
| Components<br>(including good in transit Nil; as at 31st March 2008 : Nil)                | -      |          | -                                      |
| Work-in-progress  | -      |          | -                                      |
| Finished goods  | -      |          | -                                      |
|   |        | -        | -                                      |
| Sundry debtors:   |        |          |  |
| Debts outstanding for a period exceeding six months                                       |        |          |  |
| a) Unsecured, considered good   | 12,375 |          | -                                      |
| b) Considered doubtful  | -      |          | -                                      |
| Other debts   | -      |          | -                                      |
|   | 12,375 |          | -                                      |
| Less: Provision for doubtful debts  | -      |          | -                                      |
|   |        | 12,375   | -                                      |
| Cash & bank balances:   |        |          |  |
| Cash on hand  | -      |          | -                                      |
| with schedule banks:  |        |          |  |
| on current accounts   | 65,889 |          | 90,838                                 |
| on margin account   | -      |          | -                                      |
|   |        | 65,889   | 90,838                                 |
| Loans and advances :  |        |          |  |
| (Unsecured , considered good)   |        |          |  |
| Advances recoverable in cash or in kind for value to be received                          | -      |          | -                                      |
| Advances Tax paid   | 51,000 |          | 51000                                  |
| Balance with Central Excise   | -      |          | -                                      |
|   |        | 51,000   | 51000                                  |
| Total   |        | 1,29,264 | 1,41,838                               |

## SCHEDULE 6 - CURRENT LIABILITIES AND PROVISIONS

|                              | Rupees | Rupees | <i>As at<br/>31.03.2007<br/>Rupees</i> |
|------------------------------|--------|--------|--|
| <b>CURRENT LIABILITIES :</b> |        |        |  |
| Sundry creditors             |        | 32,328 | 16,875                                 |
| <b>PROVISIONS:</b>           |        |        |  |
| Provision for Income Tax     |        | 49,408 | 49,408                                 |
| Total                        |        | 81,736 | 66,283                                 |

**SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS  
ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2008**

|   | Rupees        | For the<br>year ended<br>31.03.2007<br><i>Rupees</i> |
|---|---------------|--|
| <b>SCHEDULE 7 - SALES AND OTHER INCOME</b>                |               |  |
| Sales (net of excise duty Rs.0/-<br>Previous year Rs.NIL) | -             | -  |
| Trading Sale  | 11,000        | -  |
| Services charges  | -             | -  |
| Interest on fixed deposit                                 | -             | 188  |
| Miscellaneous Income                                      | -             | -  |
| Profit on Sale of Longterm Investment                     | -             | 2,22,640   |
|   | <u>11,000</u> | <u>2,22,828</u>                                      |

**SCHEDULE 8 - MANUFACTURING, TRADING AND OTHER EXPENSES**

|   | Rupees | Rupees        | For the<br>year ended<br>31.03.2007<br><i>Rupees</i> |
|---|--------|---------------|--|
| <b>(a) Components consumed :</b>  |        |               |  |
| Opening stock   | -      |               | 1,25,028   |
| Add: Purchases  | -      |               | -  |
| Less: Closing stock   | -      |               | -  |
|   |        | -             | 1,25,028   |
| Trading Purchases   |        | 11,475        | -  |
| Power   |        | -             | -  |
|   |        | <u>11,475</u> | <u>1,25,028</u>                                      |
| <b>(b) Other expenses:</b>  |        |               |  |
| Employee cost :   |        |               |  |
| Salary, Wages, Bonus and other allowances<br>(including employee seconment cost Rs.Nil.<br>Previous year : Rs. Nil) |        | -             | -  |
| Staff welfare   |        | -             | -  |
| Repairs to :  |        |               |  |
| Plant and machinery   | -      |               | -  |
| Others  | -      |               | -  |
|   |        | -             | -  |
| Freight   |        | -             | -  |
| Rent  |        | -             | 2,400  |
| Rates and taxes   |        | 1,700         | 1,750  |
| Insurance   |        | -             | 1162   |
| Auditors remuneration:  |        |               |  |
| Audit fees  | 6,000  |               | 6,000  |
| Service tax thereon   | 742    |               | 856  |
| Out of pocket expenses  | -      |               | -  |

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**FORBES TINSLEY COMPANY LIMITED**

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**SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS  
ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2008****SCHEDULE 8 - MANUFACTURING, TRADING AND OTHER EXPENSES**

|  | <u>Rupees</u> | <u>Rupees</u> | <i>For the<br/>year ended<br/>31.03.2007</i><br><u>Rupees</u> |
|--|---------------|---------------|---|
| Certification charges                                    |               | -             | -   |
|  |               | 6,742         | 6,856   |
| Bad Debts Write off                                      |               | -             | -   |
| <i>Less : Provision held</i>                             |               | -             | -   |
|  |               | -             | -   |
| Postage and telephone                                    |               | -             | -   |
| Printing & stationery                                    |               | -             | -   |
| Professional fees  |               | 13,993        | 23,509  |
| Bank charges   |               | 91            | 628   |
| Filing fees and stamp charges                            |               | 4,182         | 4,975   |
| Refreshment & entertainment                              |               | 337           | 200   |
| Travelling and conveyance                                |               | -             | 90  |
| Provision for doubtful debts                             |               | -             | -   |
| Workshop charges   |               | -             | -   |
| Commission, Brokerage & Discount                         |               | -             | -   |
| Miscellaneous expenses                                   |               | 507           | 873   |
| Loss on Sale of Assets                                   |               | -             | 2,85,278  |
| Decrease in stock of work-in-progress and finished goods |               |               |   |
| Opening stock :  |               |               |   |
| Work - in - progress                                     | -             |               | 23,809  |
| Finished goods   | -             |               | -   |
|  | -             |               | 23,809  |
| <i>Less :</i>  |               |               |   |
| Closing stock  |               |               |   |
| Work-in-progress   | -             |               | -   |
| Finished goods   | -             |               | -   |
|  | -             |               | -   |
|  |               | -             | 23,809  |
| Total  |               | <u>39,027</u> | <u>4,76,558</u>   |

**SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2008 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE**

**SCHEDULE 9 - NOTES TO THE ACCOUNTS**

1. Significant Accounting Policies

The financial statements are prepared under historical cost convention, on accrual basis, and are in accordance with the requirements of the Companies Act, 1956, and comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the said Act.

A) Fixed Assets and Depreciation

The gross block of fixed assets is stated at the cost of acquisition including any attributable cost of bringing the asset to its working condition for its intended use.

The Company follows the straight line method for providing depreciation on fixed assets at the rates prescribed in Schedule XIV to the Companies Act, 1956. Cost of leasehold improvements are depreciated equally over a period of three years.

B) Investment

Long term investments are stated at cost, less provision for diminution in value.

C) Inventories

Inventories are valued at lower of weighted average cost and net realisable value. Cost includes cost of material, freight, direct labour and manufacturing overheads and are net of write-offs on demonstration inventory as estimated by the management.

Excise duty amounting to Rs. Nil (p.y.Nil) payable on finished goods lying in factories or stored in a bonded godown is charged to the profit and loss account and also included in the valuation of closing stock. This has no effect on the profit for the year.

D) Sales

Sales are accounted for, on despatch of goods to the customers and are net of excise duty.

E) Foreign Currency Transactions

There are no foreign transactions during the year.

F) Retirement Benefits

Leave encashment and Gratuity liability is accrued for on an arithmetical basis.

2. Contingent Liabilities not provided for: Rs. Nil

3. The Company has not maintained product wise records in respect of work-in-progress. However, the valuation takes into account the certificate of technical personnel with reference to the extent of completion of work-in-progress.

4. Value of imports calculated on C.I.F. basis (excluding value of items locally purchased): Components Rs. NIL (Previous year Rs. NIL).

5. Value of all imported components consumed during the financial year and value of all indigenous components similarly consumed and the percentage of each to the total consumption :

|            | Current year |                                 | Previous year |                                 |
|------------|--------------|---------------------------------|---------------|---------------------------------|
|            | Value Rupees | Percentage to total Consumption | Value Rupees  | Percentage to total Consumption |
| Imported   | 0            | 0                               | 0             | 0                               |
| Indigenous | 0            | 0                               | 0             | 0                               |
| Total      | 0            | 0                               | 0             | 0                               |

(b) It is not feasible to give the item-wise break-up indicating the value and quantity of each component consumed in view of the diverse nature of components.

Note: Consumption has been derived on a global basis by adding purchases to opening stock and reducing therefrom the closing stock determined on physical count.



**FORBES TINSLEY COMPANY LIMITED**

**SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2008 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE**

**SCHEDULE 9 - NOTES TO THE ACCOUNTS (Contd.)**

6. Information for each class of goods manufactured, Sold. & Traded

| Product                          | Current Year      |                   |                         | Previous Year     |                   |                         |
|----------------------------------|-------------------|-------------------|-------------------------|-------------------|-------------------|-------------------------|
|                                  | Coil Turns Tester | L.C.R Data Bridge | Lift Overload Indicator | Coil Turns Tester | L.C.R Data Bridge | Lift Overload Indicator |
| Unit                             | Nos               | Nos               | Nos                     | Nos               | Nos               | Nos                     |
| Installed capacity (foot note 1) | 100               | 125               | 125                     | 100               | 125               | 125                     |
| Actual production                | 0                 | 0                 | 0                       | 0                 | 0                 | 0                       |
| Opening stock :                  |                   |                   |                         |                   |                   |                         |
| Quantity                         | 0                 | 0                 | 0                       | 0                 | 0                 | 0                       |
| Value rupees                     | 0                 | 0                 | 0                       | 0                 | 0                 | 0                       |
| Closing stock :                  |                   |                   |                         |                   |                   |                         |
| Quantity (foot note 3)           | 0                 | 0                 | 0                       | 0                 | 0                 | 0                       |
| Value rupees                     | 0                 | 0                 | 0                       | 0                 | 0                 | 0                       |
| Total closing Stock value        | 0                 | 0                 | 0                       | 0                 | 0                 | 0                       |
| Sales :                          |                   |                   |                         |                   |                   |                         |
| Quantity (foot note 2)           | 0                 | 0                 | 0                       | 0                 | 0                 | 0                       |
| Value rupees (foot note 3)       | 0                 | 0                 | 0                       | 0                 | 0                 | 0                       |
| Total Sales value                |                   | 0                 |                         |                   | 0                 |                         |
| Trading Products:-               |                   |                   |                         |                   |                   |                         |
| Opening Stock                    | 0                 |                   |                         | 0                 |                   |                         |
| Add : Purchases                  | 5                 |                   |                         | 0                 |                   |                         |
| Less Closing Stock               | 0                 |                   |                         | 0                 |                   |                         |
| Trading Sale                     | 5                 |                   |                         | 0                 |                   |                         |

1. Installed capacity has been certified by the management and accepted by the auditors without verification, this being a technical matter.
2. Sales quantity has been arrived at by adding production to opening stock and deducting therefrom the closing stock determined on physical count.
3. Includes value of accessories in closing stock/sold for which quantities have not been included in the relevant column.

7. Transaction with related parties

|   |  |
|---|--|
| 1) Nature of Transaction  | Forbes & Co. Limited<br>Treasury Division<br>Rs. |
| Expenses  |  |
| Rent and other services   | —  |
| Finance   |  |
| Refund of Loans   | —  |
| Total   | —  |
| 2) Nature of Transaction  | Forbes Finance Ltd.<br>Rs.                       |
| Sale of Investment  |  |
| Sale of 1000 Shares of M/s.Sea Falcon<br>Shipping Services Ltd. | —  |
| Total   | —  |

8. Previous year's figures have been regrouped wherever necessary for comparison.

Signatures to Schedules 1 to 9

G. Mukharji *Chairman*  
R. T. Doshi } *Directors*  
A. T. Shah }

Mumbai, Dated : 30<sup>th</sup> May, 2008

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# LATHAM INDIA LIMITED

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(a wholly owned Subsidiary Company)

Annual Report and Accounts  
for the year ended 31<sup>st</sup> March, 2008

**DIRECTORS:**

K.C. Raman

*Chairman*

M. Singh

**BANKERS:**

Canara Bank

**AUDITORS:**

G. Ravishankar Associates

**REGISTERED OFFICE:**

Pallani Center, 2<sup>nd</sup> Floor,  
32 Venkat Narayan Road, T-Nagar,  
Chennai - 600 017.

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# LATHAM INDIA LIMITED

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## DIRECTOR'S REPORT

To  
The Shareholders

1. Your Directors submit their Report with the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2008.

### 2. FINANCIAL RESULTS:

The Summarized figures are as under:

|   | Current year<br>Ended<br>31 <sup>st</sup> March 08<br>Rupees | Previous year<br>Ended<br>31 <sup>st</sup> March 07<br>Rupees |
|---|--|---|
| (a) Profit before Depreciation                              | 815,799  | 1,129,102   |
| (b) <i>Less</i> : Depreciation                              | —  | —   |
| (c) Profit for the year before tax                          | 815,799  | 1,129,102   |
| (d) <i>Less</i> : Provision for Taxation                    | 91,533   | 126,685   |
| (e) Profit after Tax  | 724,266  | 1,002,417   |
| (f) <i>Add</i> : Balance brought forward from previous year | <u>(94,261,791)</u>  | <u>(95,264,208)</u>   |
| (g) Loss carried to Balance Sheet                           | <u>(93,537,525)</u>  | <u>(94,261,791)</u>   |

### 3. OPERATION:

The Company is engaged in the marketing of office equipments. The Company shrunk its operations, in order to curtail cost. The Company in order to bring down the losses has minimized its business activities.

### 4. INSURANCE:

The company holds no assets during the year. No insurance have been taken against the usual risks, i.e. fire, explosions, riots, strike, malicious and terrorist damage etc.

### 5. DIRECTORS:

Mr. K.C. RAMAN retires from the Board by rotation and is eligible for re-appointment.

During the year Mr. P. GOVINDARAJAN resigned and in his place Mr. M. SINGH was appointed as Director.

### 6. PARTICULARS REGARDING EMPLOYEES:

None of the employees of the Company were in receipt of remuneration which in the aggregate exceeded the limits fixed under sub-section (2A) of Section 217 of the Companies Act, 1956.

### 7. COMPLIANCE CERTIFICATE:

The Company has obtained a Compliance Certificate as required under proviso to Section 383A of the Companies Act, 1956 from Mr. S. Eshwar, Company Secretary and the same is attached to this Report.

### 8. DIRECTORS' RESPONSIBILITY STATEMENT:

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

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures.
- (ii) That they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and the profit or loss of the Company for the period.
- (iii) That they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) That they have prepared the annual accounts on a 'going concern' basis.

For and on behalf of the Board of Directors

Mumbai,  
Dated: 19<sup>th</sup> June, 2008.

*Director*

## ANNEXURE TO THE DIRECTORS' REPORT

**A. CONSERVATION OF ENERGY:**

There are no major areas where further energy conservation measures can be taken.

**B. FORMS FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION, RESEARCH AND DEVELOPMENT (R&D)****FORM -'B'****Research and Development (R&D)**

|  |      |
|--|------|
| 1. Specific areas in which R&D carried out by the Company. | N.A. |
| 2. Benefits derived as a result of the above R&D           | N.A. |
| 3. Future plan of action                                   | N.A. |
| 4. Expenditure on R&D                                      | N.A. |
| (a) Capital  |      |
| (b) Recurring  |      |
| (c) Total  |      |
| (d) Total R&D expenditure as percentage of total turnover  |      |

**Technology Absorption, Adaptation and Innovation**

The Company having decided to minimize activities and hence there are no activities towards R&D.

|  |      |
|--|------|
| 1. Efforts in brief made towards technology absorption, adaptation and innovation  | N.A. |
| 2. Benefits derived as a result of the above efforts e.g. product improvement. Cost reduction. Product development, import substitution etc. | N.A. |
| 3. In case of imported technology (imported during last 5 years as reckoned from the beginning of the financial year).                       | N.A. |

Following information may be furnished:

|   |      |
|---|------|
| (a) Year of import  | N.A. |
| (b) Has technology been absorbed?   | NO   |
| (c) If not fully absorbed areas where this has not taken place. Reasons therefore and future plans of action. | NO   |

**C. FOREIGN EXCHANGE EARNING AND OUTGO**

|   |  |
|---|--|
| 1. Activities relating to export initiatives taken to increase exports, development of new export, markets for products and services and export plan. | No export business activities during the year.                       |
| 2. Total foreign exchange used and earned.  | There is no foreign Exchange earning through exports by the Company. |

**COMPLIANCE CERTIFICATE**  
**(Pursuant to Section 383A of the Companies Act, 1956)**

Name of the Company : LATHAM INDIA LIMITED  
Corporate Identity Number : U51103TN1977PLC007310  
Nominal Capital : Rs. 3,00,00,000/-  
Paid-up Capitalas on 31/03/2008 : Rs. 1,28,00,000/-

To

The Members of  
LATHAM INDIA LIMITED,  
Palani Centre, II Floor  
32, Venkatanarayana Road  
Chennai - 600 017.

I have examined the registers, records, books and papers of **LATHAM INDIA LIMITED** (the Company) as required to be maintained under the Companies Act, 1956 (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on **31<sup>st</sup> March, 2008**. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made thereunder.
2. The Company has filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, during the year under review.
3. The Company is a Public Limited Company and has the minimum prescribed paid-up capital.
4. The Board of Directors met 4 (Four) times on 15<sup>th</sup> June 2007, 19<sup>th</sup> September 2007, 12<sup>th</sup> December 2007, 20<sup>th</sup> February 2008, in respect of which meetings, notices were given and the proceedings recorded and signed, including three circular resolutions that were passed during the year under scrutiny.
5. The Company did not choose to close its Register of Members and hence the question of necessary compliance of Section 154 does not arise. The Company has not issued debentures at any time and therefore the question of closure of Register of Debenture holders does not arise.
6. The Annual General Meeting for the financial year ended on 31<sup>st</sup> March, 2007 was held on 5<sup>th</sup> September, 2007 after giving notice to the members of the Company and the resolutions passed thereat recorded in the Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meetings were held during the year under review.
8. The Company has not advanced any loans to its Directors and/or persons or firms or Companies referred to in the Section 295 of the Act.
9. As per the information provided to me, the Company has not entered into any transaction of the nature specified in Section 297 of the Act.
10. The Company has made necessary entries in the Register maintained under Section 301 of the Act, during the year under scrutiny.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company was not required to obtain any approvals from the Board of Directors, Members or Central Government.
12. As per the information given to me no duplicate share certificates were issued by the Company during the year under scrutiny.
13. The Company has
  - (i) neither made any allotment of shares during the year under scrutiny, nor has it received any requests for transfer/transmission of securities during the year under scrutiny.

- (ii) not declared any dividend during the year under scrutiny.
  - (iii) not declared any dividend during the year under scrutiny and therefore, the question of paying/posting warrants to members or transferring any unpaid dividend pursuant to Section 205A of the Act does not arise.
  - (iv) has no amounts as unpaid dividend, application money due for refund, matured deposits, matured debentures and any interest accrued thereon, for a period of seven years and therefore the question of transfer of such amounts to Investor Education and Protection Fund does not arise.
  - (v) complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and the appointment of Directors has been duly made. The appointment of additional directors made during the year is duly made. There were no appointments of directors under casual vacancy during the year under scrutiny.
  15. The Company has not appointed any Managing Director / Whole-time Director / Manager and hence the question of commenting on the compliance of the provisions of Section 269 of the Act read with Schedule XIII to the Act does not arise.
  16. As per the information provided to me, no sole-selling agents were appointed during the year under scrutiny.
  17. As per the information provided to me, the Company was not required to obtain any approval of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act, during the year under review.
  18. The Directors have disclosed their interest in other firms / companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder, save as in respect of the new Directors who were appointed Directors during the year under scrutiny.
  19. The Company has not issued any shares / debentures / other securities during the financial year ended 31<sup>st</sup> March, 2008.
  20. The Company has not made any buy back of shares during the financial year ended 31<sup>st</sup> March, 2008.
  21. The Company has not issued any preference shares / debentures during the year under scrutiny or earlier and therefore the question of redeeming preference shares / debentures does not arise.
  22. There was no occasion warranting keeping in abeyance rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
  23. The Company has not accepted deposits from anyone and therefore the provisions of sections 58A and 58AA are not applicable.
  24. The amounts borrowed by the Company from directors, members, public financial institutions, banks and others during the financial year is within the borrowing limits of the Company as per the resolution passed at the meeting of the Shareholders held on 25<sup>th</sup> August 2005.
  25. The Company has not made any loans, investments or given guarantees or provided securities to other bodies' corporate during the year.
  26. The Company has not made investments in other bodies corporate during the relevant period and therefore the question of commenting on the compliance of Section 372A, does not arise.
  27. The Company has not altered the provisions of the Memorandum of Association with respect to situation of the Company's registered office from one State to another during the year under scrutiny.
  28. The Company has not altered the provisions of the Memorandum of Association with respect to the objects of the Company during the year under scrutiny.
  29. The Company has not altered the provisions of the Memorandum of Association with respect to the name of the Company during the year under scrutiny.
  30. The Company has not altered the provisions of the Memorandum of Association with respect to share capital of the Company during the year under scrutiny.
  31. The Company has not altered its articles of association during the year under scrutiny.
  32. It is reported by the Company that there has been no prosecution initiated against or show cause notices received by the Company for offences under the Act. There is no question of paying fines and penalties or any other punishment by the Company or its Officers.
  33. The Company has not received any money as security from its employees during the year under certification and hence, the question of depositing the same as per provisions of section 417(1) of the Act does not arise.

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**LATHAM INDIA LIMITED**

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34. The Company has not constituted any Provident Fund for its employees and hence the provisions of Section 418 are not applicable to the Company.

for **इ. ए. श्वर**

Place : Chennai

S ESHWAR

Date : 19<sup>th</sup> June 2008

ACS. No. 11990, C.P. No. 5280

Forms part of my certificate dated 19<sup>th</sup> June 2008 issued to the Members of Latham India Limited.

**Annexure A**

**REGISTERS MAINTAINED BY THE COMPANY REQUIRING ENTRIES DURING THE YEAR UNDER SCRUTINY AND IN RESPECT OF WHICH NECESSARY ENTRIES HAVE BEEN MADE.**

1. Minutes Book of proceedings of the Board of Directors
2. Minutes Book of proceedings of General Meeting.
3. Register of Directors.
4. Register of Directors' Shareholding.
5. Register of Contracts, Companies and Firms in which Directors are interested.

**REGISTERS MAINTAINED BY THE COMPANY AND NOT REQUIRING ANY ENTRY DURING THE YEAR.**

1. Register of Members.

for **इ. ए. श्वर**

Place : Chennai

S ESHWAR

Date : 19<sup>th</sup> June 2008

ACS. No. 11990, C.P. No. 5280

Forms part of my certificate dated 19<sup>th</sup> June 2008 issued to the Members of Latham India Limited.

**Annexure B**

**DOCUMENTS FILED WITH REGISTRAR OF COMPANIES**

| Sl. No. | Nature of the Event / Nature of Return, Document    | Date of the event | Form No.          | Pursuant to Section | Date filed with ROC |
|---------|---|-------------------|-------------------|---------------------|---------------------|
| 1.      | Adoption of Balance Sheet and Profit & Loss Account | 05/09/07          | Form 23AC & 23ACA | 210                 | 24/12/07            |
| 2.      | Compliance Certificate                              | 05/09/07          | Form 66           | 383A                | 24/12/07            |

for **इ. ए. श्वर**

Place : Chennai

S ESHWAR

Date : 19<sup>th</sup> June 2008

ACS. No. 11990, C.P. No. 5280

**AUDITORS' REPORT TO THE SHAREHOLDERS OF LATHAM INDIA LIMITED**

We have audited the attached Balance Sheet of LATHAM INDIA LIMITED, as at 31<sup>st</sup> March, 2008 and the Profit and Loss Account for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with the auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from any material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes, assessing the accounting principles used and significant estimates made by the management, as well as evaluating overall presentation of the financial statement. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2004 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraph 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to above, we report that:
  - (i) We have obtained all the information and explanation, which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
  - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books of the Company;
  - (iii) The Balance Sheet, the Profit and Loss Account together with notes attached thereto referred to in this report are in agreement with the books of account of the Company;
  - (iv) In our opinion, the Balance Sheet, the Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
  - (v) Based on the representations made by the Directors as on 31<sup>st</sup> March, 2008 and taken on record by the Board of Directors of the Company and the information and explanation given to us none of the directors is, as at 31<sup>st</sup> March, 2008, prima-facie disqualified from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the companies Act, 1956;
  - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the companies Act 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2008; and
    - (b) in the case of the Profit and Loss Account, of the profit for the year ended on that date.

For **G. Ravishankar Associates**  
*Chartered Accountants*

**G. Ravishankar**  
*Partner*

Place : Chennai  
Date : June 19, 2008

**ANNEXURE REFERRED TO IN PARAGRAPH 2 OF OUR AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2008 OF LATHAM INDIA LIMITED**

On the basis of such checks as we considered appropriate and in terms of the information and the explanation given to us, we state that: -

- i. The Company has no fixed assets during the year.
- ii. As explained to us, the Company has no opening inventory or any closing inventory. Hence the physical verification of inventory was not necessitated.
- iii. (a) In our opinion and according to the information and explanations given to us, the company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act.  
(b) The Company has not taken any loan from a body corporate listed in the register maintained under Section 301 of the Companies Act, 1956.
- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and for the sale of goods. In our opinion, there is no continuing failure to correct major weaknesses in internal control.
- v. According to the information and explanations given to us, there are no transactions of purchase and sale of goods and services made in pursuance of contracts entered in the register maintained under Section 301 of the Companies Act, 1956.



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## LATHAM INDIA LIMITED

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- vi. The company has not accepted deposits from the public within the meaning of the provisions of Section 58A and Section 58AA of the Companies Act 1956.
- vii. In our opinion, the company has an adequate Internal audit System commensurate with the size and nature of the present business.
- viii. Maintenance of cost records has not been prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956.
- ix. (a) According to the records of the company, it has been regular in depositing undisputed statutory dues including provident fund, Income tax, Wealth tax, Custom Duty, Excise Duty, Cess and other Statutory Dues with the appropriate authorities. With regard to sales Tax an amount of Rs.15,69,598 which is undisputed is outstanding as at the last day of the financial year and is outstanding for a period of more than six months from the date they became payable.
- (b) On the basis of our examination of the documents and records, the disputed sales tax dues which has not been deposited with the appropriate authorities nor has been provided for in the books of accounts of the Company as detailed below.

| Name of the statute         | Year to which it pertains | Amount (Rs.) | Forum where dispute is pending |
|-----------------------------|---------------------------|--------------|--------------------------------|
| Madya Pradesh Sales Tax Act | 1997 – 1998               | 8,26,148     | Commercial Tax Officer Bhopal  |
| "                           | 1998 – 1999               | 1,00,883     | "                              |
| "                           | 1999 – 2000               | 82,046       | "                              |
| Kerala                      | 1998 - 1999               | 3,58,558     |                                |

- x. The accumulated losses at the end of the financial year are more than its net worth. The Company has not incurred cash losses in the current financial year and in the preceding financial year 2006-07.
- xi. On the basis of the records examined by us and the information and explanations given to us, the Company has no dues to financial institutions, banks or debentures holders and hence Clause 4(xi) of the Companies (Auditors' report) Order, 2003 is not applicable to the Company.
- xii. In our opinion and according to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or any other securities;
- xiii. The Company is not a Chit fund or a Nidhi / Mutual Benefit Fund / Society. Therefore, the provision of Clause 4(xiii) of the Companies (Auditors' report) Order, 2003 is not applicable to the Company.
- xiv. The Company is not dealing with or trading in shares, securities, debentures and other investments. Accordingly, the provision of Clause 4(xiv) of the Companies (Auditors' report) Order, 2003 is not applicable to the Company.
- xv. According to the information and explanations given to us and representations made by the management, the Company has not given any guarantee for loans taken by others from any bank or financial institution.
- xvi. The company has not availed any term loans and therefore the provision of Clause 4(xvi) of the Companies (Auditors' report) Order, 2003 is not applicable to the Company.
- xvii. According to the information and explanations given to us and on an over all examination of the Financial Statements of the Company and after placing reliance on the reasonable assumptions made by the Company for classification of long term and short term usages of funds, we are of the opinion that, prima-facie, short term funds have not been utilized for long term purposes and vice versa.
- xviii. The Company has not made any preferential allotment of shares to parties and Companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- xix. The Company has not issued any debentures and therefore the provision of Clause 4(xix) of the Companies (Auditors' report) Order, 2003 is not applicable to the Company.
- xx. The Company has not raised any money by public issue, during the year. Hence the provision of Clause 4(xx) of the Companies (Auditors' report) Order 2003 is not applicable to the Company.
- xxi. According to the information and explanations given to us and to the best of our knowledge and belief, no fraud on or by the Company, has been noticed or reported by the Company, during the year.

For **G. Ravishankar Associates**  
*Chartered Accountants*

Place : Chennai  
Date : June 19, 2008

**G. Ravishankar**  
*Partner*

## BALANCE SHEET AS AT 31ST MARCH, 2008

|                                    | <u>Schedule</u> | <u>As at<br/>31.03.08</u>  | <u>As at<br/>31.03.07</u>  |
|------------------------------------|-----------------|----------------------------|----------------------------|
| <b>SOURCES OF FUNDS</b>            |                 |                            |                            |
| Shareholder's funds:               |                 |                            |                            |
| Share Capital                      | 1               | 12,800,000                 | <i>12,800,000</i>          |
| Reserves and Surplus               | 2               | 10,059,935                 | <i>10,059,935</i>          |
| <b>Loan funds:</b>                 |                 |                            |                            |
| Unsecured Loans                    | 3               | 45,233,655                 | <i>45,784,510</i>          |
| <b>Total</b>                       |                 | <b><u>68,093,590</u></b>   | <b><u>68,644,445</u></b>   |
| <b>APPLICATION OF FUNDS</b>        |                 |                            |                            |
| Current Assets, Loans and Advances | 4               |                            |                            |
| Current Assets:                    |                 |                            |                            |
| Sundry Debtors                     |                 | 15,600                     | –                          |
| Cash and Bank balances             |                 | 120,758                    | <i>23,323</i>              |
|                                    |                 | 136,358                    | <i>23,323</i>              |
| Loans and Advances                 |                 | 13,127,749                 | <i>13,111,911</i>          |
| <b>Total (A)</b>                   |                 | <b><u>13,264,107</u></b>   | <b><u>13,135,234</u></b>   |
| <i>Less</i> : Current Liabilities  |                 |                            |                            |
| Liabilities                        | 5               | 16,224,041                 | <i>16,233,427</i>          |
| Provisions                         |                 | 10,391,533                 | <i>10,426,685</i>          |
| <b>Total (B)</b>                   |                 | <b><u>26,615,574</u></b>   | <b><u>26,660,112</u></b>   |
| <b>Net Current Assets (A-B)</b>    |                 | <b><u>(13,351,467)</u></b> | <b><u>(13,524,878)</u></b> |
| Profit and Loss Account            | 6               | <b><u>81,445,057</u></b>   | <b><u>82,169,323</u></b>   |
| <b>Total</b>                       |                 | <b><u>68,093,590</u></b>   | <b><u>68,644,445</u></b>   |
| Notes to the Accounts              | 9               |                            |                            |

Schedules 1 to 6 and Notes in Schedule 9 form part of this Balance Sheet

As per our Report of even date  
For and on behalf of

**G. Ravishankar Associates**  
*Chartered Accountants*

**G. RAVISHANKAR**  
*Partner*

Membership No. 25055

Chennai, Dated 19th June, 2008

K.C. RAMAN }  
M. SINGH } *Directors*

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**LATHAM INDIA LIMITED**

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

| <b>Particulars</b>                         | <b>Schedule</b> | <b>Amount in Rs.<br/>Period ended<br/>31.03.08</b> | <b>Amount in Rs.<br/>Year ended<br/>31.03.07</b> |
|--|-----------------|--|--|
| <b>INCOME</b>                              |                 |  |  |
| Sales and Other income                     | 7               | <u>1,550,209</u>                                   | <u>1,939,471</u>                                 |
| <b>EXPENDITURE</b>                         |                 |  |  |
| Trading and Other Expenses                 | 8               | 734,410  | 810,369  |
| Depreciation                               |                 | —  | —  |
|  |                 | <u>734,410</u>                                     | <u>810,369</u>                                   |
| <b>PROFIT FOR THE YEAR</b>                 |                 | <b>815,799</b>                                     | <b>1,129,102</b>                                 |
| Provision for Taxation                     |                 | 91,533   | 126,685  |
| <b>PROFIT AFTER TAX</b>                    |                 | <b>724,266</b>                                     | <b>1,002,417</b>                                 |
| Deficit brought forward from Previous Year |                 | (94,261,791)                                       | (95,264,208)                                     |
| Balance carried to Balance Sheet           |                 | <u>(93,537,525)</u>                                | <u>(94,261,791)</u>                              |
| Notes on Accounts                          | 9               |  |  |

Schedules 7 & 8 and Notes in Schedule 9 form part of this Profit and Loss Account

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As per our Report of even date  
For and on behalf of

**G. Ravishankar Associates**  
*Chartered Accountants*

**G. RAVISHANKAR**  
*Partner*

Membership No. 25055

Chennai, Dated 19th June, 2008

K.C. RAMAN }  
M. SINGH } *Directors*

**SCHEDULES 1 TO 8 ANNEXED TO AND FORMING PART OF THE ACCOUNTS**

|  | As at 31st<br>March 2008<br>Rupees | As at 31st<br>March 2007<br>Rupees |
|--|------------------------------------|------------------------------------|
| <b>SCHEDULE 1 – SHARE CAPITAL</b>  |                                    |                                    |
| <b>AUTHORISED</b>  |                                    |                                    |
| 30,00,000 Shares of Rs.10/- each   | <u>30,000,000</u>                  | <u>30,000,000</u>                  |
| <b>ISSUED AND SUBSCRIBED AND PAIDUP</b>  |                                    |                                    |
| 12,80,000 Equity Shares of Rs.10/- each fully paid up.<br>Of the above shares, 6,20,000 Shares were allotted as fully paid up Bonus shares by capitalization of General Reserve. All the Equity shares are held by Forbes & Company Limited, Mumbai, the holding companies and its nominees. | <u>12,800,000</u>                  | <u>12,800,000</u>                  |
| <hr/>  |                                    |                                    |
| <b>SCHEDULE 2 – RESERVES &amp; SURPLUS</b>   |                                    |                                    |
| General reserve  |                                    |                                    |
| Balance  | 12,092,468                         | 12,092,468                         |
| Less: Deficit in P&L A/C As per Contra   | <u>12,092,468</u>                  | <u>12,092,468</u>                  |
|  | -                                  | -                                  |
| Capital Reserve  | <u>10,059,935</u>                  | <u>10,059,935</u>                  |
|  | <u>10,059,935</u>                  | <u>10,059,935</u>                  |
| <hr/>  |                                    |                                    |
| <b>SCHEDULE 3 – UNSECURED LOANS</b>  |                                    |                                    |
| FROM OTHERS:   |                                    |                                    |
| From Holding Company   | 33,555,655                         | 32,656,510                         |
| Intercompany Deposits  | <u>11,678,000</u>                  | <u>13,128,000</u>                  |
|  | <u>45,233,655</u>                  | <u>45,784,510</u>                  |
| <hr/>  |                                    |                                    |
| <b>SCHEDULE 4 – CURRENT ASSETS, LOANS AND ADVANCES</b>   |                                    |                                    |
| <b>CURRENT ASSETS</b>  |                                    |                                    |
| SUNDRY DEBTORS   |                                    |                                    |
| Debts outstanding for a period exceeding six months  |                                    |                                    |
| Unsecured, Considered Good   | 15,600                             | -                                  |
| Considered doubtful  | <u>6,234,622</u>                   | <u>6,234,622</u>                   |
|  | 6,250,222                          | 6,234,622                          |
| Less : Provision for Doubtful Debts  | <u>6,234,622</u>                   | <u>6,234,622</u>                   |
|  | 15,600                             | -                                  |

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# LATHAM INDIA LIMITED

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## SCHEDULE 4..... (Continued)

|   | As at 31st<br>March 2008<br>Rupees | As at 31st<br>March 2007<br>Rupees |
|---|------------------------------------|------------------------------------|
| <b>CASH AND BANK BALANCES</b>   |                                    |                                    |
| Cash on hand  | 40                                 | 621                                |
| Bank balances with Scheduled Banks:                                     |                                    |                                    |
| On Current Accounts   | 120,718                            | 22,702                             |
|   | <u>120,758</u>                     | <u>23,323</u>                      |
| <b>LOANS AND ADVANCES</b>   |                                    |                                    |
| A. Advances recoverable in cash or in kind or for value to be received: |                                    |                                    |
| Unsecured Considered Good   | 13,127,749                         | 13,111,911                         |
| Considered Doubtful   | 64,813                             | 64,813                             |
|   | <u>13,192,562</u>                  | <u>13,176,724</u>                  |
| Less : Provision for doubtful advances                                  | 64,813                             | 64,813                             |
|   | <u>13,127,749</u>                  | <u>13,111,911</u>                  |
| B. Deposits   |                                    |                                    |
| Unsecured Considered Good   | -                                  | -                                  |
| Considered Doubtful   | 1,379,946                          | 1,409,946                          |
|   | <u>1,379,946</u>                   | <u>1,409,946</u>                   |
| Less : Provision for doubtful advances                                  | 1,379,946                          | 1,409,946                          |
|   | <u>-</u>                           | <u>-</u>                           |
| Total (A + B)   | <u>13,127,749</u>                  | <u>13,111,911</u>                  |
| <b>Total Current Assets</b>   | <u>13,264,107</u>                  | <u>13,135,234</u>                  |

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## SCHEDULE 5 – CURRENT LIABILITIES AND PROVISIONS

|                                 |                   |                   |
|---------------------------------|-------------------|-------------------|
| A. CURRENT LIABILITIES:         |                   |                   |
| Sundry Creditors                | 16,224,041        | 16,233,427        |
| B. PROVISIONS:                  |                   |                   |
| For Taxation                    | 10,391,533        | 10,426,685        |
| Total Current Liabilities (A+B) | <u>26,615,574</u> | <u>26,660,112</u> |

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## SCHEDULE 6 – PROFIT AND LOSS ACCOUNT

|                                      |                   |                   |
|--------------------------------------|-------------------|-------------------|
| Profit and Loss account balance      | 93,537,525        | 94,261,791        |
| Less : General Reserve as per contra | 12,092,468        | 12,092,468        |
|                                      | <u>81,445,057</u> | <u>82,169,323</u> |

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**SCHEDULES (Continued)**

|  | As at 31st<br>March 2008<br>Rupees | As at 31st<br>March 2007<br>Rupees |
|--|------------------------------------|------------------------------------|
| <b>SCHEDULE 7 – SALES, SERVICE AND OTHER INCOME</b>    |                                    |                                    |
| Sales  | 15,000                             | 41,600                             |
| Commission   | –                                  | 248,750                            |
| Interest on Income Tax                                 | 1,493,226                          | 1,329,582                          |
| Interest on Tender & Security Deposit                  | 11,983                             | –                                  |
| Recovery of Tender & Security Deposit                  | 30,000                             | –                                  |
| Sundry Creditors Written Back                          | –                                  | 284,539                            |
| Provision for Taxation no longer required written back | –                                  | 35,000                             |
|  | 1,550,209                          | 1,939,471                          |

**SCHEDULE 8 – TRADING AND OTHER EXPENSES**

**MATERIALS CONSUMED OR SCRAPPED / COST OF GOODS SOLD**

|                                   |         |         |
|-----------------------------------|---------|---------|
| Opening Stock                     | –       | –       |
| Add : Purchases                   | 13,600  | 37,500  |
|                                   | 13,600  | 37,500  |
| Less : Closing Stock              | –       | –       |
|                                   | 13,600  | 37,500  |
| Rent                              | –       | 5,000   |
| Repairs & Maintenance             | 32,500  | 78,000  |
| Salaries, Wages, Bonus & Exgratia | 169,755 | 271,276 |
| Retainership Fee Paid             | 60,000  | –       |
| Contribution to:                  |         |         |
| – Provident and other funds       | 9,309   | 22,103  |
| – Pension Fund                    | 9,955   | 22,680  |
| Gratuity Paid                     | 113,516 | 6,635   |
| Leave Encashment Paid             | 2,865   | –       |
| LTA Paid                          | 8,335   | –       |
| Staff Welfare Expenses            | 7,750   | 12,600  |
| Bank Charges                      | 3,945   | 3,182   |
| Rates & Taxes                     | 9,897   | 8,646   |
| <b>Remuneration to Auditors</b>   |         |         |
| Statutory audit                   | 22,472  | 22,448  |
| Out of pocket                     | 2,833   | 2,500   |
| Printing & Stationery             | 2,642   | 3,411   |
| Subscription                      | –       | 1,000   |
| Legal & Professional Charges      | 184,750 | 131,700 |
| Travelling & Conveyance           | 44,901  | 72,998  |
| Telephone, Telex & Postage        | 18,206  | 44,957  |
| Miscellaneous Expenses            | 9,557   | 26,467  |
| Fringe Benefit Tax                | 6,022   | 17,136  |
| Sales Tax Paid                    | 1,600   | 7,587   |
| ESI Paid                          | –       | 12,543  |
|                                   | 734,410 | 810,369 |

# LATHAM INDIA LIMITED

## SCHEDULE 9 – SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

### A. SIGNIFICANT ACCOUNTING POLICIES

#### I. Basis of Accounting

The accounts have been prepared on going concern basis inspite of total erosion of net worth, the current liabilities exceeding the current assets and the total liabilities exceeding the total assets, as the management is considering alternative proposals to improve the business of the company.

#### II. Fixed Assets and Depreciation

The Company does not hold any Fixed Assets.

#### III. Inventories

There were no opening or closing stocks during the year.

#### IV. Revenue Recognition

Sales are accounted for on dispatch of goods to the customers and are net of excise duty and sales returns.

#### V. Retirement Benefits

Contribution to Provident Fund are made in accordance with the rules. Contribution to Gratuity by way of premium is made to LIC of India. Provision for leave encashment on retirement has been assessed and provided for.

### B. NOTES ON ACCOUNTS :

|  | As at 31-03-08                                       | As at 31-03-07               |
|--|--|------------------------------|
|  | <u>Rupees</u>  | <u>Rupees</u>                |
| 1. (a) Claims against the company not acknowledged as debts – by a supplier on a price dispute in connection with purchase of trading stock under legal proceedings.   | 16,400,000   | 16,400,000                   |
| (b) Contingent Liability in respect of Guarantees given  | NIL  | NIL                          |
| 2. No provision has been made for the disputed tax demands against the company, as it has been advised that there are reasonable chances of success in the appeal.   | NIL  | NIL                          |
| 3. The Company during the year 2003-2004 has received demands for three years as detailed consequent to the Best Judgment Assessment Order passed by the Commercial Tax Officer, Bhopal, M.P. The Company has filed revision petition against the order. No provision has been made in the books of accounts pending final assessment orders.  | 1997-98 826,148<br>1998-99 100,883<br>1999-00 82,046 | 826,148<br>100,883<br>82,046 |
| 4. Debtors over two years considered good in respect of which legal proceedings have been initiated in certain cases.  | NIL  | NIL                          |
| 5. Based on an Arbitration Agreement with FAL Industries Ltd. (since merged with Forbes & Co. Ltd.), every year commission due has been recognized as income, which has been adjusted towards the amount payable to them.  | NIL  | 248,750                      |
| 6. During the year the company has repaid a portion of inter corporate loans out of the Income Tax refund received as detailed below :-  |  |                              |
| Forbes Campbell Holdings Ltd.  | 725,000  | 650,000                      |
| Warrior Investment Ltd.  | 725,000  | 650,000                      |
| 7. The Accounting Standard AS-22, accounting for Taxes on income has become applicable from 01.04.2002 and to comply with the same, the Company reviewed the deferred tax assets and liabilities. The timing difference related mainly to depreciation and carry forward losses for the period upto 31-3-05 and for the year ended 31-3-06 resulting in net deferred tax asset. As a prudent measure, deferred tax asset has not been recognized in the accounts in view of uncertainty of taxable income in the immediate future years. |  |                              |
| 8. The Company is not in a position to furnish the details of outstanding as on 31.3.08 due to Small Scale Industrial undertakings as the company has no information in this regard.   |  |                              |
| 9. Previous year's figures are regrouped wherever necessary to confirm to the classification for the year.   |  |                              |

|                                     | 31.03.08 | 31.03.07 |
|-------------------------------------|----------|----------|
| 10. Expenditure in foreign currency | NIL      | NIL      |
| Income in foreign currency          | NIL      | NIL      |

**STOCKS, PURCHASES AND TURNOVER :**

|                   | As at 31-03-2008 |               | As at 31-03-2007 |               |
|-------------------|------------------|---------------|------------------|---------------|
|                   | Qty              | Rs.           | Qty.             | Rs.           |
| (a) OPENING STOCK | NIL              | NIL           | NIL              | NIL           |
| (b) CLOSING STOCK | NIL              | NIL           | NIL              | NIL           |
| (c) PURCHASES     |                  |               |                  |               |
| Fax               | 2                | 13,600        | 5                | 37,500        |
| <b>Total</b>      |                  | <b>13,600</b> |                  | <b>37,500</b> |
| (d) SALES         |                  |               |                  |               |
| Fax               | 2                | 15,000        | 5                | 41,600        |
| <b>Total</b>      |                  | <b>15,000</b> |                  | <b>41,600</b> |

As per our Report of even date  
For and on behalf of

**G. Ravishankar Associates**  
*Chartered Accountants*

**G. RAVISHANKAR**  
*Partner*

Membership No. 25055

Chennai, Dated 19th June, 2008

|            |   |                  |
|------------|---|------------------|
| K.C. RAMAN | } | <i>Directors</i> |
| M. SINGH   |   |                  |



# LATHAM INDIA LIMITED

## SCHEDULE 9- NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008

### (a) Related Party Disclosures

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

|     |                                | Forbes<br>Cambell<br>Holding<br>Ltd. | Warrior<br>Investment<br>Ltd. | Forbes Energy<br>Systems –<br>Division<br>of FGL | Forbes &<br>Co. Ltd. –<br>Treasury<br>Division | Trident<br>Shipping<br>Agency<br>Ltd. | Other<br>Companies |
|-----|--------------------------------|--------------------------------------|-------------------------------|--|--|---------------------------------------|--------------------|
|     | <b>Nature of Transaction</b>   |                                      |                               |  |  |                                       |                    |
|     | <b>Purchases</b>               |                                      |                               |  |  |                                       |                    |
| 1.  | Goods and Materials            | -                                    | -                             | -  | -  | -                                     | -                  |
| 2.  | Services Rendered              | -                                    | -                             | -  | -  | -                                     | -                  |
| 3.  | Fixed Assets                   | -                                    | -                             | -  | -  | -                                     | -                  |
| 4.  | Investment                     | -                                    | -                             | -  | -  | -                                     | -                  |
|     | <b>Sales</b>                   |                                      |                               |  |  |                                       |                    |
| 5.  | Goods and Materials            | -                                    | -                             | -  | -  | -                                     | -                  |
| 6.  | Services Rendered              | -                                    | -                             | -  | -  | -                                     | -                  |
| 7.  | Fixed Assets                   | -                                    | -                             | -  | -  | -                                     | -                  |
| 8.  | Investment                     | -                                    | -                             | -  | -  | -                                     | -                  |
|     | <b>Expenses</b>                |                                      |                               |  |  |                                       |                    |
| 9.  | Rent                           | -                                    | -                             | -  | -  | -                                     | -                  |
| 10. | Repairs & Other Expenses       | -                                    | -                             | -  | -  | -                                     | -                  |
| 11. | Recovery of Expenses           | -                                    | -                             | -  | -  | -                                     | -                  |
| 12. | Travelling Expenses            | -                                    | -                             | -  | -  | -                                     | -                  |
| 13. | Dim. in Value of Investment    | -                                    | -                             | -  | -  | -                                     | -                  |
| 14. | Agency Commission              | -                                    | -                             | -  | -  | -                                     | -                  |
| 15. | Interest Paid                  | -                                    | -                             | -  | -  | -                                     | -                  |
| 16. | Dividend Paid                  | -                                    | -                             | -  | -  | -                                     | -                  |
| 17. | Professional Fees              | -                                    | -                             | -  | -  | -                                     | -                  |
| 18. | Directors Fees                 | -                                    | -                             | -  | -  | -                                     | -                  |
| 19. | Provision /Write offs          | -                                    | -                             | -  | -  | -                                     | -                  |
| 20. | Loss on sale of Investments    | -                                    | -                             | -  | -  | -                                     | -                  |
|     | <b>Income</b>                  |                                      |                               |  |  |                                       |                    |
| 21. | Rent and Other Service Charges | -                                    | -                             | -  | -  | -                                     | -                  |
| 22. | Interest Received              | -                                    | -                             | -  | -  | -                                     | -                  |
| 23. | Dividend Received              | -                                    | -                             | -  | -  | -                                     | -                  |
| 24. | <b>Commission Received</b>     | -                                    | -                             | -  | -  | -                                     | -                  |
| 25. | Profit on sale of Investment   | -                                    | -                             | -  | -  | -                                     | -                  |
| 26. | Provision /Write backs         | -                                    | -                             | -  | -  | -                                     | -                  |
| 27. | Misc. Income                   | -                                    | -                             | -  | -  | -                                     | -                  |

## SCHEDULE 9 – (Continued)

|     |  | Forbes<br>Cambell<br>Holding<br>Ltd. | Warrior<br>Investment<br>Ltd. | Forbes Energy<br>Systems –<br>Division<br>of FGL | Forbes &<br>Co. Ltd. –<br>Treasury<br>Division | Trident<br>Shipping<br>Agency<br>Ltd. | Other<br>Companies |
|-----|--|--------------------------------------|-------------------------------|--|--|---------------------------------------|--------------------|
|     | <b>Other Receipts</b>                            |                                      |                               |  |  |                                       |                    |
| 28. | Deputation of Staff                              | –                                    | –                             | –  | –  | –                                     | –                  |
| 29. | Other Reimbursements<br>Finance                  | –                                    | –                             | –  | –  | –                                     | –                  |
| 30. | Loans and Advances Given                         | –                                    | –                             | –  | –  | –                                     | –                  |
| 31. | Loans and Advances Taken                         | –                                    | –                             | –  | 899,145  | –                                     | –                  |
| 32. | <b>Repayment of Loans and<br/>Advances Given</b> | –                                    | –                             | –  | –  | –                                     | –                  |
| 33. | <b>Repayment of Loans and<br/>Advances Taken</b> | 725,000                              | 725,000                       | –  | –  | –                                     | –                  |
| 34. | Deposits Given                                   | –                                    | –                             | –  | –  | –                                     | –                  |
| 35. | Deposits Taken                                   | –                                    | –                             | –  | –  | –                                     | –                  |
| 36. | Repayment of Deposits Taken                      | –                                    | –                             | –  | –  | –                                     | –                  |
| 37. | Repayment of Deposits Given                      | –                                    | –                             | –  | –  | –                                     | –                  |
|     | <b>Outstandings</b>                              |                                      |                               |  |  |                                       |                    |
| 38. | Sundry Creditors                                 | –                                    | –                             | –  | –  | –                                     | –                  |
| 39. | Interest accrued and due                         | –                                    | –                             | –  | –  | –                                     | –                  |
| 40. | Sundry Debtors                                   | –                                    | –                             | –  | –  | –                                     | –                  |
| 41. | Loans and Advances                               | –                                    | –                             | –  | –  | –                                     | –                  |
| 42. | Advance for Capital Purchase                     | –                                    | –                             | –  | –  | –                                     | –                  |
| 43. | Prov. for Doubtful Loans and Adv.                | –                                    | –                             | –  | –  | –                                     | –                  |
| 44. | Provision for Doubtful Debts                     | –                                    | –                             | –  | –  | –                                     | –                  |
| 45. | Deposits Payable                                 | –                                    | –                             | –  | –  | –                                     | –                  |
| 46. | Deposits Receivable                              | –                                    | –                             | –  | –  | –                                     | –                  |
| 47. | Prepaid Expenses                                 | –                                    | –                             | –  | –  | –                                     | –                  |
|     | Remuneration                                     |                                      |                               |  |  |                                       |                    |
| 48. | Paid / Payable                                   | –                                    | –                             | –  | –  | –                                     | –                  |
| 49. | Outstanding                                      | –                                    | –                             | –  | –  | –                                     | –                  |
| 50. | Recoverable                                      | –                                    | –                             | –  | –  | –                                     | –                  |
|     | Guarantees                                       |                                      |                               |  |  |                                       |                    |
| 51. | Given  | –                                    | –                             | –  | –  | –                                     | –                  |
| 52. | Outstanding                                      | –                                    | –                             | –  | –  | –                                     | –                  |
|     | <b>Closing Balance as on 31.03.2008</b>          | <b>2,099,000</b>                     | <b>3,079,000</b>              | <b>12,881,866</b>                                | <b>33,555,655</b>                              | <b>6500000</b>                        |                    |

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# LATHAM INDIA LIMITED

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## SCHEDULES ANNEXED TO AND FORMATING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008

### INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956

#### I. Registration Details

|                    |            |            |    |
|--------------------|------------|------------|----|
| Registration No.   | 7310       | State Code | 18 |
| Balance Sheet Date | 31.03.2008 |            |    |

#### II. Capital raised during the year (Amount in Rs.'000)

|              |     |                   |     |
|--------------|-----|-------------------|-----|
| Public Issue | Nil | Rights Issue      | Nil |
| Bonus Issue  | Nil | Private Placement | Nil |

#### III. Position of Mobilisation and Deployment of Funds (Amount in Rs.'000)

|                   |        |                |        |
|-------------------|--------|----------------|--------|
| Total liabilities | 68,094 | Total Assets * | 68,094 |
|-------------------|--------|----------------|--------|

##### Source of Funds

|                      |        |
|----------------------|--------|
| Paid-up Capital      | 12,800 |
| Reserves and Surplus | 10,060 |
| Secured Loans        | 0      |
| Unsecured Loans      | 45,234 |

##### Application of Funds

|                    |         |
|--------------------|---------|
| Net Fixed Assets   | 0       |
| Investments        | 0       |
| Net Current Assets | -13,351 |
| Accumulated Losses | 81,445  |

\* Net of Current Liabilities and Provisions

#### IV. Performance of the company (Amount in Rs.'000)

|                          |       |
|--------------------------|-------|
| Total Income             | 1,550 |
| Total Expenditure        | 734   |
| Profit before Tax        | 816   |
| Profit after Tax         | 724   |
| Earning per share in Rs. | 0.57  |
| Dividend Rate            | NA    |

#### V. Generic names of three principal products/services of company

(as per monetary terms)

|  |                      |                          |
|--|----------------------|--------------------------|
| Item Code No. (ITC Code) <b>84693000</b> | Products Description | <b>Manual Typewriter</b> |
| Item Code No. (ITC Code) <b>85172100</b> | Products Description | <b>Fax</b>               |
| Item Code No. (ITC Code) <b>84721000</b> | Products Description | <b>Duplicator</b>        |

Place : Chennai  
Date : 19.06.2008

K.C. RAMAN  
*Director*

M. SINGH  
*Director*

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

| Particulars  | 2007-08          |                  | 2006-07          |
|--|------------------|------------------|------------------|
|  | Amount<br>Rupees | Amount<br>Rupees | Amount<br>Rupees |
| <b>A. CASH FROM OPERATING ACTIVITY</b>                                       |                  |                  |                  |
| NET PROFIT BEFORE TAX AND EXTRA-ORDINARY ITEM                                |                  | 815,799          | 1,129,102        |
| Adjusted for –   |                  |                  |                  |
| Fringe Benefit Tax   | 6,022            | 6,022            | 17,136           |
| OPERATING PROFIT BEFORE WORKING CAPITAL                                      |                  | 821,821          | 1,146,238        |
| CHANGE IN WORKING CAPITAL  |                  |                  |                  |
| Change in –  |                  |                  |                  |
| Trade and Other Receivables  | (15,600)         |                  | –                |
| Other Advances   | (15,838)         |                  | (36,828)         |
| Trade Payable and Others   | (142,093)        |                  | (310,155)        |
| CASH GENERATED FROM OPERATIONS   |                  | 648,290          | 799,255          |
| NET CASH FROM OPERATING ACTIVITY (a)   |                  | 648,290          | 799,255          |
| <b>B. CASH FLOW FROM INVESTMENT ACTIVITY</b>                                 |                  |                  |                  |
| NET CASH FLOW FROM INVESTING ACTIVITY (b)                                    |                  | –                | –                |
| <b>C. CASH FLOW FROM FINANCING ACTIVITY</b>                                  |                  |                  |                  |
| Unsecured Loans  |                  | (550,855)        | (781,506)        |
| NET CASH FLOW FROM FINANCING ACTIVITY (c)                                    |                  | –                | –                |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS (a + b + c)</b>                 |                  | <b>97,435</b>    | <b>17,749</b>    |
| CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE YEAR – COMPRISING OF |                  |                  |                  |
| Cash on hand   | 621              |                  | 4,384            |
| Balance with Scheduled Banks   | 22,702           |                  | 1,190            |
| CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR – COMPRISING OF          |                  | 23,323           | 5,574            |
| Cash on hand   | 40               |                  | 621              |
| Balance with Scheduled Banks   | 120,718          | 120,758          | 23,323           |
| <b>NET INCREASE OR DECREASE AS DISCLOSED ABOVE</b>                           |                  | <b>97,435</b>    | <b>17,749</b>    |

As per our Report of even date  
For and on behalf of

**G. Ravishankar Associates**  
*Chartered Accountants*

**G. RAVISHANKAR**  
*Partner*

K.C. RAMAN }  
M. SINGH } *Directors*

Membership No. 25055

Chennai, Dated 19th June, 2008

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# VOLKART FLEMING SHIPPING & SERVICES LIMITED

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(a wholly owned Subsidiary Company)

Annual Report and Accounts  
for the year ended 31<sup>st</sup> March, 2008

**DIRECTORS:**

Ashok Barat

*Chairman*

C.G. Shah

C.A. Karnik

Capt. S.P. Rao

**BANKERS:**

Standard Chartered Bank

Axis Bank (formerly known as UTI Bank)

Bank of India

**AUDITORS:**

Batliboi & Purohit

*Chartered Accountants*

**REGISTERED OFFICE:**

21 A.K. Nayak Marg,

Fort, Mumbai - 400 001.

**DIRECTORS' REPORT**

To  
The Shareholders

Gentlemen,

Your Directors submit their Report and the Audited Accounts for the year ended 31st March, 2008

**FINANCIAL RESULTS:**

|  | Current Year ended<br>31st March, 2008<br>(Rupees) | <i>Previous Year ended<br/>31st March, 2007<br/>(Rupees)</i> |
|--|--|--|
| (a) Operating Profit before Depreciation                         | 9,554,878  | (3,080,373)  |
| (b) Less: Depreciation/Assets discarded                          | 728,244  | 810,616  |
| (c) Provision for doubtful debts                                 | 69,001   | -  |
| (d) Balance  | 8,757,633  | (3,890,989)  |
| (e) Provision for Taxation (including previous year adjustments) | 2,148,265  | (376,400)  |
| (f) Profit after Tax   | 6,609,368  | (3,514,589)  |
| Appropriation to:  |  |  |
| (a) Proposed Dividend  | 3,600,000  | -  |
| (b) Provision for Tax on Final dividend                          | 611,820  | -  |
| (c) General Reserves   | 1,047,745  | -  |
| Balance brought forward from last year                           | 24,713,125   | 28,227,714   |
| <b>TOTAL</b>   | <u>26,062,928</u>                                  | <u>24,713,125</u>  |

**REVIEW OF OPERATIONS:**

Volkart Fleming Shipping & Services Limited (VFSSL) is the sole agent at all major ports of India for Forbes Container Line Pte Limited, Singapore. The activities are commenced from February' 2007.

Besides providing services at all major ports in India, VFSSL also provide services at all major ICDs through out India.

Throughput has increased effectively from November'2007 onwards and thereafter there has been a steady growth.

**DIRECTORATE:**

Capt. S.P.Rao retires from the Board by rotation and is eligible for re-appointment. Yours Directors recommend his appointment.

Pursuant to Section 260 of the Companies Act, 1956, Mr.Ashok Barat retires at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

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

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

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# VOLKART FLEMING SHIPPING & SERVICES LIMITED

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## COMPLIANCE REPORT:

Pursuant to Section 383A of the Companies Act, 1956, Secretarial Compliance Certificate received from M/s. Sanjay Dholakia & Associates, is attached.

## AUDITORS:

You are requested to appoint Auditors for the current year and to fix their remuneration.

## PARTICULARS REGARDING EMPLOYEES:

The company did not have any employee who was entitled to

receive Rs.24,00,000/- or more in aggregate through out the financial year or Rs.2,00,000/- or more per month or for a part of a month in the financial year.

## COMPANIES (DISCLOSURE OF PARTICULARS IN REPORT OF THE BOARD OF THE DIRECTORS) RULES:

Required particulars are annexed hereto, which form part of the report.

For and on behalf of the Board of Directors

Place : Mumbai

Dated : 30th June, 2008

(C.G. Shah)

Director

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## ANNEXURE TO THE DIRECTORS' REPORT

Information required under the Companies (Disclosure of Particulars in the Report of Directors) Rules, 1988

### A. Conservation of Energy:

The Company's operations involve low energy consumption. Wherever possible energy conservation have already been implemented and there are no major areas where further energy conservation measures can be taken. However, efforts to conserve and optimise the use of energy through operational methods will continue.

### B. Form for disclosure of Particulars with respect to Technology Absorption:

#### FORM – 'B'

##### Research and Development (R & D):

1. Specific areas in which R & D carried out by the Company
2. Benefits derived as a result of the above R & D
3. Future plan of action
4. Expenditure on R & D
  - (a) Capital
  - (b) Recurring
  - (c) Total
  - (d) Total R & D expenditure as percentage of total turnover

The Company is engaged essentially in Service activities. The Company derives the benefits of R & D of its principals in its area of operations.

##### Technology absorption, adaptation and innovation:

1. Efforts in brief, made towards technology absorption, adaptation and innovation
2. Benefit derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution, etc.
3. In case of imported technology (imported during the last five years reckoned from the beginning of the financial year), following information may be furnished:
  - (a) Technology Imported
  - (b) Year of import
  - (c) Has technology been fully absorbed ?
  - (d) If not, fully absorbed areas where this has not taken place, reasons therefore and future plans of actions.

The company endeavours to absorb technological improvements to the extent consistent with the nature of business of the Company.

The Company has not imported technology in the relevant period.

### C. Foreign exchange earning and outgo:

1. Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services and export plans
2. Total Foreign exchange used and earned

Nil

FORM [SEE RULE 3]

COMPLIANCE CERTIFICATE

To The Members,

Volkart Fleming Shipping & Services Limited

We have examined the registers, records, books and papers of Volkart Fleming Shipping & Services Limited, (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31<sup>st</sup> March, 2008. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made thereunder and all entries therein have been duly recorded.
2. The company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, or other authorities within the time prescribed under the Act and the rules made thereunder.
3. The company is a public limited company and the restrictions mentioned in Section 3(1)(iii) of the Act is not applicable to public limited companies.
4. The Board of Directors duly met 4 times on 29<sup>th</sup> June, 2007, 27<sup>th</sup> September, 2007, 17<sup>th</sup> December, 2007 and 31<sup>st</sup> March, 2008 in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed.
5. The company was not required to close its Register of Members during the financial year.
6. The annual general meeting for the financial year ended on 31<sup>st</sup> March, 2007 was held on 27<sup>th</sup> September, 2007 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No extra ordinary general meeting was during the financial year.
8. The company has not advanced any loans to its directors and/or persons or firms or companies referred in the Section 295 of the Act.
9. The company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The company has made necessary entries in the Register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, Members or Central Government, as the case may be.
12. The company has not issued any duplicate share certificates during the financial year.
13. The Company has:
  - (i) not made any allotment/ transfer/transmission of securities during the financial year.
  - (ii) not deposited any amount in a separate bank account as no dividend was declared during the financial year.
  - (iii) not posted warrants to any member of the company, as no dividend was declared during the financial year.
  - (iv) no unpaid dividend, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid and as are required to be transferred to Investor Education and Protection Fund.
  - (v) duly complied with the requirements of Section 217 of the Act.



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## VOLKART FLEMING SHIPPING & SERVICES LIMITED

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14. The Board of Directors of the company is duly constituted. There was one appointment of Director and one resignation of Director during the financial year. The Company is in the process of filing Form 32 in respect of above with the Registrar of Companies, Maharashtra.
15. No Managing Directors / Whole Time Director / Manager were appointed during the financial year.
16. The company has not appointed any sole-selling agents during the financial year.
17. The company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar or such other applicable authorities as may be prescribed in the Act during the year under review.
18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The company has not issued any securities issued during the financial year.
20. The company has not bought back any shares during the financial year.
21. There was no redemption of preference shares or debentures during the financial year.
22. There were no transaction necessitating the company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The company has not accepted deposits during the financial year.
24. The company has made not made any borrowings during the financial year.
25. The company has not made any investments, given loans and given guarantees to other bodies corporate and consequently no entries have been made in the register kept for the purpose during the year.
26. The company has not altered the provisions of the memorandum with respect to situation of the company's registered office from one state to another during the year under scrutiny.
27. The company has not altered the provisions of the memorandum with respect to the objects of the company during the year under scrutiny.
28. The company has not altered the provisions of the memorandum with respect to name of the company during the year under scrutiny.
29. The company has not altered the provisions of the memorandum with respect to share capital of the company regarding during the year under scrutiny.
30. The company has not altered its articles of association during financial year.
31. There was no prosecution initiated against or show cause notices received by the company during the financial year for offences under the Act.
32. The company has not received any money as security from its employees during the financial year under certification as per provisions of Section 417(1) of the Act.
33. The company has deposited both employee's and employer's contribution to Provident Fund with prescribed authorities pursuant to Section 418 of the Act.

For **Sanjay Dholakia & Associates**

(**SANJAY R. DHOLAKIA**)

*Practising Company Secretary*

*Proprietor*

C.P. No. : 1798

Place : Mumbai

Date : 30<sup>th</sup> June, 2008

ANNEXURE A

**Registers as maintained by the Company**

1. Register of Members under Section 150.
2. Register of Directors, Managing Director, Manager and Secretaries under Section 303.
3. Register of Director's Shareholding under Section 307.
4. Minutes of the Annual General Meeting / Extra Ordinary General Meeting and Board Meeting under Section 193 with Attendance Register.
5. Register of Contracts under Section 301.

For **Sanjay Dholakia & Associates**

**(SANJAY R. DHOLAKIA)**

*Practising Company Secretary*

*Proprietor*

C.P. No. : 1798

Place : Mumbai

Date : 30<sup>th</sup> June, 2008

ANNEXURE B

**Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending on 31<sup>st</sup> March, 2008.**

1. Form 23AC for Balance Sheet as at 31/3/2007 and Form 23ACA for Profit & Loss Account for the year ended 31<sup>st</sup> March, 2007 filed with the Registrar of Companies, Maharashtra on 26<sup>th</sup> October, 2007.
2. Form 20B for Annual Return made up to 27<sup>th</sup> September, 2007, filed with the Registrar of Companies, Maharashtra on 26<sup>th</sup> October, 2007.
3. Form 66 for Compliance Certificate for the year ended 31<sup>st</sup> March, 2007, as required u/s. 383A of the Companies Act, 1956, was filed with the Registrar of Companies, Maharashtra on 26<sup>th</sup> October, 2007.

For **Sanjay Dholakia & Associates**

**(SANJAY R. DHOLAKIA)**

*Practising Company Secretary*

*Proprietor*

C.P. No. : 1798

Place : Mumbai

Date : 30<sup>th</sup> June, 2008

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## VOLKART FLEMING SHIPPING & SERVICES LIMITED

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### AUDITORS' REPORT TO THE MEMBERS OF VOLKART FLEMING SHIPPING & SERVICES LIMITED

1. We have audited the attached Balance Sheet of **VOLKART FLEMING SHIPPING & SERVICES LIMITED** ('the company') as at 31<sup>st</sup> March, 2008 and also the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above we report that:
  - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet and the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet and the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.
  - (e) On the basis of the written representations received from the directors as on March 31, 2008 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March 2008 from being appointed as a director under Clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.
  - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with significant accounting policies & notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
    - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2008;
    - (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
    - (iii) in the case of Cash Flow Statement, of the Cash Flows of the Company for the year ended on that date.

For **BATLIBOI & PUROHIT**  
*Chartered Accountants*

**K.K. KSHIRSAGAR**  
*Partner*

Membership No. 4047

Place : Mumbai  
Dated : 05.07.2008

**ANNEXURE TO THE AUDITOR'S REPORT****(Referred to in paragraph 3 of our report of even date)**

- i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
- c) There was no substantial disposal of fixed assets during the year.
- ii) Since the business of the Company is Service Oriented, the provision of Clause 4(ii) of the Companies (Auditor's report) Order, 2003 (as amended) in respect of physical verification of inventory is not applicable to the Company.
- iii) a) As informed the Company has granted loan to one party covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.5.23 crores and the year- end balance of loans granted to the above party is Rs.5.23 crores.
- b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.
- c) The loans granted are repayable on demand. As informed, the company has not demanded repayment of any such loan during the year, thus, there has been no default on the part of the party to whom the money has been lent. The payment of interest has been regular.
- d) There is no overdue amount of loans granted to companies, firms or other parties listed in the register maintained under Section 301 of the companies Act, 1956.
- e) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for the sale of services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- v) a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act that need to be entered into the register maintained under Section 301 have been so entered.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi) The Company has not accepted any deposits during the year from the public within the meaning of provisions of Sections 58A, 58AA or any other provisions relevant to the Companies Act, 1956 and rules made there under.
- vii) *The Company does not have an internal audit system.*
- viii) Since the business of the Company is Service Oriented, the provision of Clause 4(viii) of the Companies (Auditor's report) Order, 2003 (as amended) is not applicable to the Company.
- ix) a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it.
- b) According to the information and explanations given to us, no undisputed amount payable in respect of provident fund, investor education and protection fund, employees' state insurance, income tax, wealth tax, service tax, sales tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

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## VOLKART FLEMING SHIPPING & SERVICES LIMITED

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- c) According to the records of the company, there are no dues outstanding of income tax, sales tax, and excise duty on account of any dispute.
- x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of Clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures or other investments. Accordingly, the provisions of Clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the company.
- xv) According to the information and explanations given to us, the Company has not given guarantee for loans taken by others from bank or financial institutions.
- xvi) The Company has not taken any term loans during the year.
- xvii) According to the information and explanations given to us and on an overall examination of the balance sheet and cash flow statement of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- xix) The Company did not have any outstanding debentures during the year.
- xx) The Company has not raised any money by way of Public issues during the year.
- xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For **BATLIBOI & PUROHIT**  
*Chartered Accountants*

**K.K. KSHIRSAGAR**  
*Partner*  
Membership No. 4047

Place : Mumbai  
Dated : 05.07.2008

## BALANCE SHEET AS AT 31ST MARCH, 2008

|   | Schedule | Rupees      | As at<br>31.03.2008<br>Rupees | As at<br>31.03.2007<br>Rupees |
|---|----------|-------------|-------------------------------|-------------------------------|
| <b>FUNDS EMPLOYED:</b>  |          |             |                               |                               |
| 1. SHARE CAPITAL  | 1        | 6,000,000   |                               | 6,000,000                     |
| 2. RESERVES & SURPLUS   | 2        | 64,337,734  |                               | 61,940,186                    |
| 3. TOTAL SHAREHOLDERS' FUNDS  |          |             | 70,337,734                    | 67,940,186                    |
| 4. TOTAL FUNDS EMPLOYED   |          |             | 70,337,734                    | 67,940,186                    |
| <b>APPLICATION OF FUNDS:</b>  |          |             |                               |                               |
| 5. FIXED ASSETS:  | 3        |             |                               |                               |
| (a) GROSS BLOCK   |          | 21,815,104  |                               | 20,294,115                    |
| (b) LESS: ACCUMULATED DEPRECIATION  |          | 14,921,153  |                               | 14,192,909                    |
| (c) NET BLOCK   |          |             | 6,893,951                     | 6,101,206                     |
| 6. INVESTMENTS  | 4        |             | 454,461                       | 454,461                       |
| 7. DEFERRED TAX ASSETS (NET)  |          |             | 1,150,225                     | 1,192,790                     |
| 8. CURRENT ASSETS, LOANS & ADVANCES   | 5        |             |                               |                               |
| (a) SUNDRY DEBTORS  |          | 1,929,215   |                               | 4,887,308                     |
| (b) CASH & BANK BALANCES  |          | 27,891,066  |                               | 42,548,445                    |
| (c) LOANS & ADVANCES  |          | 109,936,965 |                               | 89,350,842                    |
|   |          | 139,757,246 |                               | 136,786,595                   |
| 9. LESS: CURRENT LIABILITIES & PROVISIONS   | 6        |             |                               |                               |
| (a) CURRENT LIABILITIES   |          | 70,563,669  |                               | 73,097,276                    |
| (b) PROVISIONS  |          | 7,421,898   |                               | 3,767,262                     |
|   |          | 77,985,567  |                               | 76,864,538                    |
| 10. NET CURRENT ASSETS  |          |             | 61,771,679                    | 59,922,057                    |
| 11. MISCELLANEOUS EXPENDITURE<br>(TO THE EXTENT NOT WRITTEN-OFF OR ADJUSTED)<br>Deferred Revenue Expenditure<br>Voluntary Retirement Compensation |          |             | 67,418                        | 269,672                       |
| 12. TOTAL ASSETS (NET)  |          |             | 70,337,734                    | 67,940,186                    |
| 13. NOTES TO THE ACCOUNTS AND SIGNIFICANT<br>ACCOUNTING POLICIES  | 9        |             |                               |                               |

In terms of our report on even date attached

For **BATLIBOI & PUROHIT**  
Chartered Accountants

**K. K. KSHIRSAGAR**  
Partner  
Membership No.: 4047

Mumbai, Dated : 30.06.2008

ASHOK BARAT *Chairman*

C. G. SHAH }  
C. A. KARNIK } *Directors*  
S. P. RAO }

# VOLKART FLEMING SHIPPING & SERVICES LIMITED

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

|  | Schedule | Rupees    | For the year<br>ended<br>31.03.2008<br>Rupees | For the year<br>ended<br>31.03.2007<br>Rupees |
|--|----------|-----------|---|---|
| 1. SERVICES & OTHER INCOME                                       | 7        |           | 43,370,610                                    | 19,913,405                                    |
| 2. OTHER EXPENSES  | 8        |           | 33,613,478                                    | 22,791,524                                    |
| 3. VOLUNTARY RETIREMENT COMPENSATION<br>AMORTISED                |          |           | 202,254                                       | 202,254                                       |
|  |          |           | 9,554,878                                     | (3,080,373)                                   |
| 4. DEPRECIATION  |          |           | 728,244                                       | 810,616                                       |
| 5. PROVISION FOR DOUBTFUL DEBTS                                  |          |           | 69,001  | –   |
| 6. NET PROFIT / (LOSS) BEFORE TAX                                |          |           | 8,757,633                                     | (3,890,989)                                   |
| 7. <i>Less</i> : PROVISION FOR TAXATION                          |          |           |   |   |
| INCOME TAX (CURRENT)   |          | 2,018,000 |   | –   |
| INCOME TAX (DEFERRED)  |          | 42,565    |   | (462,617)                                     |
| FRINGE BENEFIT TAX   |          | 87,700    |   | 86,217  |
|  |          |           | 2,148,265                                     | (376,400)                                     |
| 8. NET PROFIT/(LOSS) AFTER TAX                                   |          |           | 6,609,368                                     | (3,514,589)                                   |
| 9. BALANCE BROUGHT FORWARD<br>FROM PREVIOUS YEAR                 |          |           | 24,713,125                                    | 28,227,714                                    |
| 10. AMOUNT AVAILABLE FOR APPROPRIATION                           |          |           | 31,322,493                                    | 24,713,125                                    |
| 11. LESS : APPROPRIATIONS:                                       |          |           |   |   |
| (a) PROPOSED DIVIDEND  |          | 3,600,000 | –   | –   |
| (b) TAX ON PROPOSED DIVIDEND                                     |          | 611,820   | –   | –   |
| (c) TRANSFERRED TO GENERAL RESERVE                               |          | 1,047,745 | 5,259,565                                     | –   |
| 12. BALANCE CARRIED TO BALANCE SHEET                             |          |           | 26,062,928                                    | 24,713,125                                    |
| EARNING PER SHARE<br>(Refer Note No. 3 of Notes on Accounts)     |          |           | 110   | (59)  |
| 13. NOTES TO THE ACCOUNTS AND SIGNIFICANT<br>ACCOUNTING POLICIES | 9        |           |   |   |

In terms of our report on even date attached

For **BATLIBOI & PUROHIT**  
Chartered Accountants

**K. K. KSHIRSAGAR**  
Partner  
Membership No.: 4047

Mumbai, Dated : 30.06.2008

ASHOK BARAT

Chairman

C. G. SHAH

C. A. KARNIK

S. P. RAO

Directors

**SCHEDULES “1” TO “9” ANNEXED TO & FORMING PART OF THE ACCOUNTS**

**SCHEDULE “1” – SHARE CAPITAL**

|  | <i>As at</i><br>31.03.2008<br>Rupees | <i>As at</i><br>31.03.2007<br>Rupees |
|--|--------------------------------------|--------------------------------------|
| <b>1. AUTHORISED:</b>  |                                      |                                      |
| 1,00,000 EQUITY SHARES OF Rs.100 EACH  | <u>10,000,000</u>                    | <u>10,000,000</u>                    |
| <b>2. ISSUED &amp; SUBSCRIBED:</b>   |                                      |                                      |
| 60,000 EQUITY SHARES OF Rs.100 EACH  | 6,000,000                            | 6,000,000                            |
| (a) All Shares are held by Forbes & Co. Ltd., the Holding Company and their nominees. The ultimate Holding Company is Shapoorji Pallonji & Co. Ltd.  |                                      |                                      |
| (b) Of the above Shares:   |                                      |                                      |
| (i) 2,000 Equity Shares of Rs.100/- each were allotted as fully paid pursuant to a contract without payment being received in cash.  |                                      |                                      |
| (ii) 57,000 Equity Shares of Rs.100/- each were allotted as fully paid up by way of Bonus Shares by Capitalisation of Reserves and balance in Profit & Loss Account                                    |                                      |                                      |
| (iii) In the Financial Year 2000-01, the Company bought back for cancellation of 20,000 Equity Shares at Rs.655/- per share through General Reserve pursuant to Section 77A of the Companies Act, 1956 |                                      |                                      |
| TOTAL  | <u>6,000,000</u>                     | <u>6,000,000</u>                     |

**SCHEDULE “2” – RESERVES & SURPLUS**

|  | <i>As at</i><br>31.03.2008<br>Rupees | <i>As at</i><br>31.03.2007<br>Rupees |
|--|--------------------------------------|--------------------------------------|
| (A) INVESTMENT ALLOWANCE RESERVES        | 137,710                              | 137,710                              |
| (B) GENERAL RESERVE                      |                                      |                                      |
| As per Last Balance Sheet                | 34,803,418                           | 34,803,418                           |
| Add : Transferred from Profit & Loss A/c | <u>1,047,745</u>                     | –                                    |
|  | 35,851,163                           | 34,803,418                           |
| (C) FOREIGN PROJECTS RESERVE             | 285,933                              | 285,933                              |
| (D) CAPITAL REDEMPTION RESERVE           | 2,000,000                            | 2,000,000                            |
| (E) BALANCE IN PROFIT & LOSS ACCOUNT     | 26,062,928                           | 24,713,125                           |
| TOTAL                                    | <u>64,337,734</u>                    | <u>96,743,604</u>                    |



# VOLKART FLEMING SHIPPING & SERVICES LIMITED

## SCHEDULES “1” TO “9” ANNEXED TO & FORMING PART OF THE ACCOUNTS

### SCHEDULE “3” – FIXED ASSETS

| Description of Assets               | GROSS BLOCK   |                                   |                                    |  | DEPRECIATION BLOCK  |                           |  |                                     | NET BLOCK                |                          |
|-------------------------------------|---|-----------------------------------|------------------------------------|--|---|---------------------------|--|-------------------------------------|--------------------------|--------------------------|
|                                     | Total Cost (after deducting sale proceeds where the cost is not ascertainable) as at 01.04.2007 | Cost of Additions during the year | Cost of Deductions during the year | Total Cost (after deducting sale proceeds where the cost is not ascertainable) upto 31.03.2008 | Cumulative Depreciation as at 01.04.2007 (inclusive of accumulated depreciation on assets sold whose cost is not ascertainable) | Depreciation for the year | Depreciation on deductions during the year | Total Depreciation as at 31.03.2008 | Balance as at 31.03.2008 | Balance as at 31.03.2007 |
| GOODWILL                            | 122,190   | –                                 | –                                  | 122,190  | 122,190   | –                         | –  | 122,190                             | –                        | –                        |
| BUILDINGS                           | 14,121,909  | –                                 | –                                  | 14,121,909   | 9,020,815   | 255,055                   | –  | 9,275,870                           | 4,846,039                | 5,101,094                |
| PLANT & MACHINERY                   | 2,037,850   | 24,300                            | –                                  | 2,062,150  | 2,037,846   | 3,298                     | –  | 2,041,144                           | 21,006                   | 4                        |
| DATA PROCESSING EQUIPMENTS          | 2,090,732   | 55,300                            | –                                  | 2,146,032  | 1,737,952   | 154,316                   | –  | 1,892,268                           | 253,764                  | 352,780                  |
| FURNITURE & FIXTURES                | 276,407   | 1,372,189                         | –                                  | 1,648,596  | 217,659   | 224,184                   | –  | 441,843                             | 1,206,753                | 58,748                   |
| OFFICE EQUIPMENTS                   | 1,645,027   | 69,200                            | –                                  | 1,714,227  | 1,056,447   | 91,391                    | –  | 1,147,838                           | 566,389                  | 588,580                  |
| <b>T O T A L</b>                    | <b>20,294,115</b>   | <b>1,520,989</b>                  | <b>–</b>                           | <b>21,815,104</b>  | <b>14,192,909</b>   | <b>728,244</b>            | <b>–</b>                                   | <b>14,921,153</b>                   | <b>6,893,951</b>         | <b>6,101,206</b>         |
| <i>PREVIOUS YEAR<br/>31.03.2007</i> | <i>20,399,519</i>   | <i>584,599</i>                    | <i>690,000</i>                     | <i>20,294,115</i>  | <i>13,980,598</i>   | <i>810,616</i>            | <i>598,305</i>                             | <i>14,192,909</i>                   | <i>6,101,206</i>         | <i>6,418,918</i>         |

#### Building Includes:

Amount of the cost of an ownership flat and Rs.1,500/- being cost of shares in a Co-operative Housing Society.

Rs.72,06,806/- in respect of Office Premises at Delhi of which conveyance of property is pending.

Rs.7,67,575/- being cost of Ownership flat at Bangalore where a Co-operative Society is yet to be formed.

### SCHEDULE “4” – INVESTMENTS (AT COST UNLESS OTHERWISE STATED)

|   | As at<br>31.03.2008<br>Rupees | As at<br>31.03.2007<br>Rupees |
|---|-------------------------------|-------------------------------|
| <b>LONG TERM (Unquoted Fully Paid)</b>  |                               |                               |
| <b>1 Equity Shares in Forbes Services Ltd.</b>  |                               |                               |
| (i) 1000 Shares of Rs.10/- each   | 10,000                        | 10,000                        |
| (ii) 4,000 Equity Shares of Rs.10/- each invested during the year 2005/06                                 | 40,000                        | 40,000                        |
| (iii) 1,000 Equity Shares @ Rs.13.01/- invested during the year 2005/06                                   | 13,010                        | 13,010                        |
|   | <u>63,010</u>                 | <u>63,010</u>                 |
| <b>2 Investment in Immovable Properties:</b>  |                               |                               |
| (i) 250 Shares of Rs.10/- each in Carmel Properties Pvt. Ltd.   | 2,500                         | 2,500                         |
| (ii) 3,089 Debentures of Rs.100/- each of Carmel Properties Pvt. Ltd. purchased @ Rs.125.91 per Debenture | 388,951                       | 388,951                       |
|   | <u>391,451</u>                | <u>391,451</u>                |
| <b>T O T A L</b>  | <u><u>454,461</u></u>         | <u><u>454,461</u></u>         |

## SCHEDULES "1" TO "9" ANNEXED TO &amp; FORMING PART OF THE ACCOUNTS

## SCHEDULE "5" – CURRENT ASSETS

|   | Rupees     | As at<br>31.03.2008<br>Rupees | As at<br>31.03.2007<br>Rupees |
|---|------------|-------------------------------|-------------------------------|
| <b>1. CURRENT ASSETS</b>  |            |                               |                               |
| (A) SUNDRY DEBTORS (Unsecured, Considered Good)   |            |                               |                               |
| (i) Debts Outstanding for a period exceeding 6 months   | –          |                               | (6,832)                       |
| (ii) Other Debts  | 1,998,216  |                               | 4,894,140                     |
|   | 1,998,216  |                               | 4,887,308                     |
| <i>Less</i> : Provision for Doubtful Debts  | 69,001     |                               | –                             |
|   |            | 1,929,215                     | 4,887,308                     |
| (B) CASH AND BANK BALANCES  |            |                               |                               |
| (i) Cash on Hand  |            | 24,710                        | 99,484                        |
| (ii) With Scheduled Banks –   |            |                               |                               |
| On Current Account  | 27,553,802 |                               | 42,136,407                    |
| On Deposit Account  | 312,554    | 27,866,356                    | 312,554                       |
| TOTAL   |            | 29,820,281                    | 52,323,061                    |
| <b>2. LOANS AND ADVANCES</b>  |            |                               |                               |
| (Unsecured considered Good otherwise stated)  |            |                               |                               |
| (A) Advances recoverable in cash or kind or for value to be received<br>(includes Rs.79,49,913 Receivable from Holding Company) |            | 12,473,202                    | 2,484,479                     |
| (B) Balances with Customs, Port Trusts  |            | 1,932,388                     | 3,684,722                     |
| (C) Deposit with IDBI under the Companies Deposit<br>(Surcharge on Income Tax) Scheme, 1986                                     |            | 530,087                       | 518,000                       |
| (D) Other Deposits  |            | 33,316,830                    | 42,341,807                    |
| (E) Inter-corporate Deposits with Companies   |            |                               |                               |
| (i) Deposit with Holding Company  |            | 36,094,000                    | 32,100,000                    |
| (F) Loan to Gokak Textiles Ltd.   |            | 16,206,000                    | –                             |
| (G) Interest Accrued on Deposits  |            | –                             | 18,729                        |
| (H) Advance Payment of Income Tax less Provisions<br>(Advance Tax + TDS on Receipts – Provisions)                               |            | 9,260,689                     | 8,065,296                     |
| (I) Advance Fringe Benefit Tax  |            | 123,769                       | 137,809                       |
| TOTAL   |            | 109,936,965                   | 89,350,842                    |
| TOTAL CURRENT ASSETS, LOANS & ADVANCES  |            | 139,757,246                   | 136,786,595                   |

# VOLKART FLEMING SHIPPING & SERVICES LIMITED

## SCHEDULES “1” TO “9” ANNEXED TO & FORMING PART OF THE ACCOUNTS

### SCHEDULE “6” – CURRENT LIABILITIES AND PROVISIONS

|  | As at<br>31.03.2008<br>Rupees | As at<br>31.03.2007<br>Rupees |
|--|-------------------------------|-------------------------------|
| <b>1. CURRENT LIABILITIES</b>  |                               |                               |
| (A) SUNDRY CREDITORS<br>(Other than Small Scale Industrial Undertakings) | 22,444,356                    | 57,970,651                    |
| (B) Other Liabilities  | 48,119,313                    | 2,312,776                     |
| (C) Amount payable to Holding Company                                    | –                             | 12,813,849                    |
|  | <u>70,563,669</u>             | <u>73,097,276</u>             |
| <b>2. PROVISIONS</b>   |                               |                               |
| Provision for Retirement & Other Employee Benefits                       |                               |                               |
| Provision for Bonus  | 503,783                       | 593,778                       |
| Provision for Gratuity   | 1,745,624                     | 1,683,121                     |
| Provision for Leave Salary Encashment                                    | 960,671                       | 1,490,363                     |
| Proposed Dividend  | 3,600,000                     | –                             |
| Tax on Dividend  | 611,820                       | –                             |
|  | <u>7,421,898</u>              | <u>3,767,262</u>              |
| <b>TOTAL</b>   | <u><u>77,985,567</u></u>      | <u><u>76,864,538</u></u>      |

### SCHEDULE “7” – SERVICES & OTHER INCOME

|  | For the year<br>ended<br>31.03.2008<br>Rupees | For the year<br>ended<br>31.03.2007<br>Rupees |
|--|---|---|
| (A) Income from Services Rendered (Gross)<br>Shipping Commission including Documentation Charges                                 | 9,585,966                                     | 7,526,523                                     |
| (B) Yard Income<br>(Storage, Handling & Repairing, Professional)<br>(Tax Deducted at Source Rs.2,97,259/- Previous Year Rs. NIL) | 15,122,971                                    | 974,454                                       |
| (C) Interest on Long term Investment – Other than Trade<br>(Tax Deducted at Source Rs.700/- Previous Year Rs.683/-)              | 3,089   | 3,089   |
| (D) Interest Received from Others<br>(Tax Deducted at Source Rs.5,27,386/- Previous Year Rs.7,19,275/-)                          | 3,849,819                                     | 3,223,495                                     |
| (E) Rent<br>(Tax Deducted at Source Rs.4,48,761/- Previous Year Rs.1,68,029/-)   | 4,633,125                                     | 1,196,855                                     |
| (F) Miscellaneous Income   | 2,663,947                                     | 1,319,977                                     |
| (G) Profit on Sale of Fixed assets   | –   | 17,306  |
| (H) Professional Services Rendered<br>(Tax Deducted at Source Rs.4,21,631/- Previous Year Rs.NIL)                                | 6,982,000                                     | 5,651,707                                     |
| (I) Excess Provisions Written Back   | 529,692                                       | –   |
| <b>TOTAL</b>   | <u><u>43,370,610</u></u>                      | <u><u>19,913,406</u></u>                      |

## SCHEDULES "1" TO "9" ANNEXED TO &amp; FORMING PART OF THE ACCOUNTS

## SCHEDULE "8" – OTHER EXPENSES

|  | Rupees    | For the year<br>ended<br>31.03.2008<br>Rupees | For the year<br>ended<br>31.03.2007<br>Rupees |
|--|-----------|---|---|
| <b>1. PAYMENTS TO PROVISIONS FOR EMPLOYEES</b>                   |           |   |   |
| (a) Salaries, Wages & Bonus                                      | 7,428,232 |   | 4,845,453                                     |
| (b) Gratuity   | 58,815    |   | 67,884  |
| (c) Company's contribution to Provident and Superannuation Funds | 702,694   |   | 459,753                                       |
| (d) Companies Contribution to Employees' State Insurance Scheme  | 11,742    |   | 7,224   |
| (e) Staff Welfare Expenses                                       | 171,088   |   | 499,407                                       |
|  |           | 8,372,571                                     | 5,879,721                                     |
| <b>2. OTHER EXPENSES</b>   |           |   |   |
| (a) Repairs to   |           |   |   |
| (i) Building   | 97,852    |   | 60,000  |
| (ii) Others  | 777,839   | 875,691                                       | 7,274,946                                     |
|  |           |   | 7,334,946                                     |
| (b) Rent   | 153,828   |   | 882,990                                       |
| Less: Recoveries   | –         |   | (89,538)                                      |
|  |           | 153,828                                       | 793,452                                       |
| (c) Rates & Taxes  |           | 223,410                                       | 20,180  |
| (d) Insurance  |           | 6,612   | 26,564  |
| (e) Electricity Charges  |           | 497,723                                       | 212,639                                       |
| (f) Bad Debts  |           | 1,496,419                                     | –   |
| (g) Conveyance/Travelling Expenses                               |           | 475,157                                       | 634,720                                       |
| (h) Advertisement  |           | 22,125  | 108,990                                       |
| (i) Administrative Expenses                                      |           | 4,101,350                                     | 4,765,235                                     |
| (j) Sundry Office Expenses                                       |           | 311,400                                       | 268,021                                       |
| (k) Entertainment Expenses                                       |           | 45,627  | 82,884  |
| (l) Miscellaneous Expenses                                       |           | 111,913                                       | 482,199                                       |
| (m) Stamps, Telegrams, Stationery                                |           | 16,739  | 820   |
| (o) Printing & Telephones  |           | 717,261                                       | 735,922                                       |
| (p) Legal & Professional Charges                                 |           | 1,424,847                                     | 780,563                                       |
| (q) Directors' Fees  |           | 30,000  | 26,000  |
| (r) Auditor's Remuneration                                       |           |   |   |
| (i) As statutory Auditors  | 60,000    |   | 60,000  |
| (i) As Tax Auditors  | 15,000    |   | 15,000  |
| (iii) Service Tax  | 9,270     |   | 9,270   |
| (iv) Out of Pocket Expenses                                      | 3,800     |   | 4,000   |
|  |           | 88,070  | 88,270  |
| (s) Yard Related Expenses  |           | 13,461,629                                    | 550,397                                       |
| (t) Interest & Finance Charges                                   |           | 92,177  | –   |
| (u) Balances Written Off   |           |   |   |
| (i) <i>Franking Machine Balance</i>                              |           | 1,088,930                                     | –   |
| <b>T O T A L</b>   |           | 33,613,478                                    | 22,791,524                                    |

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# VOLKART FLEMING SHIPPING & SERVICES LIMITED

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## SCHEDULES “1” TO “9” ANNEXED TO & FORMING PART OF THE ACCOUNTS

### SCHEDULE “9” – NOTES TO THE ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES

#### (I) SIGNIFICANT ACCOUNTING POLICIES

##### (a) BASIS OF ACCOUNTING

The Financial Statements are prepared under historical cost convention, consistently on accrual basis and are in accordance with the requirements of the Companies Act, 1956 and comply with Accounting Standards referred to in Sub-section (3C) of Section 211 of the said Act.

##### (b) FIXED ASSETS

Fixed Assets are stated in the accounts at the purchase price including any attributable cost of bringing the assets to their working condition for their intended use.

##### (c) DEPRECIATION

Depreciation on Fixed Assets is provided Written Down Value basis at the rates specified in Schedule XIV of the Companies Act, 1956.

##### (d) INVESTMENTS

The Company has classified its investments into long term investments which are stated at cost less provision for permanent diminution in value.

##### (e) REVENUE RECOGNITION

The Company recognises income from Container yard activities on accrual basis.

##### (f) RETIREMENT BENEFITS

(i) The Company has defined contribution plan for Provident Fund and the Company's Contribution thereto is charged to the Profit & Loss Account. The Company makes provision for Gratuity payable to the employees, based on an actuarial valuation and the same is charged to the Profit & Loss Account. The Company also has a benefit defined Superannuation plan and contribution made to Life Insurance Corporation of India and is charged to the Profit & Loss Account.

(ii) Provision for Leave encashment is made on the basis of actual valuation at the end of each year.

(iii) Entitlement to earned leave can be encashed or availed by employees while in service or at the time of termination if certain conditions are met. Earned leave which can be carried forward to future periods is treated as a 'Short Term Benefit' provided the employee is entitled to either encash/utilise the benefit during the twelve months after the end of the period when he became entitled to the leave and is also expected to do so. Where the encashment/availment is not expected to wholly occur in the next twelve months, the benefit is considered as 'Long Term'. The value of short term benefit is determined without discounting. Long term benefits are recognised and measured as the present value of the benefits in accordance with paragraph 129 of the revised Accounting Standards (AS-15) on Employee Benefit.

##### (g) TAXATION

(i) Tax expenses comprises of current, deferred and fringe benefit tax. Current Income Tax and Fringe Benefit Tax is measured at the amount expected to be paid to the Tax Authorities in accordance with the Indian Ancome Tax Act, 1961.

(ii) Deferred Tax is recognised on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods in accordance with the requirements of Accounting Standards (AS-22) on Accounting of Taxes and Income.

##### (h) DEFERRED REVENUE EXPENDITURE

Voluntary Retirement Compensation – The lumpsum compensation paid to employees retiring under the Voluntary Retirement Schemes is charged to the Profit & Loss Account over a period of sixty months or over the balance period of service, whichever is shorter.

##### (i) EARNING PER SHARE

Basic earning per share are calculated by dividing the net profit or loss for the period attributable to equity share holders by the weighted average number of equity shares outstanding during the period.

## SCHEDULES "1" TO "9" ANNEXED TO &amp; FORMING PART OF THE ACCOUNTS

## SCHEDULE "9" – NOTES TO THE ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES (Contd.)

## (II) BREAKUP OF DEFERRED TAX LIABILITY AND ASSETS

| Nature of Timing Difference        | Deferred Tax (Liability) / Assets as at 01/04/2007 | Deferred Tax (Liability) / Assets | Deferred Tax (Liability) / Assets as at 31/03/2008 |
|------------------------------------|--|-----------------------------------|--|
| Depreciation                       | 448,888  | (11,837)                          | 437,051  |
| Items Allowed under Section 43B    | (197,198)  | 1,091,106                         | 893,908  |
| Items Disallowed under Section 43B | 764,956  | (51,011)                          | 713,945  |
| Provision for Doubtful Debts       | 176,144  | 25,776                            | 201,920  |
| <b>T O T A L</b>                   | <b>1,192,790</b>                                   | <b>1,054,033</b>                  | <b>2,246,823</b>                                   |

## (III) BREAKUP OF EARNING PER SHARE

| Sr. No. | Particulars  | As on<br>31.03.2008 | As on<br>31.03.2007 |
|---------|--|---------------------|---------------------|
| (a)     | Net Profit / (Loss) Attributable to Equity Shareholders  | 6,609,368           | (3,514,589)         |
| (b)     | Weighted Average Number of Equity Shares outstanding during the period (Face Value – Rs.100/- per Share) | 60,000              | 60,000              |
| (c)     | Earning Per Share  | 110                 | (59)                |

The Company has not issued any potential dilutive equity shares.

## (IV) CONTINGENT LIABILITIES NOT PROVIDED FOR

| Sr. No. | Particulars   | Current year<br>2007-08 | Previous year<br>2006-07 |
|---------|---|-------------------------|--------------------------|
| (a)     | Claim against the Company not acknowledged as   | — NIL —                 | Rs.12,035/-              |
| (b)     | Estimated amount of Contracts remaining to be executed on capital account (Net of Advances) | — NIL —                 | — NIL —                  |

## (V) EMPLOYEE BENEFIT OBLIGATION

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

|   | Gratuity  | Non Funded<br>Leave |
|---|-----------|---------------------|
| Present Value of the Commitments                  | 1,745,624 | 960,671             |
| Fair Value of Plans                               | —         | —                   |
| Employees above 60 years not covered in valuation | —         | —                   |
| Net Liability in the Balance Sheet                | 1,745,624 | 960,671             |

## (VI) Previous year's figures have been regrouped wherever necessary.

ASHOK BARAT *Chairman*

C. G. SHAH  
C. A. KARNIK  
S. P. RAO } *Directors*

Mumbai, Dated : 30.06.2008

# VOLKART FLEMING SHIPPING & SERVICES LIMITED

## Related Party Disclosure – as specified by Accounting Standard 18

Name of the Related Party and Nature of Relationship where control exists are as under

(A) Enterprises having more than one-half of Voting Power

Shapoorji Pallonji & Company Limited  
Sterling Investments Corporation Private Limited  
Forbes & Company Limited (All Divisions)

(B) Enterprises that are under Common Control

Sea Falcon Shipping & Services Limited  
Trident Shipping Agencies Limited  
Forbes Campbell Services Limited  
Forbes Finance Limited  
Forbes Container Line Pte. Ltd.

| Sr. No.                        | Nature of Transaction                    | Refer to in (A) above | Refer to in (B) above | Total      |
|--------------------------------|--|-----------------------|-----------------------|------------|
| <b>Purchases</b>               |  |                       |                       |            |
| 1.                             | Purchase of Goods & Materials            | –                     | –                     | –          |
| 2.                             | Services Availied                        | –                     | –                     | –          |
| 3.                             | Fixed Assets Purchased                   | –                     | –                     | –          |
| 4.                             | Investments Purchased                    | –                     | –                     | –          |
| <b>Sales</b>                   |  |                       |                       |            |
| 5.                             | Goods & Material Sold                    | –                     | –                     | –          |
| 6.                             | Services Rendered                        | 3,539,340             | –                     | 3,539,340  |
| 7.                             | Fixed Assets Sold                        | –                     | –                     | –          |
| 8.                             | Investments Sold                         | –                     | –                     | –          |
| <b>Expenses</b>                |  |                       |                       |            |
| 9.                             | Rent & Other Service Charges Expenses    | 4,962,944             | 235,838               | 5,198,782  |
| 10.                            | Recovery of Expenses                     | 20,439,572            | –                     | 20,439,572 |
| 11.                            | Diminution in Value of Investments       | –                     | –                     | –          |
| 12.                            | Interest Paid                            | –                     | –                     | –          |
| 13.                            | Dividend Paid                            | –                     | –                     | –          |
| 14.                            | Provisions / Write Offs                  | –                     | –                     | –          |
| <b>Remittance to Principal</b> |  |                       |                       |            |
| 15.                            | Outward Remittance (Freight & Detention) | –                     | 5,907,207             | 5,907,207  |
| <b>Income</b>                  |  |                       |                       |            |
| 16.                            | Rent & Other Service Charges Income      | 11,218,578            | 292,136               | 11,510,714 |

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| Sr. No.               | Nature of Transaction                   | Refer to in (A)<br>above | Refer to in (B)<br>above | Total        |
|-----------------------|---|--------------------------|--------------------------|--------------|
| 17.                   | Interest Received                       | 3,469,837                | –                        | 3,469,837    |
| 18.                   | Dividend Received                       | –                        | –                        | –            |
| 19.                   | Provisions / Write Backs                | –                        | –                        | –            |
| 20.                   | Miscellaneous Income                    | –                        | –                        | –            |
| 21.                   | Agency Commission                       | –                        | 5,897,527                | 5,897,527    |
| <b>Other Receipts</b> |   |                          |                          |              |
| 22.                   | Deputation of Staff                     | –                        | –                        | –            |
| 23.                   | Other Reimbursements                    | 292,136                  | 730                      | 292,866      |
| <b>Finance</b>        |   |                          |                          |              |
| 24.                   | Loans & Advances Given                  | 18,306,000               | –                        | 18,306,000   |
| 25.                   | Loans & Advances Taken                  | –                        | –                        | –            |
| 26.                   | Refund of Deposits Given                | –                        | –                        | –            |
| 27.                   | Deposits Given                          | 20,200,000               | –                        | 20,200,000   |
| <b>Outstandings</b>   |   |                          |                          |              |
| 28.                   | Sundry Creditors                        | (2,959,251)              | (12,042,798)             | (15,002,049) |
| 29.                   | Interest Accrued but not Due            | –                        | –                        | –            |
| 30.                   | Sundry Debtors                          | 8,337,068                | –                        | 8,337,068    |
| 31.                   | Loans & Advances                        | 16,206,000               | –                        | 16,206,000   |
| 32.                   | Provision for Doubtful Debts            | –                        | –                        | –            |
| 33.                   | Provision for Doubtful Loans & Advances | –                        | –                        | –            |
| 34.                   | Deposits Payable                        | –                        | –                        | –            |
| 35.                   | Deposits Receivable                     | 36,094,000               | –                        | 36,094,000   |
| 36.                   | Preapid Expenses                        | –                        | –                        | –            |



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# VOLKART FLEMING SHIPPING & SERVICES LIMITED

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## Information pursuant to Part IV of Schedule VI of the Companies Act

### Balance Sheet Abstract and Company's General Business Profile as at 31st March, 2008

#### I. REGISTRATION DETAILS

|                    |            |            |    |
|--------------------|------------|------------|----|
| Registration No.   | 00808      | State Code | 11 |
| Balance Sheet Date | 31.03.2008 |            |    |

#### II. CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousands)

|              |     |                   |     |
|--------------|-----|-------------------|-----|
| Public Issue | Nil | Right Issue       | Nil |
| Bonus Issue  | Nil | Private Placement | Nil |

#### III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs. Thousands)

|                   |        |              |        |
|-------------------|--------|--------------|--------|
| Total Liabilities | 70,338 | Total Assets | 70,338 |
|-------------------|--------|--------------|--------|

##### SOURCES OF FUNDS

|                        |        |
|------------------------|--------|
| Paid-up Capital        | 6,000  |
| Reserves & Surplus     | 64,338 |
| Secured Loans          | –      |
| Unsecured Loans        | –      |
| Deferred Tax Liability | –      |

##### APPLICATION OF FUNDS

|                     |        |
|---------------------|--------|
| Net Fixed Assets    | 6,894  |
| Investments         | 454    |
| Deferred Tax Assets | 1,150  |
| Net Current Assets  | 61,772 |
| Misc. Expenditure   | 68     |

#### IV. PERFORMANCE OF COMPANY

|                   |        |
|-------------------|--------|
| Turnover          | 43,371 |
| Total expenditure | 34,613 |
| Profit Before Tax | 8,758  |
| Profit After Tax  | 6,609  |
| Earning Per Share | 110    |
| Dividend Rate     | 60%    |

#### V. GENERAL NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES OF COMPANY

(as per monetary terms)

|                               |  |
|-------------------------------|--|
| Item Code No. (ITC Code)      | Not Applicable as Company renders Services |
| Product / Service Description | Shipping Activity                          |

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ASHOK BARAT *Chairman*

C. G. SHAH  
C. A. KARNIK  
S. P. RAO } *Directors*

Mumbai, Dated : 30.06.2008

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

|   | 2007-08      |                     | 2006-06     |             |
|---|--------------|---------------------|-------------|-------------|
|   | Rupees       | Rupees              | Rupees      | Rupees      |
| <b>PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS</b>                               |              | 8,757,633           |             | (3,890,989) |
| Adjusted for:   |              |                     |             |             |
| Depreciation  | 728,244      |                     | 810,616     |             |
| Amortisation for VRS  | 202,254      |                     | 202,254     |             |
| Interest Income   | (3,852,908)  |                     | (3,226,584) |             |
| Rent Income   | (4,633,125)  |                     | (1,196,855) |             |
| Bad debts   | 1,496,419    |                     | -           |             |
| Provision for Doubtful Debts  | 69,001       |                     | -           |             |
| Provision for Doubtful Debts Written Back                                       | -            |                     | -           |             |
| Sundry Provisions Written Back  | (529,692)    |                     | -           |             |
| Profit / Loss on Sale of Assets   | -            |                     | (17,305)    |             |
| Franking Machine Balance Written off  | 10,88,930    |                     | -           |             |
|   |              | (5,430,877)         |             | (3,427,874) |
|   |              | 3,326,756           |             | (7,318,863) |
| <b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS</b>    |              |                     |             |             |
| Changes in:   |              |                     |             |             |
| Trade and Other Receivables   | 1,323,672    |                     | (2,266,725) |             |
| Loans and Advances  | 797,227      |                     | (1,968,435) |             |
| Trade Payable and Others  | (3,620,483)  |                     | 37,547,904  |             |
|   |              | (1,499,584)         |             | 33,312,744  |
| <b>CASH GENERATED FROM OPERATIONS</b>   |              | 1,827,172           |             | 25,993,881  |
| Direct Taxes Adjusted   |              | (3,287,053)         |             | (5,156,613) |
| <b>(A) NET CASH FLOW FROM OPERATING ACTIVITIES</b>                              |              | (1,459,881)         |             | 20,837,268  |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                                      |              |                     |             |             |
| Interest Received   | 3,890,366    |                     | 3,227,183   |             |
| Rent received   | 4,633,125    |                     | 1,196,855   |             |
| Purchase of Assets (Net)  | (1,520,989)  |                     | (584,599)   |             |
| Capital Advances Adjusted / Paid  | -            |                     | -           |             |
| Proceeds from Sale of Assets  | -            |                     | 109,000     |             |
| Sale of Investments   | -            |                     | -           |             |
| Purchase of Investments   | -            |                     | (13,010)    |             |
| Incorporate Deposits Given  | (20,200,000) |                     | -           |             |
| Refund of Intercorporate Deposit  | -            |                     | 13,300,000  |             |
| <b>(B) NET CASH FLOW FROM INVESTING ACTIVITIES</b>                              |              | (13,197,498)        |             | 17,235,429  |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                                      |              |                     |             |             |
| Dividend Paid   | -            |                     | -           |             |
| Corporate Dividend Tax Paid   | -            |                     | -           |             |
| <b>(C) NET CASH FLOW FROM FINANCING ACTIVITIES</b>                              |              | -                   |             | -           |
| <b>NET DECREASE / INCREASE IN CASH AND CASH EQUIVALENT (A)+(B)+(C)</b>          |              | <b>(14,657,379)</b> |             | 38,072,697  |
| <b>CASH AND CASH EQUIVALENT AS AT THE COMMENCEMENT OF THE YEAR, COMPRISING:</b> |              |                     |             |             |
| Cash, Cheques on Hand and Remittances in transit                                | 99,484       |                     | 11,088      |             |
| Balance with Schedule Banks on current Accounts and Deposit Accounts            | 42,448,961   |                     | 4,464,660   |             |
|   |              | 42,548,445          |             | 4,475,748   |
| <b>CASH AND CASH EQUIVALENT AS AT THE END OF THE YEAR, COMPRISING:</b>          |              |                     |             |             |
| Cash, Cheques on Hand and Remittances in transit                                | 24,710       |                     | 99,484      |             |
| Balance with Schedule Banks on current Accounts and Deposit Accounts            | 27,866,356   |                     | 42,448,961  |             |
|   |              | 27,891,066          |             | 42,548,445  |
| <b>NET DECREASE / INCREASE AS DESCLOSED ABOVE</b>                               |              | <b>(14,657,379)</b> |             | 38,072,697  |

Per our Report attached

For **BATLIBOI & PUROHIT**  
Chartered Accountants**K. K. KSHIRSAGAR**  
Partner

Membership No.: 4047

Mumbai, Dated : 30.06.2008

ASHOK BARAT

Chairman

C. G. SHAH

C. A. KARNIK

S. P. RAO

Directors

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# WARRIOR (INVESTMENT) LIMITED

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(a wholly owned Subsidiary Company)

Annual Report and Accounts  
for the period ended 31<sup>st</sup> May, 2007

**DIRECTORS:**

C.G. Shah

*Chairman*

C.A. Karnik

R.T. Doshi

M.L. Khetan

S.P. Kadakia

**BANKERS:**

Union Bank of India

**AUDITORS:**

Messrs. Batliboi & Purohit

**REGISTERED OFFICE:**

Forbes Building,

Charanjit Rai Marg,

Fort,

Mumbai - 400 001.

**REPORT OF THE DIRECTORS**

The Shareholders,

The Directors submit their Report and the Audited Accounts of the Company for the period ended 31<sup>st</sup> May, 2007.

**1. FINANCIAL RESULTS:**

|  | <b>Current Period upto<br/>31<sup>st</sup> May, 07<br/>Rupees</b> | <b>Previous Year<br/>Rupees</b> |
|--|---|---------------------------------|
| <b>Total Income</b>                                    | 9,14,683  | 1,22,75,060                     |
| Less: Expenditure                                      | 32,794  | 5,22,475                        |
| Profit / (Loss) Before Tax                             | <b>8,81,889</b>   | <b>1,17,52,585</b>              |
| <i>Less</i> : Provision for Taxation                   |   |                                 |
| Current Income Tax                                     | 3,00,000  | 13,62,000                       |
| Fringe benefit Tax                                     | -   | 500                             |
| Profit / (Loss) After Tax                              | <b>5,81,889</b>   | <b>1,03,90,085</b>              |
| <i>Add</i> : Excess Provision written back             | -   | 30,000                          |
| <i>Add</i> : Amount brought forward from previous year | 3,54,35,041   | 3,84,96,456                     |
| Balance available for Appropriations                   | <b>3,60,16,930</b>  | <b>4,89,16,541</b>              |
| <br>APPROPRIATIONS TO:                                 |   |                                 |
| Equity Dividend  | -   | 1,00,00,000                     |
| Dividend Tax   | -   | 14,02,500                       |
| Transfer to General Reserve                            | -   | 20,79,000                       |
| Surplus Carried to Balance Sheet                       | 3,60,16,930   | 3,54,35,041                     |
|  | <b>3,60,16,930</b>  | <b>4,89,16,541</b>              |

**2. AMALGAMATION:**

Shareholders of the Company at their meeting held on 18<sup>th</sup> May, 2007 had approved the amalgamation of the Company with Forbes Finance Limited w.e.f. 1<sup>st</sup> June, 2007. The Scheme has been sanctioned by the High Court, Bombay and High Court, Madras w.e.f. 1<sup>st</sup> June, 2007. Consequent to amalgamation, the result of the Company as from 1<sup>st</sup> June, 2007 are included with Forbes Finance Ltd.

**3. COMPLIANCE REPORT:**

Pursuant to Section 383A of the Co's Act, 1956, Secretarial Compliance Certificate of M/s. Rathi & Co., Practising Company Secretary is attached.

**4. PARTICULARS REGARDING EMPLOYEES:**

The Company did not have any employee who was entitled to receipt of Rs.24,00,000/- or more in aggregate for the period ended 31<sup>st</sup> May, 2007 or Rs.2,00,000/- or more per month for a part of the financial year.

**5. DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors based on the representations received from the Operating Management confirm:-

- (a) that in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures:
- (b) that they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- (c) that they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of

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## WARRIOR (INVESTMENT) LIMITED

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the Company and for preventing and detecting fraud and other irregularities;

- (d) that they have prepared the annual accounts on a going concern basis.

**6. INFORMATION REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.**

- (A) Conservation of energy and technology absorption:**  
Since the Company does not own any manufacturing

facility, particulars relating to conservation of energy and technology absorption are not applicable.

**(B) Foreign exchange earnings and outgo:**

The Company has not earned and used any foreign exchange during the year.

For and on behalf of the Board of Directors,

Mumbai,  
Dated: 10<sup>th</sup> March, 2008

**(C.G. SHAH)**  
*Chairman*

**SECRETARIAL COMPLIANCE CERTIFICATE**

CIN No. of the Company: U67120MH1974PLC017433

Nominal Capital: Rs.20,000,000/-

To,  
The Members  
Warrior (Investment) Limited  
Mumbai

We have examined the register, records, books and papers of **WARRIOR (INVESTMENT) LIMITED** (the Company) as required to be maintained under the Companies Act, 1956 (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on **31<sup>st</sup> March, 2008** (financial year). In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities prescribed under the Act and the rules made thereunder.
3. The Company, being a Public Limited Company, comments are not required.
4. The Board of Directors duly met **Four** times respectively on **18<sup>th</sup> May 2007, 19<sup>th</sup> September 2007, 17<sup>th</sup> December 2007, & 10<sup>th</sup> March 2008** in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.
5. The Company was not required to close its Register of Members during the financial year.
6. The Annual General Meeting for the financial year ended **31<sup>st</sup> March, 2007** was held on **21<sup>st</sup> May 2007** after giving shorter notice to the members of the Company and resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meeting was held during the financial year.
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under Section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The Company has made necessary entries in the Register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from Board of Directors, members or Central Government.
12. The Company has not issued any duplicate share certificates during the financial year.
13.
  - (i) There was no allotment / transfer / transmission of securities during the financial year.
  - (ii) The Company has not deposited any amount in a Separate Bank Account as the dividend declared was paid by cheques.
  - (iii) The Company did not post warrants to any member of the Company as the dividend declared during the financial year was paid through cheques.
  - (iv) The Company was not required to transfer the amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund.
  - (v) The Company has duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and the appointment of Additional Director has been made.
15. The Company has not appointed any Managing Director / Whole-time Director / Manager during the financial year.
16. The Company has not appointed any sole selling agents during the financial year.

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## WARRIOR (INVESTMENT) LIMITED

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17. The Company has obtain all necessary approvals of the Central Government, Company Law Board, Regional Director, Registrar and / or such authorities prescribed under the various provisions of the Act during the financial year as detailed below:
  - (i) Amalgamations of the Company with Forbes Finance Limited vide Petition No. 242 of 2007 dated 31<sup>st</sup> Day of March 2008.
18. The Directors have disclosed their interest in other firms / companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of preference shares/debentures during the financial year.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
24. The amount borrowed by the Company from Directors, Members, Public, Financial Institutions, Banks and others during the financial year ending 31<sup>st</sup> March, 2008 are within the borrowing limits of the Company.
25. The Company has made loans and investments, or given guarantees or provided securities to other bodies corporate in compliance with the provisions of the Act and has made necessary entries in the register kept for the purpose.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one State to another during the year under scrutiny.
27. The Company has not altered the provisions of Memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of Memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the financial year.
31. There was / were no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment imposed on the Company during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The company has not constituted a separate Provident Fund trust for its employees or class of its employees as contemplated under Section 418 of the Act.

For **RATHI & ASSOCIATES**  
*Company Secretaries*

Place : Mumbai  
Date : 10th March, 2008

**(NARAYAN RATHI)**  
*Partner*  
C.P. No. 1104

## SECRETARIAL COMPLIANCE CERTIFICATE

## “ANNEXURE -A”

**Statutory Registers as maintained by the Company**

1. Register of Members u/s. 150
2. Register of Directors, Managing Director, Manager and Secretary u/s. 303
3. Register of Directors Shareholdings u/s. 307
4. Register of Disclosures of Interest by Directors u/s. 301(3)
5. Minutes Book u/s. 193
6. Register of Charges
7. Register of Investments u/s. 372A

**Other Registers**

1. Register of Transfers

## “ANNEXURE B”

Forms and Returns as filed by the Company with Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended 31st March, 2008

| Sr. No. | Form No./ Return  | Filed under Section | For  | Date of Filing | Whether filed within prescribed time<br>Yes / No | If delay in filing whether requisite additional fee paid<br>Yes / No |
|---------|-------------------|---------------------|--|----------------|--|--|
| 1.      | Form 23           | 192                 | Amalgamation with Forbes Finance Ltd.                        | 21.06.2007     | Yes  | No   |
| 2.      | Form 32           | 303(2)              | Appointment of director                                      | 22.06.2007     | Yes  | No   |
| 3.      | Form 23<br>AC/ACA | 220                 | Annual Requirement   | 29.06.2007     | Yes  | No   |
| 4.      | Form 20B          | 159                 | Annual Requirement   | 20.07.2007     | Yes  | No   |
| 5.      | Form 32           | 303(2)              | Cessation of Mr. V.K. Vora from Company Secretaryship        | 26.09.2007     | Yes  | No   |
| 6.      | Form 61           | 394                 | Application with ROC for amalgamation                        | 20/09/2007     | Yes  | No   |
| 7.      | Form 21           | 394                 | Notice of Court  | 19.03.2008     | Yes  | No   |
| 8.      | Form 32           | 303(2)              | Appointment of Additional Director<br>Mr. Sandeep P. Kadakia | 06.06.2007     | Yes  | No   |



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## WARRIOR (INVESTMENT) LIMITED

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### AUDITORS REPORT TO THE MEMBERS OF WARRIOR (INVESTMENT) LTD.

1. We have audited the attached balance sheet of Warrior (Investment) Limited ('the Company') as at 31<sup>st</sup> May 2007 and also the profit and loss account and the cash flow statement for the period ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in Paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred in paragraph 3 above, we report that:
  - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper Books of Account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> May, 2007 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> May, 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the Accounting Principles generally accepted in India;
    - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> May, 2007;
    - (ii) in the case of the Profit and Loss Account, of the profit for the period ended on that date; and
    - (iii) in the case of Cash Flow Statement, of the cash flows for the period ended on that date.

For **BATLIBOI & PUROHIT**  
*Chartered Accountants*

**(ATUL MEHTA)**  
*Partner*

Place : Mumbai

Dated : 10th March, 2008

Membership No. 15935

### ANNEXURE TO AUDITORS' REPORT

Annexure referred to in paragraph 3 of our report of even date to the members of Warrior (Investment) Limited on the accounts for the period ended 31<sup>st</sup> May, 2007

- i. The company does not have any fixed assets. Accordingly the provision of clause 4(i) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable.
- ii. The Company does not have any inventory. Accordingly the provision of clause 4(ii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable.
- iii. (a) Company has granted unsecured loans to two parties covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the period was Rs.12,00,50,000 and the period end balance of loans granted to such parties was Rs.6,23,50,000.
  - (b) In our opinion and according to the information and explanations given to us, rate of interest and other terms and conditions of loan given by the company are not prima facie prejudicial to the interest of the company.

- (c) In respect of the loans granted, repayment of the principal amount is stipulated and the payment of interest have been regular except in case of interest free loan given to Lathem India Ltd.
- (d) Based on the Audit procedures and the information and explanations given to us, there is an overdue amount in respect of loan given to Lathem India Ltd for which the Company is taking reasonable steps for recovery of the principal amount. However, the Company has made necessary provision for the same.
- (e) As informed the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- iv. The Company does not have any inventory or fixed assets hence the provisions of clause 4(iv) of Companies (Auditor's Report), 2003 (as amended) in respect of internal control is not applicable.
- v. There are no contracts or arrangements with the company covered under section 301 of the Companies Act., 1956.
- vi. The company has not accepted any deposits from the public within the meaning of provision of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under.
- vii. In our opinion the Company has an internal audit system commensurate with its size and nature of its business.
- viii. The Company being an investment company is not required to maintain cost records under clause (d) of subsection (1) of section 209 of the Companies Act, 1956.
- ix. (a) The company is regular in depositing undisputed statutory dues including provident fund, Investor education and protection fund, Employees State Insurance, Income Tax, Service Tax, Cess and other material statutory dues applicable to it with the appropriate authorities. Sales Tax, Wealth Tax, Customs Duty and Excise duty are not applicable to the company.  
(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees state insurance, Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty, Excise Duty, Cess and other undisputed statutory dues were outstanding at the year end for a period of more than six months from the date they become payable.  
(c) According to the information and explanations given to us, there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess which have not been deposited on account of any dispute.
- x. The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- xi. The Company did not have any dues to financial institution, banks or debenture holders during the year.
- xii. According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted any loans and advances on the basis of securities by way of pledge of shares, debentures and other securities.
- xiii. Company is not a chit fund / nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditors Report) Order 2003 (as amended) are not applicable to the company.
- xiv. In our opinion, the Company is not trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditors Report) Order 2003 (as amended) are not applicable to company.
- xv. According to the information and explanations given to us the company has not given any guarantee for loans taken by others from bank or financial institutions.
- xvi. The Company did not have any term loans outstanding during the year.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we are of the opinion that the company has not raised any funds on short term basis.
- xviii. Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the companies Act, 1956.
- xix. The Company did not have outstanding debentures during the year.
- xx. The Company has not raised any money by public issues during the year.
- xxi. Based on the audit procedures performed for the purpose of reporting the true and fair view of the financial statement and as per the information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

For **BATLIBOI & PUROHIT**  
*Chartered Accountants*

**(ATUL MEHTA)**  
*Partner*

Place : Mumbai

Dated : 10th March, 2008

Membership No. 15935

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**WARRIOR (INVESTMENT) LIMITED**

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**BALANCE SHEET AS AT 31ST MAY, 2007**

|  | Schedule<br>No. | Rupees     | Rupees            | As at<br>31-Mar-2007<br>Rupees |
|--|-----------------|------------|-------------------|--------------------------------|
| <b>SOURCES OF FUNDS:</b>                         |                 |            |                   |                                |
| 1. SHAREHOLDERS FUNDS:                           |                 |            |                   |                                |
| A. Share Capital                                 | A               | 20,000,000 |                   | 20,000,000                     |
| B. Reserves & Surplus                            | B               | 59,770,238 |                   | 59,188,349                     |
|  |                 |            | 79,770,238        | 79,188,349                     |
|  |                 |            | <b>79,770,238</b> | <b>79,188,349</b>              |
| <b>APPLICATION OF FUNDS:</b>                     |                 |            |                   |                                |
| 1. INVESTMENTS:                                  | C               |            | 16,189,869        | 16,189,869                     |
| 2. CURRENT ASSETS, LOANS AND ADVANCES:           | D               |            |                   |                                |
| A. Sundry Debtors                                |                 | 707,416    |                   | 15,096                         |
| B. Cash and Bank Balances                        |                 | 74,394     |                   | 1,688,644                      |
| C. Loans and Advances                            |                 | 62,890,418 |                   | 61,373,151                     |
|  |                 | 63,672,228 |                   | 63,076,891                     |
| <i>Less</i> : CURRENT LIABILITIES AND PROVISIONS | E               |            |                   |                                |
| A. Sundry Creditors                              |                 | 30,337     |                   | 16,889                         |
| B. Provisions                                    |                 | 61,522     |                   | 61,522                         |
|  |                 | 91,859     |                   | 78,411                         |
| <b>NET CURRENT ASSETS</b>                        |                 |            | 63,580,369        | 62,998,480                     |
|  |                 |            | <b>79,770,238</b> | <b>79,188,349</b>              |
| NOTES TO THE ACCOUNTS                            | F               |            |                   |                                |

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As per our report of even date attached

For **BATLIBOI & PUROHIT**  
*Chartered Accountants*

C.G. Shah

*Chairman*

**ATUL MEHTA**  
*Partner*

C.A. Karnik  
R.T. Doshi  
M.L. Khetan  
S.P. Kadakia

} *Directors*

Membership No. 15935

Mumbai, Dated 10th March, 2008

**PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MAY, 2007**

|   | Rupees  | Rupees            | As at<br>31-Mar-2007<br>Rupees |
|---|---------|-------------------|--------------------------------|
| <b>1. INCOME:</b>   |         |                   |                                |
| Dividend (Gross)  |         | –                 | 4,860,013                      |
| Interest (Gross)  |         |                   |                                |
| From others (Tax Deducted at Source Rs.2,07,267/- Previous Year Rs.10,24,687/-) |         | 914,683           | 4,566,344                      |
| Profit on Sale of Investments   |         | –                 | 2,198,703                      |
| Provision for Doubtful Loan, no longer required written back                    |         | –                 | 650,000                        |
|   |         | <u>914,683</u>    | <u>12,275,060</u>              |
| <b>2. EXPENDITURE:</b>  |         |                   |                                |
| Auditors Remuneration:  |         |                   |                                |
| Audit Fees  | 7,500   |                   | 7,500                          |
| Tax Audit fees  | –       |                   | 5,000                          |
| Out of Pocket Expenses  | 110     |                   | 2,659                          |
| Service Tax   | 927     |                   | 1,545                          |
|   |         | <u>8,537</u>      | <u>16,704</u>                  |
| Office Admn. Expenses   |         | –                 | 430,673                        |
| Professional Tax  |         | –                 | 2,500                          |
| Directors Fees  |         | 10,000            | 36,000                         |
| Miscellaneous Expenses  |         | 14,257            | 36,598                         |
|   |         | <u>32,794</u>     | <u>522,475</u>                 |
| <b>3. Profit / (Loss) before Tax</b>  |         | 881,889           | 11,752,585                     |
| <i>Less</i> : Provision for Taxation  |         |                   |                                |
| Current Income Tax  | 300,000 |                   | 1,362,000                      |
| Fringe Benefit Tax  | –       | 300,000           | 500                            |
| <b>4. Profit / (Loss) after Tax</b>   |         | 581,889           | 10,390,085                     |
| <b>5. Excess Provision Written back</b>   |         | –                 | 30,000                         |
| <b>6. Surplus as per previous year Accounts</b>                                 |         | 35,435,041        | 38,496,456                     |
| <b>7. Total Amount available for Appropriations</b>                             |         | <u>36,016,930</u> | <u>48,916,541</u>              |
| <b>8. Appropriations To:</b>  |         |                   |                                |
| Interim Dividend  |         | –                 | 10,000,000                     |
| Proposed Dividend   |         | –                 | –                              |
| Dividend Tax  |         | –                 | 1,402,500                      |
| Transfer to General Reserves  |         | –                 | 2,079,000                      |
| Surplus carried to Balance Sheet  |         | 36,016,930        | 35,435,041                     |
|   |         | <u>36,016,930</u> | <u>48,916,541</u>              |
| No. of Equity Shares  |         | 2,000,000         | 2,000,000                      |
| Face value per share  |         | 10                | 10                             |
| Basic and Diluted Earning per share   |         | 0.29              | 5.20                           |

NOTES TO THE ACCOUNTS SCHEDULE 'F'

As per our report of even date attached

For **BATLIBOI & PUROHIT**  
Chartered Accountants

C.G. Shah

Chairman

**ATUL MEHTA**  
Partner

C.A. Karnik  
R.T. Doshi  
M.L. Khetan  
S.P. Kadakia

Directors

Membership No. 15935

Mumbai, Dated 10th March, 2008

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**WARRIOR (INVESTMENT) LIMITED**

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**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MAY, 2007****SCHEDULE 'A' – SHARE CAPITAL**

|  | Rupees            | <i>As at<br/>31-Mar-2007<br/>Rupees</i> |
|--|-------------------|---|
| <b>AUTHORISED:</b>   |                   |   |
| 20,00,000 Equity Shares of Rs.10/- each  | 20,000,000        | 20,000,000                              |
|  | <u>20,000,000</u> | <u>20,000,000</u>                       |
| <b>PAID-UP:</b>  |                   |   |
| 20,00,000 Equity Shares of Rs.10/- each Fully paid-up<br>(of the above shares, 12,80,000 shares are held by Forbes Finance Ltd. which is a 100% subsidiary of Forbes & Company Ltd. Forbes & Company Ltd. is a subsidiary of Sterling Investment Corporation Pvt. Ltd. The ultimate holding company is Shapoorji Pallonji & Company Ltd. | 20,000,000        | 20,000,000                              |
|  | <u>20,000,000</u> | <u>20,000,000</u>                       |

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**SCHEDULE 'B' – RESERVES & SURPLUS**

|   | Rupees     | Rupees            | <i>As at<br/>31-Mar-2007<br/>Rupees</i> |
|---|------------|-------------------|---|
| <b>GENERAL RESERVES:</b>                            |            |                   |   |
| Balance as per last Balance Sheet                   | 23,753,308 |                   | 21,674,308                              |
| <i>Add</i> : Transferred from Profit & Loss Account | –          |                   | 2,079,000                               |
|   |            | <u>23,753,308</u> | <u>23,753,308</u>                       |
| <b>SURPLUS:</b>                                     |            |                   |   |
| As per Profit & Loss Account                        |            | 36,016,930        | 35,435,041                              |
|   |            | <u>59,770,238</u> | <u>59,188,349</u>                       |

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MAY, 2007

SCHEDULE 'C' – INVESTMENTS (LONG TERM TRADE INVESTMENTS)

|  | Rupees                   | <i>As at<br/>31-Mar-2007<br/>Rupees</i> |
|--|--------------------------|---|
| <b>1. QUOTED-EQUITY SHARES:</b>  |                          |   |
| Forbes Gokak Ltd.<br>1536 Fully Paid shares of Rs.10/- each                | 281,165                  | 281,165                                 |
| <b>2. UNQUOTED-EQUITY SHARES:</b>  |                          |   |
| Forbes Services Ltd.<br>10000 fully paid shares of Rs.10/- each            | 100,050                  | 100,050                                 |
| R.S. Business Machines Pvt. Ltd.<br>34 fully paid shares of Rs.100/- each  | 3,417                    | 3,417                                   |
| Forbes Campbell Holdings Ltd.,<br>720000 Fully paid Shares of Rs.10/- each | 15,557,400               | 15,557,400                              |
| P.T. Gokak, Indonesia<br>688 fully paid shares of US \$ 1000/- each        | 5,648,726                | 5,648,726                               |
| Forbes Technosys Ltd.<br>392000 fully paid shares of Rs.10/- each          | 1,969,270                | 1,969,270                               |
| Forbes Tinsley Co. Ltd.<br>37470 Fully paid Shares of Rs.10/- each         | 374,700                  | 374,700                                 |
| High Point Properties Ltd.<br>25000 Fully paid shares of Rs.10/- each      | 251,250                  | 251,250                                 |
|  | <u>23,904,813</u>        | <u>23,904,813</u>                       |
|  | <b><u>24,185,978</u></b> | <b><u>24,185,978</u></b>                |
| Less : PROVISION FOR DIMINUTION IN<br>THE VALUE OF INVESTMENTS.            | <b><u>7,996,109</u></b>  | <b><u>7,996,109</u></b>                 |
| TOTAL RUPEES.  | <b><u>16,189,869</u></b> | <b><u>16,189,869</u></b>                |

|                      | As at 31-05-2007         |                 | As at 31-03-2007         |                 |
|----------------------|--------------------------|-----------------|--------------------------|-----------------|
|                      | Aggregate<br>Cost        | Market<br>Value | Aggregate<br>Cost        | Market<br>Value |
| Quoted Investments   | 281,165                  | 644,352         | 281,165                  | 612,864         |
|                      |                          | <u>644,352</u>  |                          | <u>612,864</u>  |
| Unquoted Investments | 15,908,704               |                 | 15,908,704               |                 |
|                      | <b><u>16,189,869</u></b> |                 | <b><u>16,189,869</u></b> |                 |

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**WARRIOR (INVESTMENT) LIMITED**

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**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MAY,2007****SCHEDULE 'D' – CURRENT ASSETS, LOANS AND ADVANCES**

|  | Rupees     | Rupees            | <i>As at<br/>31-Mar-2007<br/>Rupees</i> |
|--|------------|-------------------|---|
| <b>1. CURRENT ASSETS:</b>  |            |                   |   |
| Sundry Debtors   |            | 707,416           | 15,096                                  |
| Cash and Bank Balances:  |            |                   |   |
| Cash on Hand   | 781        |                   | 12,301                                  |
| With Scheduled Banks:  |            |                   |   |
| On Current Accounts  | 73,613     |                   | 1,676,343                               |
|  |            | 74,394            | 1,688,644                               |
| <b>2. LOANS AND ADVANCES:</b>  |            |                   |   |
| (UNSECURED, CONSIDERED GOOD)   |            |                   |   |
| Good and Unsecured   | 62,350,000 |                   | 60,250,000                              |
| Doubtful and Unsecured   | 3,804,000  |                   | 3,804,000                               |
|  | 66,154,000 |                   | 64,054,000                              |
| <i>Less</i> : Provision for Doubtful Loan                            | 3,804,000  |                   | 3,804,000                               |
|  | 62,350,000 |                   | 60,250,000                              |
| Advances recoverable in cash or in kind or for value to be received. |            |                   |   |
| Unsecured, Considered Good   | –          |                   | 500,000                                 |
|  | 62,350,000 |                   | 60,750,000                              |
| Advance Payment of Tax   | 540,418    |                   | 623,151                                 |
| (Net after Provision for Taxation)                                   |            | 62,890,418        | 61,373,151                              |
|  |            | <b>63,672,228</b> | <b>63,076,891</b>                       |

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**SCHEDULE 'E' – CURRENT LIABILITIES AND PROVISIONS**

|                             | Rupees | Rupees        | <i>As at<br/>31-Mar-2007<br/>Rupees</i> |
|-----------------------------|--------|---------------|---|
| <b>CURRENT LIABILITIES:</b> |        |               |   |
| Sundry Creditors            |        | 30,337        | 16,889                                  |
| <b>PROVISIONS:</b>          |        |               |   |
| Leave Encashment            |        | 61,522        | 61,522                                  |
|                             |        | <b>91,859</b> | <b>78,411</b>                           |

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**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MAY,2007**
**SCHEDULE 'F' – NOTES TO THE ACCOUNTS****1. SIGNIFICANT ACCOUNTING POLICIES:****A. BASIS OF ACCOUNTING**

The Financial Statements are prepared under historical cost convention, on accrual basis and are in accordance with the requirements of the Companies Act, 1956 and comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the said Act.

**B. INVESTMENTS**

Long term investments are stated at cost less provision for diminution in value, where applicable. Current investments are stated at lower of cost and fair value.

**C. TAX ON INCOME**

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act 1961.

Deferred tax is recognised on timing differences, being the difference between taxable income and accounting Income that originate in one period and are capable of reversal in one or more subsequent periods.

Since there are no timing differences the implementation of Accounting Standard (AS-22) Accounting for taxes on income issued by the Institute of Chartered Accountants of India is not required.

2. The additional information as required under Schedule VI of the Companies Act, 1956 has not been furnished as the same is not applicable.

3. No amount is due to Small Scale Industries (SSI) as at 31st May, 2007

4. The accounts for the current period comprise for the months of April and May,2007 as compared to the previous full year.

The Company along with Forbes Campbell Holdings Ltd is to be amalgamated with Forbes Finance Ltd. with effect from 1st June, 2007.

The shareholders have approved the amalgamation scheme at the meeting held on 18th May, 2007 and subsequently the same has been approved by the Honourable High Courts of Mumbai and Madras vide court Orders dated 29th February, 2008 and 26th March, 2008. pursuant to the above, all assets and liabilities of the Company will be transferred and vested with Forbes Finance Ltd. at their book values with effect from 1st June, 2007.

5. Previous year figures are not comparable as current year figures are only for few months.

6. Related Party Disclosures: As required by Accounting Standard 18

**I. Name of the Related Party and nature of relationship where control exists are as under:****A. Enterprises collectively having more than one half of voting powers:**

| <u>As on 31-5-2007</u>                               | <u>As on 31-3-2007</u>                               |
|--|--|
| Shapoorji Pallonji & Co. Ltd. (Ultimate holding Co.) | Shapoorji Pallonji & Co. Ltd. (Ultimate holding Co.) |
| Sterling Investment Corporation Pvt. Ltd.            | Sterling Investment Corporation Pvt. Ltd.            |
| Forbes & Company Ltd.                                | Forbes & Company Ltd.                                |
| Forbes Finance Ltd.                                  |  |

**B. Associate Companies**

| <u>As on 31-5-2007</u>          |                                       | <u>As on 31-3-2007</u>          |                                      |
|---------------------------------|---------------------------------------|---------------------------------|--------------------------------------|
| Forbes Campbell Holdings Ltd.   | Forbes Sterling Star Ltd.             | Forbes Campbell Holdings Ltd.   | Forbes Sterling Star Ltd.            |
| Forbes Services Ltd.            | Latham India Ltd.                     | Forbes Services Ltd.            | Latham India Ltd.                    |
| Forbes Technosys Ltd.           | Forbes Aquamall Ltd.                  | Forbes Technosys Ltd.           | Forbes Aquamall Ltd.                 |
| Aquamall Water Solutions Ltd.   | Forbes Dories & Naess Maritime Ltd.   | Aquamall Water Solutions Ltd.   | Forbes Dories & Naess Maritime Ltd.  |
| Eureka Forbes Ltd.              | Forbes Abans Cleaning Solu. Pvt. Ltd. | Eureka Forbes Ltd.              | Forbes Abans Cleaning Solu. Pvt.Ltd. |
| Volkart Fleming Ship. Ser. Ltd. | Next Gen Publishing Ltd.              | Volkart Fleming Ship. Ser. Ltd. | Next Gen Publishing Ltd.             |
| Forbes Tinsley Co. Ltd.         | Euro Forbes Int. Pte. Ltd.            | Forbes Tinsley Co. Ltd.         | Euro Forbes Int. Pte. Ltd.           |



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## WARRIOR (INVESTMENT) LIMITED

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### II. Transactions with related parties

|                           | Referred to in<br>"A" above |            | Referred to in<br>"B" above |            |
|---------------------------|-----------------------------|------------|-----------------------------|------------|
|                           | 31.05.2007                  | 31.03.2007 | 31.05.2007                  | 31.03.2007 |
| <b>Expenses</b>           |                             |            |                             |            |
| 1. Dividend Paid          | –                           | 7,680,000  | –                           | 4,320,000  |
| 2. Reimbursement of Exps. |                             |            |                             | 430,673    |
| <b>Income</b>             |                             |            |                             |            |
| 3. Interest Received      | 584,618                     | 4,566,344  | 330065                      | –          |
| 4. Dividend Received      | –                           | 7,680      | –                           | 4,320,000  |
| <b>Finance</b>            |                             |            |                             |            |
| 5. Deposits Placed        | 2,100,000                   | 26,600,000 | 58200000                    | –          |
| 6. Deposits Refunded      | 58,200,000                  | 15,100,000 | –                           | –          |
| <b>Outstandings</b>       |                             |            |                             |            |
| 7. Deposits Given         | 4,150,000                   | 60,750,000 | 58,200,000                  | –          |
| 8. Interest Receivable    | 584,618                     | 15,096     | 255,272                     | –          |

### III. Related Party Disclosures

The above transactions includes:

1. All amount referred to in table 'A' are with a single party viz. Forbes & Company Ltd.
2. 1B represents Dividend paid to Forbes Campbell Holdings Ltd.
3. 2B represents payment made to VFSS.
4. 4B includes dividend received from Forbes Campbell Holdings Ltd.
5. Item No.3B, 5B, 7B and 8B represents transactions with Forbes Finance Ltd.

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As per our report of even date attached

For **BATLIBOI & PUROHIT**  
*Chartered Accountants*

C.G. Shah

*Chairman*

**ATUL MEHTA**  
*Partner*

C.A. Karnik  
R.T. Doshi  
M.L. Khetan  
S.P. Kadakia

} *Directors*

Membership No. 15935

Mumbai, Dated 10th March, 2008

## STATEMENT PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956.

## Balance Sheet and Company's General Business Profile

## I. Registration Details

|                    |            |            |    |
|--------------------|------------|------------|----|
| Registration No.   | 17433/TA   | State code | 11 |
| Balance Sheet Date | 31-05-2007 |            |    |

## II. Capital Raised During The Year (Amount Rs. in Thousands)

|              |     |                   |     |
|--------------|-----|-------------------|-----|
| Public Issue | NIL | Bonus Issue       | NIL |
| Rights Issue | NIL | Private Placement | NIL |

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

|                   |       |              |       |
|-------------------|-------|--------------|-------|
| Total Liabilities | 79770 | Total Assets | 79770 |
|-------------------|-------|--------------|-------|

## Sources of Funds

|                 |       |                    |       |
|-----------------|-------|--------------------|-------|
| Paid up Capital | 20000 | Reserves & Surplus | 59770 |
| Secured Loans   | NIL   | Unsecured Loans    | NIL   |

## Application of Funds

|                    |       |                   |       |
|--------------------|-------|-------------------|-------|
| Net Fixed Assets   | NIL   | Investments       | 16190 |
| Net Current Assets | 63580 | Misc. Expenditure | NIL   |
| Accumulated Losses | NIL   |                   |       |

## IV. Performance of Company (Amount Rs. in Thousands)

|                            |      |                         |     |
|----------------------------|------|-------------------------|-----|
| Turnover                   | 915  | Total Expenditure       | 33  |
| Profit / (Loss) Before Tax | 882  | Profit/(Loss) After Tax | 582 |
| Earning Per Share (Rs.)    | 0.29 | Dividend Rate (%)       | NIL |

## V. General Names of Three Principal Products / Services of the Company (As Per Monetary Terms)

|                          |                    |                |
|--------------------------|--------------------|----------------|
| Item Code No. (ITC Code) | Product Decription | Investment Co. |
| Item Code No. (ITC Code) | Product Decription |                |
| Item Code No. (ITC Code) | Product Decription |                |

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**WARRIOR (INVESTMENT) LIMITED**

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**CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MAY, 2007**

|   | Rupees      | 31-05-2007<br>Rupees | 2006-2007<br>Rupees |
|---|-------------|----------------------|---------------------|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>  |             |                      |                     |
| <b>PROFIT BEFORE TAX</b>  |             | 881,889              | 11,752,585          |
| <b>Adjustments:</b>   |             |                      |                     |
| Dividend Income   | –           |                      | (4,860,013)         |
| Interest Income   | (914,683)   |                      | (4,566,344)         |
| Profit on Sale of Investments   | –           |                      | (2,198,703)         |
| Recovery of Doubtful Debts  | –           |                      | (650,000)           |
| Prior Year Adjustments  | –           |                      | (30,000)            |
|   |             | (914,683)            | (12,305,060)        |
| <b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES &amp; OTHER ADJUSTMENTS</b>                    |             | (32,794)             | (552,475)           |
| Change in Sundry Debtors/ Advances  | (192,320)   |                      | (515,096)           |
| Direct Taxes Paid   | (217,267)   |                      | (1,376,778)         |
| Change in Sundry Creditors  | 13,448      | (396,139)            | 29,983              |
| <b>(A) NET CASH FLOW FROM OPERATING ACTIVITIES</b>  |             | <b>(428,933)</b>     | <b>(2,414,366)</b>  |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>  |             |                      |                     |
| Dividend Income   | –           |                      | 4,860,013           |
| Interest Income   | 914,683     |                      | 4,566,344           |
| Sale of Investments   | –           |                      | 16,784,910          |
| Recovery of Doubtful Debts  | –           |                      | 650,000             |
| Dividend Paid   | –           |                      | (12,000,000)        |
| Dividend Tax Paid   | –           |                      | (1,683,000)         |
| Change in Deposits with Companies   | (2,100,000) |                      | (11,000,000)        |
| <b>(B) NET CASH FLOW FROM INVESTING ACTIVITIES</b>  |             | <b>(1,185,317)</b>   | <b>2,178,267</b>    |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>  |             |                      |                     |
| <b>NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (A+B)</b>                                   |             | <b>(1,614,250)</b>   | <b>(236,099)</b>    |
| Cash and Cash Equivalents as at the commencement of the year comprising Cash & Balance with Banks |             | 1,688,644            | 1,924,743           |
| Cash and Cash Equivalents as at the end of the year comprising Cash & Balance with Banks          |             | 74,394               | 1,688,644           |
| <b>NET INCREASE/DECREASE AS DISCLOSED ABOVE</b>   |             | <b>(1,614,250)</b>   | <b>(236,099)</b>    |

As per our report of even date attached

For **BATLIBOI & PUROHIT**  
Chartered Accountants

C.G. Shah

Chairman

**ATUL MEHTA**  
Partner

C.A. Karnik

R.T. Doshi

M.L. Khetan

S.P. Kadakia

Directors

Membership No. 15935

Mumbai, Dated 10th March, 2008





