

**FORBES & COMPANY LIMITED**  
**Reports and Accounts of Subsidiary Companies**  
**2008-2009**

**C O N T E N T S**

1. Aquadiagnostics Water Research & Technology Centre Limited .....	S 002 to S 018
2. Aquamall Water Solutions Limited.....	S 019 to S 049
3. E4 Development & Coaching Limited .....	S 050 to S 067
4. Eureka Forbes Limited .....	S 068 to S 106
5. Euro Forbes International Pte. Ltd.....	S 107 to S 131
6. Forbes Aquamall Limited .....	S 132 to S 158
7. Forbes Bumi Armada Ltd.....	S 159 to S 176
8. Forbes Campbell Services Limited .....	S 177 to S 188
9. Forbes Container Line Pte. Ltd. ....	S 189 to S 206
10. Forbes Doris & Naess Maritime Limited .....	S 207 to S 222
11. Forbes Facility Services Pvt. Ltd. ....	S 223 to S 243
12. Forbes Finance Limited .....	S 244 to S 265
13. Forbes Smart Data Limited .....	S 266 to S 276
14. Forbes Sterling Star Limited .....	S 277 to S 287
15. Forbes Technosys Limited .....	S 288 to S 313
16. Forbes Tinsley Company Limited .....	S 314 to S 328
17. Forbes Water Limited .....	S 329 to S 330
18. Latham India Limited .....	S 331 to S 349
19. Volkart Fleming Shipping & Services Limited .....	S 350 to S 372

---

# **AQUADIAGNOSTICS WATER RESEARCH & TECHNOLOGY CENTRE LIMITED**

---

(a Subsidiary Company of Aquamall Water Solutions Ltd.)

Annual Report and Accounts  
for the year ended 31<sup>st</sup> March, 2009

**DIRECTORS :**

S. L. Goklaney

P. J. Reddy

A. V. Suresh

J. N. Ichhaporia

**AUDITORS :**

TAM & Co

**REGISTERED OFFICE :**

No.57 Om Shakthi Complex,

First Floor,

Gaurve Bavi Palya

Hosur Main Road,

Bangalore - 560 068

**FIRST ANNUAL REPORT****DIRECTORS' REPORT****TO THE MEMBERS**

Your Directors have pleasure in presenting the First Annual Report together with the Audited Accounts of the Company for the period ended 31st March 2009.

**1. FINANCIAL PERFORMANCE :-**

	(Rs. Lakhs)
a. Income from testing charges & others	16.65
b. Profit before Tax	(-) 35.70
c. Provision for Tax	
– Current Tax	0.10
– Deferred Tax	Nil
d. Profit after Taxes	(-) 35.80
e. Share Capital	08.00
f. Reserves and Surplus	Nil
g. Total Debt	Nil
h. Net Worth	

**2. DIVIDEND**

As this is the first year of operation and since the Company has incurred a loss, your Directors regret their inability to declare Dividend.

**3. OPERATIONS**

Aquadiagnostics renders services to the clients on chargeable basis, in the following areas

- i) Water analysis (Physico-chemical and Microbiological) as per IS:10500, 1991 and IS:14543 : 2004
- ii) Water Purifier Evaluation as per NSF/ANSI Specifications namely 42,53,55 and 58, USEPA specification, IS: 14724, 1999 Specifications and also as per customer's customized protocols
- iii) Food and soil analysis
- iv) Evaluation of Detergents & sanitizers
- v) Evaluation of Disinfection resin's efficacy
- vi) Evaluation of Ion exchange resin's efficacy
- vii) Easy test Kits for Water analysis
- viii) Quality assurance testing of finished products and Components of Water purifier manufacturers / godowns
- ix) Water Treatment Technology developments Water purifier manufacturers
- x) Certification of New products namely Water purifiers, treatment media, disinfectants etc.
- xi) Liasoning with WQA, USA for Goldseal certification for clients
- xii) Supporting Water purifier manufacturers to maintain Goldseal certified products as per WQA norms.

- xiii) Maintenance of Quality system accreditations of NABL, WQA, USA or other International certifying agencies.

**4. DIRECTORS**

The four Directors mentioned in the Articles of Association as first Directors continue to be the Directors of the Company and there is no change in the Board.

The following Directors, retire by rotation at this Annual General Meeting and being eligible offer themselves for reappointment :-

- a. Mr. S.L.Goklaney
- b. Mr. P.J.Reddy

**5. AUDITORS**

M/s Tam & Co., Chartered Accountants, were appointed as the first auditors of the Company by the Board of Directors in accordance with Section 224(5) of the Companies Act, 1956. They hold office until the conclusion of the first Annual General Meeting. The retiring auditors, M/s TAM & Co., Chartered Accountants, offer themselves for re-appointment.

**6. 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 as under.

**Actions regarding Conservation of energy  
And Technoloy absorption:**

**NIL**

**7. 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.

**8. DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, as amended, the Board of Directors hereby declare that :

- i. In the preparation of annual accounts for the financial year ended 31<sup>st</sup> March 2009, the applicable accounting standards had been followed along with proper explanation relating to material departures if any;
- ii. That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to

---

# AQUADIAGNOSTICS WATER RESEARCH & TECHNOLOGY CENTRE LIMITED

---

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 and loss of the Company for the year under review;

- iii. That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and or preventing and detecting fraud and other irregularities;
- iv. That the directors had prepared the accounts for the financial year ended 31<sup>st</sup> March 2009 on a 'going concern' basis.

## 9. ACKNOWLEDGEMENTS

The Directors wish to place on record their appreciation and acknowledge with gratitude the support and co-operation extended by the vendors, bankers and shareholders and look forward to their continued support.

For and on behalf of the Board

Place : Mumbai  
Date : 28<sup>th</sup> May, 2009

**S.L. GOKLANEY**  
*Director*

## 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, 2009.]

### A. CONSERVATION OF ENERGY

#### 1. Energy Conservation Measures taken :

The 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:

None at present.

#### 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 services 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:

- i) Development of Heavy metals removal treatment media with the help of MnO<sub>2</sub> technology.
- ii) Fine tuning of pesticide removal Nano - silver Technology process parameters

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

- i) Based on AWRTEL's developmental activity and recommendations, the Client could introduce a chemical remover attachment for their Water Purifier in the market for Heavy metal removal from water .
- ii) AWRTEL has fine tuned and guided the client in terms of Process stabilisation for better adsorption of Nano silver on the media, leading to well maintained quality as per specifications.

#### 3. Future Plan of Action :

- To develop and recommend Remineralization of RO water to the water purifier manufacturers
- To develop and recommend Fluoride removal treatment medium to water purifier manufacturers
- To obtain accreditation from international agencies for the testing facilities

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

Technology Developmental costs have been borne by the Client. AWRTEL has Utilised resources of Manpower, energy, instrumentation, chemicals etc.

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

MnO<sub>2</sub> technology has been successfully developed and adapted in the field by the client.

Earnings in Foreign Exchange during the year under review was Rs.1,22,238/- and the Outgo was Rs.19,720/-.

**AUDITORS' REPORT TO THE MEMBERS OF AQUADIAGNOSTICS WATER RESEARCH & TECHNOLOGY CENTRE LIMITED**

1. We have audited the attached Balance Sheet of Aquadiagnostics Water Research & Technology Centre Limited ('the company') as at 31<sup>st</sup> March 2009 and the Profit and Loss Account and also the Cash Flow Statement of the Company 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 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, 2009 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 2009 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, 2009;
    - (ii) in the case of the Profit and Loss Account, of the loss of the Company for the period ended on that date; and
    - (iii) in the case of Cash Flow statement, of the Cash Flows of the Company for the period ended on that date.

For **TAM & CO.**  
*Chartered Accountants*

**M.Y. Bamboat**  
*Partner*  
M. No. 105794

Place : Mumbai

Date : 28.5.09

---

# AQUADIAGNOSTICS WATER RESEARCH & TECHNOLOGY CENTRE LIMITED

---

## 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) 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 not granted any loans secured or unsecured to any Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (b) 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.67.09 lacs and the year-end balance of loans taken from this party was Rs.67.09 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 loans are not prima facie prejudicial to the interest of the Company.
- (d) The loans taken are re-payable on demand. As informed, the lenders have not demanded repayment of any such loan during the year, thus, there has been no default on the part of the company. The payment / provision of interest is 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 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 provisions of internal audit are not applicable to the Company.
- (viii) To the best of our knowledge and as explained, 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 the products of the Company.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including, income-tax, sales tax, wealth-tax, service tax, customs duty, cess and other material statutory dues applicable to it. Since the Company is rendering services excise duty and sales tax is not applicable.
- (b) According to the information and explanations given to us, no undisputed amount payable in respect of , income tax, sales tax, wealth tax, service tax, customs 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, there are no dues outstanding of income-tax, sales tax wealth-tax, service tax, customs duty and cess 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 per cent or more of its net worth and whether it has incurred cash losses in such financial year and in the immediately preceding financial year.

- (xi) Based on our audit procedures and as per the information and explanations given by the management, the Company does not have any dues to 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 **TAM & CO**  
*Chartered Accountants*

**M.Y. Bamboat**  
*Partner*  
M. No. 105794

Place : Mumbai

Date : 28.5.09

---

# AQUADIAGNOSTICS WATER RESEARCH & TECHNOLOGY CENTRE LIMITED

---

## BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedule No	As at 31-03-2009	
		Rupees	Rupees
<b>SOURCES OF FUNDS</b>			
Share Holders Funds			
Share Capital	A		8,00,000
Loan Funds			
Unsecured Loans	B		74,01,360
<b>TOTAL</b>			<b>82,01,360</b>
<b>APPLICATION OF FUNDS</b>			
Fixed Assets			
Gross Block	C	41,53,109	
Less : Depreciation		5,45,914	
Net Block			36,07,195
<b>Current Assets, Loans &amp; Advances</b>	D	13,76,552	
<b>Less : Current Liabilities &amp; Provisions</b>	E	4,18,467	
Net Current Assets			<b>9,58,085</b>
<b>Debit Balance in Profit &amp; Loss Account</b>			35,80,080
<b>Miscellaneous Expenditure</b> (to the extent not written off or adjusted)			56,000
<b>TOTAL</b>			<b>82,01,360</b>
NOTES TO THE ACCOUNTS	H		

---

Per our report attached

**For TAM & CO**

*Chartered Accountants*

**M.Y. BAMBOAT**

*Partner*

M.No. 105794

Mumbai, Dated: May 28, 2009

For and on behalf of the Board

S.L. GOKLANEY  
P. J REDDY  
A.V. SURESH  
J.N. ICHHAPORIA

} *Directors*

Mumbai, Dated: May 28, 2009



**PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH, 2009**

	Schedule No	Period ended 31-03-2009	
		Rupees	Rupees
<b>INCOME</b>			
Testing Charges	F		15,23,217
Other Income			1,42,207
<b>TOTAL</b>			<b>16,65,424</b>
<b>EXPENDITURE</b>			
Direct and other expenses	G		39,96,805
Depreciation			5,45,914
Interest			6,92,785
			<b>52,35,504</b>
<b>PROFIT</b>			
Profit/(Loss) for the Year before taxation			(35,70,080)
Less : Provision for Current Tax			—
Fringe Benefit Tax- Current year			10,000
Profit/(Loss) after Tax			(35,80,080)
Profit/(Loss) brought forward			
Profit/(Loss) available for appropriation			<b>(35,80,080)</b>
<b>APPROPRIATION</b>			
Profit/(Loss) Carried forward to Balance Sheet			(35,80,080)
			<b>(35,80,080)</b>
Number of Equity shares			<b>80,000</b>
Face Value per share			<b>10</b>
Profit after tax available to Equity shareholders			(35,80,080)
<b>Basic and diluted earning per share</b>			(44.75)

**NOTES TO THE ACCOUNTS**

H

Per our report attached

For and on behalf of the Board

**For TAM & CO**

*Chartered Accountants*

S.L. GOKLANEY

P. J REDDY

A.V. SURESH

J.N. ICHHAPORIA

} *Directors*

**M.Y. BAMBOAT**

*Partner*

M.No. 105794

Mumbai, Dated: May 28, 2009

Mumbai, Dated: May 28, 2009

---

# AQUADIAGNOSTICS WATER RESEARCH & TECHNOLOGY CENTRE LIMITED

---

## SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009

As at 31-03-09  
Rupees

### SCHEDULE 'A'

#### Share Capital

##### AUTHORISED

1,00,000 Equity Shares of Rs.10/- each 10,00,000

##### ISSUED, SUBSCRIBED AND PAID UP

80,000 Equity shares of Rs.10/- each 8,00,000

Of the above Shares :

70,000 Shares are held by the Holding Company Aquamall Water Solutions Limited

**Total** 8,00,000

---

As at 31-03-09  
Rupees

### SCHEDULE 'B'

#### UNSECURED LOANS

From Holding Company 67,08,575

Accrued Interest 6,92,785

**Total** 74,01,360

**SCHEDULE ANNEXED TO AND FORMING PART OF  
THE BALANCE SHEET AS AT 31ST MARCH, 2009**

**SCHEDULE 'C'**

S. No.	Particulars	GROSS BLOCK				DEPRECIATION				Net Block As on 31-03-2009
		Upto 01-04-2008	Additions during the year	Deletion during the year	As on 31-03-2009	Upto 01-04-2008	Depreciation for the year	Deletion	As on 31-03-2009	
		A	B	C	D	E	F	G	H	
1	Machinery & Equipments	—	29,62,239	—	29,62,239	—	4,07,939	—	4,07,939	25,54,300
2	Electrical Installation	—	4,77,534	—	4,77,534	—	49,864	—	49,864	4,27,670
3	Transformers	—	32,062	—	32,062	—	3,601	—	3,601	28,461
4	Furnitures & Fixtures	—	6,47,274	—	6,47,274	—	83,953	—	83,953	5,63,321
5	Office Equipments	—	34,000	—	34,000	—	557	—	557	33,443
	<b>TOTAL</b>	—	<b>41,53,109</b>	—	<b>41,53,109</b>	—	<b>5,45,914</b>	—	<b>5,45,914</b>	<b>36,07,195</b>

---

# AQUADIAGNOSTICS WATER RESEARCH & TECHNOLOGY CENTRE LIMITED

---

## SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2009

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

	<u>Rupees</u>	<u>As at 31st March 2009 Rupees</u>
<b>1. CURRENT ASSETS :</b>		
<b>SUNDRY DEBTORS (Unsecured)</b>		
(Unsecured and considered good)		
(a) Debts outstanding for a period exceeding six months	2,17,692	
(b) Other Debts	<u>2,11,999</u>	
		4,29,691
<b>2. CASH AND BANK BALANCES</b>		
Cash on hand	5,060	
With Scheduled Banks :		
In Current Accounts	<u>1,07,509</u>	
		1,12,569
<b>3. LOANS AND ADVANCES (Unsecured, Considered Good)</b>		
Advance Recoverable in cash or in kind or for value to be received	57,805	
Advance Tax	71,487	
Deposits :		
With Government Authorities	5,000	
With Others	<u>7,00,000</u>	
		8,34,292
		<u><b>13,76,552</b></u>

---

### SCHEDULE 'E' CURRENT LIABILITIES AND PROVISIONS

	<u>Rupees</u>	<u>As at 31st March 2009 Rupees</u>
<b>1. CURRENT LIABILITIES</b>		
<b>(a) Sundry Creditors :</b>		
Small scale Industrial Undertakings	—	
(Refer Note. 7)		
Others	1,94,537	
<b>(b) Other Current Liabilities</b>	<u>2,13,930</u>	4,08,467
<b>2. PROVISIONS</b>		
For Fringe Benefit Tax	10,000	
		<u><b>4,18,467</b></u>

**SCHEDULE ANNEXED TO AND FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR  
THE YEAR PERIOD ENDED 31ST MARCH, 2009**

**SCHEDULE ' F ' – OTHER INCOME**

	Rupees	As at 31st March 2009 Rupees
<b>Other Income</b>		
Sales CST	71,770	
Sales VAT	52,100	
Other Income	18,337	142,207
<b>TOTAL</b>		<b>142,207</b>

**SCHEDULE – ' G ' DIRECT AND OTHER EXPENSES**

	Rupees	As at 31st March 2009 Rupees
<b>1. DIRECT EXPENSES</b>		
Chemicals and Gas	8,34,231	
Power & Fuel	1,68,489	
		10,02,720
<b>2. PAYMENTS TO AND PROVISIONS FOR EMPLOYEES</b>		
Salaries, Wages and Bonus	6,13,559	
Company's contribution to EPF & ESIC	24,296	
Staff Welfare	32,362	
		6,70,217
<b>3. ADMINISTRATIVE AND OTHER EXPENSES</b>		
Rent	8,40,000	
Insurance	2,681	
Rates & taxes	47,502	
Professional Charges	11,125	
Printing & Stationery	86,293	
Travelling & Conveyance	19,791	
Auditor's Remuneration — Audit Fees	25,000	
Repairs & Maintenance — Others	4,46,579	
Preliminary Expenses written off	14,000	
Other establishment expenses	8,30,897	
		23,23,868
		<b>39,96,805</b>

---

# AQUADIAGNOSTICS WATER RESEARCH & TECHNOLOGY CENTRE LIMITED

---

## SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE PERIOD ENDED 31ST MARCH, 2009

### SCHEDULE 'H' – 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) **Income from water testing :**

Income from testing of water etc. is accounted for on completion of tests.

(d) **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.

(e) **Foreign Currency Transactions :**

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction.

(f) **Pre-Operative Expenses :**

Expenses incurred prior to the commencement of commercial operation have been capitalised and are shown under the head 'Miscellaneous Expenditure (to the extent not written off or adjusted)'. This expenditure is written off in equal instalment over a period of five years.

(g) **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, 1961. 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.

(h) **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.

2. Estimated amount of contracts remaining to be executed on Capital accounts and not provided for – Nil

3. Contingent liabilities not provided for : Nil

4. The amount of foreign exchange gain of Rs.7,137/- is included in 'Other Income'

5. 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.

6. 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.

7. To the extent of information available there are no outstanding dues to small scale industries at the end of the year.

**SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE PERIOD ENDED 31ST MARCH, 2009**

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

8. 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.					0	4	5	9	9	4	State Code	0	8
Balance Sheet Date	3	1	0	3	2	0	0	9					
	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											8	0	0

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

Total Liabilities										Total Assets													
						8	6	2	0								8	6	2	0			
Source of Funds										Reserves & Surplus													
Paid-Up Capital										Unsecured Loans													
						8	0	0									7	4	0	1			
Secured Loans										Investments													
									—											—			
Application of Funds										Deferred Tax Assets													
Net Fixed Assets										Accumulated Losses													
						3	6	0	7											3	5	8	0
Net Current Assets																							
						9	5	8															
Misc. Expenditure / Preliminary Expenses																							
						5	6																

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

Turnover & Other Income										Total Expenditure												
						1	5	2	3								5	2	3	5		
Loss Before Tax										Loss After Tax												
						3	5	7	0								3	5	8	0		
Earnings Per Share in Rs.										Dividend Rate %												

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

Item code No. (ITC Code)	N	O	T													
Product	A	P	P	L	I	C	A	B	L	E						
Description																
Item code No. (ITC Code)																
Product																
Description																

---

# AQUADIAGNOSTICS WATER RESEARCH & TECHNOLOGY CENTRE LIMITED

---

9. Previous year's figures are not available as it is the first year of the operations.

---

Per our report attached

**For TAM & CO**

*Chartered Accountants*

**M.Y. BAMBOAT**

*Partner*

M.No. 105794

Mumbai, Dated: May 28, 2009

For and on behalf of the Board

S.L. GOKLANEY

P. J REDDY

A.V. SURESH

J.N. ICHHAPORIA

} *Directors*

Mumbai, Dated: May 28, 2009



**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. Fellow Subsidiaries  
 Forbes Aquamall Limited  
 E4 Development & Coaching Limited  
 Forbes Facility Pvt. Ltd.  
 Euro Forbes International Pte. Ltd.
- C. Enterprises that are under common control:  
 Forbes Aquatech Ltd.  
 Forbes Concept Hospitality Services Limited

II. Transactions with Related Parties:

	Nature of Transactions	Related Party referred to in A above	Related Party referred to in B above	Related Party referred to in C above
1.	<b>Purchases</b>			
	Goods and Materials	—	—	—
	Fixed Assets	28,47,009	—	—
2.	<b>Sales</b>			
	Water Testing & Sales	6,45,216	—	97,697
3.	<b>Expenses</b>			
	Interest	6,92,785	—	—
4.	<b>Income</b>			
	Rent and other service charges	—	—	—
5.	<b>Finance</b>			
	Loans and Advances Taken	67,08,575	—	—
6.	<b>Outstanding</b>			
	Receivables	85,120	—	97,697
	Payables	—	—	—
	ICDs taken	74,01,360	—	—
	Other Deposits Given	—	—	—

# AQUADIAGNOSTICS WATER RESEARCH & TECHNOLOGY CENTRE LIMITED

## CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2009

	2008-09 (Rupees)	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit / (Loss) before Tax		(35,70,080)
Adjusted for :		
Depreciation	5,45,914	
Interest	6,92,785	
Preliminary Expenses written off	14,000	12,52,699
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS</b>		(23,17,381)
<b>CHANGES IN :</b>		
Trade and other receivables	(11,92,496)	
Trade payable and others	4,08,467	
Less: Direct Taxes Paid		(7,84,029)
<b>CASH GENERATED FROM OPERATIONS</b>		(71,487)
<b>NET CASH FROM OPERATING ACTIVITIES</b>		(8,55,516)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Sale of fixed assets	—	
Purchase of fixed assets	(41,53,109)	
Preliminary Expenses	(70,000)	
<b>NET CASH FROM INVESTING ACTIVITIES</b>		(42,23,109)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Loans taken	67,08,575	
Interest Paid	—	
Issue of Equity Shares	8,00,000	
<b>NET CASH FROM FINANCING ACTIVITIES</b>		75,08,575
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>112,569</b>
<b>CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE YEAR COMPRISING :</b>		
Cash	—	
Balance with scheduled banks in current accounts	—	
<b>CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR COMPRISING :</b>		
Cash	5,060	
Balance with scheduled banks in current accounts	1,07,509	1,12,569
<b>NET INCREASE/DECREASE AS DISCLOSED ABOVE</b>		<b>1,12,569</b>

Per our report attached

For and on behalf of the Board

**For TAM & CO**  
Chartered Accountants

S.L. GOKLANEY P. J REDDY A.V. SURESH J.N. ICHHAPORIA	}	Directors
---	---	-----------

**M.Y. BAMBOAT**  
Partner  
M.No. 105794

Mumbai, Dated: May 28, 2009

Mumbai, Dated: May 28, 2009

---

# AQUAMALL WATER SOLUTIONS LIMITED

---

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

Annual Report and Accounts  
for the year ended 31<sup>st</sup> March, 2009

**DIRECTORS :**

S. L. Goklaney

N. D. Khurody

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

---

# AQUAMALL WATER SOLUTIONS LIMITED

---

## 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, 2009

### 1. FINANCIAL RESULTS:

	Current Year Rupees	Previous Year Rupees
<b>PROFIT BEFORE DEPRECIATION</b>	<b>30,16,60,278</b>	<b>23,04,46,596</b>
<i>Less</i> : Depreciation	8,59,69,543	7,32,68,107
<b>PROFIT BEFORE TAX</b>	<b>21,56,90,735</b>	<b>15,71,78,489</b>
<i>Less</i> : Provision for Taxation (including Fringe benefit tax)	2,58,05,000	1,92,16,000
<b>PROFIT AFTER TAX</b>	<b>18,98,85,735</b>	<b>13,79,62,489</b>
Deduct: Income-tax Provision for earlier years		19,78,005
	<b>18,98,85,735</b>	<b>13,59,84,484</b>
<i>Add</i> : Profit brought forward from previous Year	26,19,82,205	24,10,97,625
Amount available for appropriations	<b>45,18,67,940</b>	<b>37,70,82,109</b>
<b>APPROPRIATIONS</b>		
Interim Dividend	3,00,01,200	3,00,01,200
Tax on Dividend	50,98,704	50,98,704
Transferred to General Reserve	10,00,00,000	8,00,00,000
<b>Balance carried to Balance Sheet</b>	<b>31,67,68,036</b>	<b>26,19,82,205</b>

### 2. DIVIDEND:

Your Company has paid 150% Interim dividend amounting to Rs. 300.00 lakhs (Previous Year – Rs.300 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 4.9 % 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 at 37% from Rs. 15.72 crores to Rs 21.57 crores.

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

improving the operational processes, minimizing duplication and reducing costs.

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 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 stabilised 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 COMPANIES:

Forbes Aquamall Limited, a wholly owned subsidiary of the Company has reported encouraging results with a turnover of Rs.751 Million and a profit before tax of Rs 45 Million.

This has been possible with the concerted efforts of the whole team in Forbes Aquamall .

The manufacture of vacuum cleaners at Bhimtal and Chennai has stabilised and the Company is now taking cost reduction steps to improve profitability in the coming years.

As was informed to the members the Company had earlier set up a laboratory for testing of water, for it's own use. During the year, with the objective of converting the laboratory into an autonomous profit centre, it as hived off as an independent company by the name and style of Aquadiagnostics Water Research & Technology Centre Limited (AWSRTCL). The said company was incorporated as a subsidiary of Aquamall Water Solutions Limited.

The basic purpose of the laboratory is to cater to the needs of complete water analysis and evaluation of water purifiers in accordance with national and international specifications. During the first year of the operations, the new Company reported a net income of Rs 15.23 lakhs and loss before tax of Rs 35.7 lakhs. Looking at the basic need being served by the Company and the growing demand for such services, the Directors are confident of the Company's prospects.

**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 its units. The Company has also introduced water harvesting systems at its various locations.

**6. DIRECTORS:**

Mr. N.D Khurody 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. P.J. Reddy & Mr. J.N. Ichhaporia, 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. SECRETARIAL COMPLIANCE CERTIFICATE**

In terms of sub-section (1) of Section 383A of the Companies Act, the Company has obtained a secretarial compliance certificate from a practising Company Secretary. There were no non compliance reported in the secretarial compliance certificate.

**12. 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 : 28<sup>th</sup> May, 2009

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

---

# AQUAMALL WATER SOLUTIONS LIMITED

---

## 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, 2009.]

### 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:

Optimisation and re-designing of new components for water purification systems was successfully undertaken during the year. Up gradation of electronic controls and making them more versatile by converting them into modular electronic cards, was another focus area this year.

A new water purification system to deliver constant output for designated water quality parameters in variable input quality scenario was developed and tested successfully. The system is the first of it's kind.

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

The efforts made in (1) will result in introduction of new products, additional features, cost reduction and standardization of purification columns. New product line will provide option to consumer to select purification systems from a wide range of products based on their water supply and quality of input water.

#### 3. Future Plan of Action:

Efforts would be made towards introduction of latest technologies and introduction of consumer friendly features . 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 5,47,07,452/- and the Outgo was Rs. 36,82,90,319 /-.

**COMPLIANCE CERTIFICATE**

Registration No. of the Company : **002851**  
Date of Incorporation : **27th November, 1980**  
Nominal Capital : **Rs 50,000,000**  
Paid Up Capital : **Rs 20,000,800**

To  
The Members  
Aquamall Water Solutions Limited  
Flat No.20, First Floor,  
Soni Business Complex,  
Prasanthi Nagar, Kukatpally,  
HYDERABAD

I have examined the registers, records, books and papers of **AQUAMALL WATER SOLUTIONS 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, 2009**. 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 **27<sup>th</sup> May,2008, 26<sup>th</sup> September,2008, 16<sup>th</sup> December,2008 and 23<sup>rd</sup> February, 2009** 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 31.03.2008 was held on **04th July, 2008** after giving notice on **27<sup>th</sup> May, 2008** 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 duly complied with the provisions of Section 297 of the Act, in respect of contracts specified in that Section.
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 declared 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. Mr. S. Ramesh a Company Secretary of the Company resigned during the year and his resignation was accepted on 27-05-2008. The Board of Directors of the Company duly constituted. Mr. Nawshir Dara Khurody was appointed as Additional Director w.e.f. 26th September, 2008. Company has duly filed Form 32 with ROC in respect of resignation of Mr. S. Ramesh.

---

## AQUAMALL WATER SOLUTIONS LIMITED

---

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 made borrowings during the financial year aggregating to Rs.200 lakhs, which is well within the borrowing limits of the Board of Directors.
25. The company has not made any loans or advances to other Bodies Corporate during the financial year. However, Company has given corporate guarantee to other Bodies Corporate aggregating to Rs.600 lakhs for which there was due compliance with Section 372 A of the Companies Act.
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 : 21st May, 2009

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



**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, Hyderabad during the financial year ending **31st March 2009**.

S. No.	Form No./Return	Filed under section	Date of filing	Whether filed within prescribed time Yes/No	If delay in filing whether requisite additional fee paid Yes/No	Event
1	Schedule V- 20B	159	31.12.2008	No	Yes	Annual Return for the Financial year 2007-2008
2	23AC/23ACA	220	04.08.2008	Yes	No	Annual Accounts for the F/year 2007-2008
3	Form-32	303 (2)	25.12.2008	No	Yes	Appointment of Additional Director
4	Form-32	303 (2)	13.01.2009	No	Yes	Resignation of Company Secretary

---

# AQUAMALL WATER SOLUTIONS LIMITED

---

## 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 2009, 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, 2009, 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, 2009 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, 2009;
    - (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*  
M.No. 15935

Place : Mumbai

Dated : 28.05.2009

### 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) The Company has maintained proper records of inventory. *The differences between book stock and physical stock of inventory, identified during physical verification have been accounted in the books of accounts under the head consumption of components.*
- (iii) (a) As informed, the Company has granted loan, to one Company, covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.67.09 lacs and the year- end balance of loans granted to such parties was Rs.67.09 lacs.
- (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 re-payable 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 Company 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) The Company had 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.3 crores and the year-end balance of loans taken from such party was Rs. NIL.
- (f) 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.
- (g) In respect of loan taken, repayment of principal amount and the interest have been made during the year.
- (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.
- (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.

---

## AQUAMALL WATER SOLUTIONS LIMITED

---

- (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	1.0	Trade Tax Tribunal
		3488.3	High Court
		74.3	Dy. Commissioner of Commercial Taxes – appeals
		82.3	Joint Commissioner of Commercial Taxes
Income Tax Act	Income Tax	21.5	Appellate Tribunal
Central Excise Act	Excise Duty	634.8	Central excise sales tax appellate tribunal
		201.0	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*  
M.No. 15935

Place : Mumbai

Dated : 28.05.2009

**BALANCE SHEET AS AT 31ST MARCH, 2009**

	Schedule	Rupees	As at 31-03-2009 Rupees	As at 31-03-2008 Rupees
<b>FUNDS EMPLOYED</b>				
1	SHARE CAPITAL	2,00,00,800		2,00,00,800
2	RESERVES AND SURPLUS	72,12,68,096		56,64,82,265
3	TOTAL SHAREHOLDERS' FUNDS		74,12,68,896	58,64,83,065
4	LOANS:			
a.	SECURED LOANS	8,22,82,689		21,02,28,020
b.	UNSECURED LOANS	2,00,00,000		—
			10,22,82,689	21,02,28,020
5	TOTAL FUNDS EMPLOYED		84,35,51,585	79,67,11,085
<b>APPLICATION OF FUNDS :</b>				
6	FIXED ASSETS	'E'		
	Gross Block		81,91,78,660	74,96,68,079
	Less : Depreciation		40,78,87,481	32,61,74,084
	Net Block		41,12,91,179	42,34,93,995
	Capital Work-in-Progress		34,02,410	1,97,60,458
			41,46,93,589	44,32,54,453
7	INVESTMENTS	'F'	57,07,000	50,07,000
8	CURRENT ASSETS, LOANS AND ADVANCES	'G'	77,62,46,590	76,31,84,281
9	Less : CURRENT LIABILITIES AND PROVISIONS	'H'	36,97,41,631	43,24,50,033
10	NET CURRENT ASSETS		40,65,04,959	33,07,34,247
11	MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)		39,20,845	49,90,193
12	Deferred Tax Assets /(Liabilities) [Refer Note 15]		1,27,25,192	1,27,25,192
13	TOTAL ASSETS (NET)		84,35,51,585	79,67,11,085
14	NOTES TO THE ACCOUNTS	'K'		

Per our report attached

For **BATLIBOI & PUROHIT**  
Chartered Accountants

**ATUL MEHTA**  
Partner

S.L. GOKLANEY *Chairman*

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

S. RAMESH *Chief Financial Officer*

Mumbai, Dated : 28th May, 2009

Mumbai, Dated : 28th May, 2009

# AQUAMALL WATER SOLUTIONS LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	Schedule	Rupees	Rupees	Previous Year Rupees
1	INCOME :			
	Sales (Gross)	2,48,00,11,575		2,37,04,45,390
	Less: Excise Duty	14,19,127		69,77,964
	Sales (Net)		2,47,85,92,448	2,36,34,67,426
2	OTHER INCOME	'I'	6,83,33,232	3,51,95,595
			2,54,69,25,680	2,39,86,63,021
3	EXPENDITURE :			
	a) Manufacturing ,Trading & Other Expenses	'J'	2,22,98,12,500	2,14,85,59,446
	b) Depreciation		8,59,69,543	7,32,68,107
	c) Interest		1,54,52,902	1,96,56,979
			2,33,12,34,945	2,24,14,84,532
4	PROFIT BEFORE TAX		21,56,90,735	15,71,78,489
5	PROVISION FOR TAXATION			
	Current Year Tax Provision		2,43,05,000	1,78,16,000
	Income Tax For Earlier Year		—	19,78,005
	Fringe benefit tax		15,00,000	14,00,000
			2,58,05,000	2,11,94,005
6	PROFIT AFTER TAX		18,98,85,735	13,59,84,484
7	PROFIT BROUGHT FORWARD FROM PREVIOUS YEAR		26,19,82,205	24,10,97,625
8	AMOUNT AVAILABLE FOR APPROPRIATIONS		45,18,67,940	37,70,82,109
9	APPROPRIATIONS:			
	Interim Dividend		3,00,01,200	3,00,01,200
	Tax on Dividend		50,98,704	50,98,704
	Transferred to General Reserve		10,00,00,000	8,00,00,000
			13,50,99,904	11,50,99,904
10	BALANCE CARRIED TO BALANCE SHEET		31,67,68,036	26,19,82,205
	Number of Equity Shares		20,00,080	20,00,080
	Face Value per share		10	10
	Profit After Tax available to Equity Shareholders		18,98,85,735	13,59,84,484
	Basic and Diluted Earning Per Share		94.94	67.99
11	NOTES TO THE ACCOUNTS	'K'		

Per our report attached

For **BATLIBOI & PUROHIT**  
Chartered Accountants

**ATUL MEHTA**  
Partner

S.L. GOKLANEY *Chairman*

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

S. RAMESH *Chief Financial Officer*

Mumbai, Dated : 28th May, 2009

Mumbai, Dated : 28th May, 2009

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009**

**SCHEDULE 'A' – SHARE CAPITAL**

	<i>As at</i> 31-03-2009 <u>Rupees</u>	<i>As at</i> 31-03-2008 <u>Rupees</u>
<b>AUTHORISED</b>		
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>
<b>ISSUED, SUBSCRIBED AND FULLY PAID UP:</b>		
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 :		
1. 2,00,008 Equity Shares were allotted as fully paid up Bonus Shares by Capitalisation of General Reserve;		
2. 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.		

**SCHEDULE 'B' – RESERVES AND SURPLUS**

	<u>Rupees</u>	<i>As at</i> 31-03-2009 <u>Rupees</u>	<i>As at</i> 31-03-2008 <u>Rupees</u>
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	30,00,00,000		22,00,00,000
Transferred from Profit & Loss Account	<u>10,00,00,000</u>		<u>8,00,00,000</u>
		40,00,00,000	<u>30,00,00,000</u>
4. PROFIT AND LOSS ACCOUNT		31,67,68,036	26,19,82,205
		<u>72,12,68,096</u>	<u>56,64,82,265</u>

# AQUAMALL WATER SOLUTIONS LIMITED

## SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009

### SCHEDULE 'C' – SECURED LOANS

	As at 31-03-2009 Rupees	As at 31-03-2008 Rupees
Term Loan From Bank (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)	2,50,00,000	9,00,00,000
Cash Credit (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)	5,72,82,689	12,02,28,020
	8,22,82,689	21,02,28,020

### SCHEDULE 'D' – UNSECURED LOANS

	As at 31-03-2009 Rupees	As at 31-03-2008 Rupees
Short Term Loan from Bank (Corporate Guarantee issued by Holding Company)	2,00,00,000	—
	2,00,00,000	—

### SCHEDULE 'E' – FIXED ASSETS

DESCRIPTION OF ASSETS	COST				DEPRECIATION			NET BLOCK		
	AS AT 01-04-2008	ADDITIONS/ EXPENSES/ CAPI- TALISED	DEDUC- TIONS	AS AT 31-03-2009	AS AT 01-04-2008	FOR THE YEAR	ADJUST- MENT FOR DEDUC- TIONS	AS AT 31-03-2009	AS AT 31-03-2009	AS AT 31-03-2008
1 LAND - FREEHOLD	3,47,39,485	—	—	3,47,39,485	—	—	—	—	3,47,39,485	3,47,39,485
2 LAND - LEASEHOLD *	51,71,913	—	—	51,71,913	2,83,612	33,372	—	3,16,984	48,54,929	48,88,301
3 BUILDINGS	15,24,74,005	84,50,827	—	16,09,24,832	2,22,75,714	1,18,66,806	—	3,41,42,520	12,67,82,312	13,01,98,291
4 BUILDINGS - LEASED	8,04,20,860	3,67,22,204	—	11,71,43,064	3,49,45,831	38,03,005	—	3,87,48,836	7,83,94,228	45,475,029
5 ELECTRICAL INSTALLATIONS	3,79,32,903	57,54,487	28,071	4,36,59,319	1,49,93,425	42,22,303	21,962	1,91,93,766	2,44,65,553	2,29,39,478
6 ELECTRICAL INSTALLATIONS - LEASED	3,87,321	—	—	3,87,321	2,73,851	15,784	—	2,89,635	97,686	1,13,470
7 COMPUTERS	1,44,99,179	30,00,499	60,000	1,74,39,678	1,18,10,267	19,00,994	39,546	1,36,71,715	37,67,963	26,88,912
8 PLANT AND MACHINERY	7,65,14,354	31,66,553	5,25,684	7,91,55,223	2,96,61,848	67,85,074	4,20,354	3,60,26,568	4,31,28,655	4,68,52,506
9 PATTERNS AND DIES	11,33,83,199	1,57,09,584	—	12,90,92,783	6,07,28,865	1,67,13,751	—	7,74,42,616	5,16,50,167	5,26,54,334
10 INTANGIBLE ASSETS	18,60,66,800	—	—	18,60,66,800	12,05,10,384	3,72,13,360	—	15,77,23,744	2,83,43,056	6,55,56,416
11 FURNITURE AND FIXTURES	1,97,25,063	15,99,257	1,12,747	2,12,11,573	1,39,76,360	11,91,515	94,067	1,50,73,808	61,37,765	57,48,703
12 FURNITURE AND FIXTURES - LEASED	81,81,554	—	—	81,81,554	66,32,481	2,77,641	—	69,10,122	12,71,432	15,49,073
13 OFFICE EQUIPMENTS	57,38,311	1,88,379	—	59,26,690	28,44,036	4,27,597	—	32,71,633	26,55,057	28,94,275
14 VEHICLES	87,31,045	25,82,605	22,59,856	90,53,794	44,53,578	14,55,047	14,25,670	44,82,955	45,70,839	42,77,467
15 LABORATORY EQUIPMENTS	57,02,087	1,07,768	47,85,224	10,24,631	27,83,832	63,294	22,54,547	5,92,579	4,32,052	29,18,255
T O T A L	74,96,68,079	7,72,82,163	77,71,582	81,91,78,660	32,61,74,084	8,59,69,543	42,56,146	40,78,87,481	41,12,91,179	42,34,93,995
16 CAPITAL WORK-IN-PROGRESS									34,02,410	1,97,60,458
	74,96,68,079	7,72,82,163	77,71,582	81,91,78,660	32,61,74,084	8,59,69,543	42,56,146	40,78,87,481	41,46,93,589	44,32,54,453
AS AT 31.03.2008	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	

\* 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.

Capital Work-in-Progress includes:

- i) Rs.Nil (Previous Year Rs.1,16,62,918) on account of Building under construction
- ii) Rs.34,02,410 (Previous Year Rs.80,97,540) on account of Advances against Moulds & Other Assets.



SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009

SCHEDULE 'F' – INVESTMENTS

	Nos.	As at 31-03-2009 Rupees	As at 31-03-2008 Rupees
INVESTMENTS (AT COST)			
LONG TERM INVESTMENTS			
1. TRADE INVESTMENTS - UNQUOTED			
Investment in Equity Shares of Subsidiary Company -			
i) Forbes Aquamall Limited fully paid Equity Shares of Rs.10/- each	5,00,000 (5,00,000)	50,00,000	50,00,000
ii) Aqua Diagnostics Water Research & Technology Center Ltd fully paid Equity Shares of Rs.10/- each	70,000 ( - )	7,00,000	—
2. TRADE INVESTMENTS - UNQUOTED			
National Savings Certificates (Lodged with Govt. Authorities) – Rs.7,000 (Previous year Rs.7,000)	7,000	7,000	
		57,07,000	50,07,000
QUOTED INVESTMENTS			
	—	—	
UNQUOTED INVESTMENTS			
		57,07,000	50,07,000
TOTAL			
		57,07,000	50,07,000
Market Value of Quoted Investments			
		—	—

# AQUAMALL WATER SOLUTIONS LIMITED

## SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009

### SCHEDULE 'G' - CURRENT ASSETS, LOANS AND ADVANCES

	Rupees	Rupees	As at 31-03-2009 Rupees	As at 31-03-2008 Rupees
<b>1 CURRENT ASSETS:</b>				
[i] Stock-in-trade: *				
Raw material and Components		27,22,44,970		31,45,51,541
Packing Material		24,98,863		44,13,094
Stores and spare parts		46,35,839		72,64,699
Work-in-Progress		—		—
Finished Goods		7,58,69,885		2,99,86,373
* (As valued and certified by the Management)			35,52,49,557	35,62,15,707
[ii] Sundry Debtors (Unsecured) (Considered good unless otherwise stated)				
[a] Debts outstanding for a period exceeding six months		3,96,04,101		2,88,84,183
[b] Other debts [Due from Holding Company Rs.10,83,30,625/- ; (Previous Year Rs.20,09,46,370/-)]		15,44,92,993		23,79,77,062
			19,40,97,094	26,68,61,245
[iii] Cash and Bank Balances:				
Cash, cheques on hand and remittance in transit		2,36,979		3,85,206
With Scheduled Banks :				
In Current Accounts		2,30,89,722		1,33,83,837
Margin Money FD Bank		15,75,471		15,25,461
			2,49,02,172	1,52,94,504
<b>2 LOANS AND ADVANCES (Unsecured, Considered Good unless otherwise stated)</b>				
[i] Advances recoverable in cash or in kind or for value to be received				
Considered good			5,84,93,014	2,69,94,146
[ii] Advance Payment of tax			9,07,49,133	6,06,76,006
[iii] Advance Fringe Benefit tax			81,75,000	58,75,000
[iv] Other Deposits :				
With Government Authorities		3,97,66,933		2,75,67,440
With Others		48,13,687		37,00,232
			4,45,80,620	3,12,67,672
			77,62,46,590	76,31,84,281

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009**

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

	Rupees	As at 31-03-2009 Rupees	As at 31-03-2008 Rupees
<b>1 CURRENT LIABILITIES</b>			
Sundry Creditors:			
Small Scale Industrial Undertakings [Refer Note 16]	4,17,15,358		11,69,04,250
Others	15,17,33,691		16,67,54,554
		19,34,49,049	28,36,58,804
Other Current Liabilities		7,14,92,096	7,46,16,215
		26,49,41,145	35,82,75,019
<b>2 PROVISIONS :</b>			
For Income Tax		8,19,10,251	5,76,05,251
For fringe benefit tax		66,16,426	51,16,426
Tax on Interim Dividend		50,98,704	—
For Expenses		64,43,815	64,90,745
For Retirement and other Employee Benefits		28,27,408	33,15,798
For Leave Encashment		19,03,882	16,46,794
		36,97,41,631	43,24,50,033

**SCHEDULE ANNEXED TO AND FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009**

**SCHEDULE 'I' – OTHER INCOME**

	Rupees	As at 31-03-2008 Rupees
<b>OTHER INCOME :</b>		
Interest on Deposits, Loans & Advances (Gross) [Tax deducted at source Rs.2,64,496/- ; (Previous year Rs.Nil)]	8,39,252	2,29,823
Dividend Income	—	1,50,770
Rental Income [(Tax deducted at source Rs. 99,81,382/- ; (Previous year Rs.33,38,272/-)]	4,35,48,243	1,30,42,008
Profit on Sale of Fixed Assets (Net)	2,75,495	47,966
Profit on Sale of Investment (Net)	—	18,40,231
Excess / Short Provisions written back / off (net)	59,49,038	1,13,71,093
Miscellaneous Income	1,77,21,204	85,13,704
	6,83,33,232	3,51,95,595

# AQUAMALL WATER SOLUTIONS LIMITED

## SCHEDULE ANNEXED TO AND FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

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

	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>	<i>Previous Year Rupees</i>
1 RAW MATERIAL AND COMPONENTS CONSUMED :			1,74,12,87,984	1,65,23,52,005
2 COST OF RAW MATERIAL AND COMPONENTS SOLD			22,41,53,294	12,41,14,137
3 COST OF TRADED GOODS			2,91,12,435	8,05,88,236
4 PAYMENTS TO AND PROVISIONS FOR EMPLOYEES:				
Salaries, Wages and Bonus		5,03,37,248		5,31,77,352
Contribution to Provident Fund and other Funds		22,04,604		21,85,087
Contribution to State Insurance		81,841		1,00,655
Workmen and Staff Welfare Expenses		35,56,894		31,44,743
			5,61,80,587	5,86,07,837
5 OPERATIONS AND OTHER EXPENSES :				
Packing Material Consumed		6,01,16,586		5,82,36,646
Stores Consumed		2,56,51,403		3,47,02,324
Power, Electricity and Water Charges		45,86,212		45,23,267
Repairs to Building	10,45,771			4,73,532
Repairs to Machinery	10,66,971			12,56,779
Repairs to other Assets	89,97,633			44,54,670
			1,11,10,375	61,84,981
Insurance		35,35,073		49,90,498
Rent		28,10,461		21,21,860
Rates, Taxes and Filing Fees		44,09,492		48,05,831
Travelling Expenses		71,06,896		68,27,004
Auditors' Remuneration:				
Audit Fees	4,96,350			5,05,620
Tax Audit Fees	27,575			28,090
Management Services	11,236			—
Out of Pocket expenses	53,447			40,443
			5,88,608	5,74,153

**SCHEDULE ANNEXED TO AND FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009**

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

	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>	<i>Previous Year Rupees</i>
Freight and Octroi		4,91,25,752		4,66,76,288
Directors' Sitting Fees		2,00,000		1,50,000
Product Development Expenses		17,41,079		52,26,151
Pre-Operative Expense written off during the year		10,69,348		3,56,550
Advertisement		27,088		86,040
Other Establishment Expenses		<u>5,28,83,339</u>		<u>4,69,37,136</u>
			22,49,61,712	9,94,32,165
			<u>2,27,56,96,012</u>	<u>2,13,80,60,944</u>
6 ADJUSTMENT FOR STOCKS :				
(Other than Raw Material and Components)				
(a) Opening Stock :				
Finished Goods	2,99,86,373			4,04,84,875
Work-in-Progress	<u>—</u>			<u>—</u>
		2,99,86,373		4,04,84,875
(b) Closing Stock :				
Finished Goods	7,58,69,885			2,99,86,373
Work-in-Progress	<u>—</u>			<u>—</u>
		<u>7,58,69,885</u>		<u>2,99,86,373</u>
			(4,58,83,512)	1,04,98,502
			<u>2,22,98,12,500</u>	<u>2,14,85,59,446</u>

---

# AQUAMALL WATER SOLUTIONS LIMITED

---

## SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009

### 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.

**SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009**

**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. Nil (Previous Year - Rs.400 lakhs).
3. Contingent liabilities not provided for on account of:
  - a. Bank Guarantees issued on behalf of the Company – Rs.24.60 lakhs (Previous Year Rs. 24.60 lakhs)
  - b. Disputed Sales Tax demands – Rs.3,645.90 lakhs (Previous Year – Rs.2,071.64 lakhs)
  - c. Disputed Central Excise demands – Rs.835.80 lakhs (Previous Year – Rs. 495.10 lakhs)
  - d. Disputed Income Tax demand – Rs.21.52 lakhs (Previous Year – Rs.21.52 lakhs)
  - e. 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 profit of Rs 98.38 lakhs (Previous Year net loss of – Rs. 8.27 lakhs)
5. The balances of certain sundry creditors are subject to reconciliation and confirmation, However in the opinion of the management, there will not be any significant impact on the Profit & loss account of the subsequent year.
6. 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:

	<u>In Rupees</u>
Employer's contribution to Provident Fund	4,26,616
Employer's contribution to superannuation fund	4,02,555
Employer's contribution to Pension scheme	8,71,930

**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 Funded		Leave Encashment (unfunded)	
	2008 - 2009	2007 - 2008	2008 - 2009	2007 - 2008
	2008 - 2009	2007 - 2008	2008 - 2009	2007 - 2008
Defined Benefit obligation at beginning of year	40,61,244	—	16,46,794	
Current service cost	3,73,194	3,25,562	3,22,288	2,26,398

# AQUAMALL WATER SOLUTIONS LIMITED

## SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009

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

	Gratuity Funded		Leave Encashment (unfunded)			
	2008 - 2009	2007 - 2008	2008 - 2009	2007 - 2008		
Interest cost	3,24,900	—	1,31,744			
Actuarial (gain)/loss	1,51,558	40,08,568	19,993	16,62,914		
Benefits paid	(7,19,420)	(2,72,886)	(2,16,937)	(2,42,518)		
Defined Benefit obligation at year end	41,91,476	40,61,244	19,03,882	16,46,794		
<b>b Reconciliation of opening and closing balances of fair value of plan assets</b>						
Fair value of plan assets at beginning of the year	7,45,446	9,45,261	—	—		
Expected return on plan assets	67,092	85,073	—	—		
Actuarial gain / (loss)	11,605	(12,002)	—	—		
Employer contribution	12,59,325	—	—	—		
Benefits paid	(7,19,420)	(2,72,886)	—	—		
Fair value of plan assets at year end	13,64,068	7,45,446	—	—		
Actual return on plan assets	78,697	—	—	—		
<b>c Reconciliation of fair value of assets and obligations</b>						
Fair value of plan assets as at 31 <sup>st</sup> March, 2009	13,64,068	7,45,446	—	—		
Present value of obligation as at 31 <sup>st</sup> March, 2009	41,91,476	40,61,244	19,03,882	16,46,794		
Amount recognised in Balance Sheet	(28,27,408)	(33,15,798)	(19,03,882)	(16,46,794)		
	2008-09		2007-08			
	<u>Rupees</u>		<u>Rupees</u>			
<b>7. Value of Imports on CIF basis :</b>						
Raw Materials & Components	36,82,44,550		28,37,99,333			
Machinery	—		3,91,087			
Moulds & Dies	—		—			
	<u>36,82,44,550</u>		<u>28,41,90,420</u>			
<b>8. Raw Materials and Components consumed during the year :</b>						
		For the year ended		For the year ended		
		31.03.2009		31.03.2008		
	Unit	Quantity	Value (Rupees)	Quantity	Value (Rupees)	
a)	Printed Circuit Boards	Nos	6,01,702	25,86,82,586	5,93,234	27,50,02,150
b)	Aluminium	Kgs	1,54,989	4,93,84,132	3,68,333	6,00,00,960
c)	Acrilo Butadyne Styryne (ABS)	Kgs	2,25,084	1,63,60,080	8,85,861	8,77,12,256
d)	Others		—	141,68,61,186	—	131,02,20,175
			<u>174,12,87,984</u>		<u>173,29,35,541</u>	



**SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED  
31ST MARCH, 2009**

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

9. Value of imported and indigenous Raw Materials and Components consumed and percentage of each to total consumption :

	2008-09		2007-08	
	Rupees	% to Total Consumption	Rupees	% to Total Consumption
a) Indigenous	137,76,39,561	79.09	143,11,23,549	82.58
b) Imported	36,36,48,423	20.91	30,18,11,992	17.42
	<u>174,12,87,984</u>	<u>100.00</u>	<u>148,57,06,423</u>	<u>100.00</u>
		2008-09 Rupees		2007-08 Rupees
10. Expenditure in Foreign Currency on account of travel, subscription, certification, acquisition of brand etc.		45,769		4,39,207
11. Earnings in Foreign Exchange: Export of Goods on F.O.B. basis		5,47,07,452		1,35,67,533
12. 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 (7,72,000)	5,06,119 (4,92,481)
b) Testing Kit	Nos.	2,00,000 (2,00,000)	— (2,000)
ii) Water Filter Cartridge	Nos.	7,00,000 (7,00,000)	5,60,031 (5,32,646)
iii) Water Cooler-cum-Purifier	Nos.	11,500 (11,500)	5,702 (6,723)
iv) Flexible Food Grade Tube / Pipe	Mts.	12,75,000 (12,75,000)	11,87,611 (12,17,431)
v) Super Filter	Nos.	24,000 (24,000)	— (—)
vi) Automated Switching Device	Nos.	24,000 (24,000)	15 (1,744)
vii) Softner	Nos.	24,000 (24,000)	6,142 (4,660)
viii) Hose Pipe	Nos.	1,50,000 (1,50,000)	— (87,200)
ix) Mixer-cum-Grinder	Nos.	2,000 (2,000)	— (—)
x) Value Plus Products	Nos.	25,000 (25,000)	— (—)
xi) Pump Attachment	Nos.	25,000 (25,000)	11,718 (8,021)

Figures in brackets pertain to previous year.

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

# AQUAMALL WATER SOLUTIONS LIMITED

## SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009

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

#### 13. 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 (Depolluting) Equipment (Water Filter-cum-Purifier)	Nos.	7,977 (13,861)	2,45,60,455 (3,67,18,414)	20,116 (7,977)	6,91,70,717 (2,45,60,455 @)	4,98,980 (4,98,365 \$)	203,78,94,832 (197,84,10,077)
b) Testing Kit	Nos.	— (18,000)	— (1,44,000)	— (—)	— (—)	— (20,000)	— (1,61,000)
ii) Water Filter Cartridge	Nos.	7,730 (38,000)	3,01,935 (14,93,736)	17,450 (7,730)	6,94,761 (3,01,935)	94,050 (83,220)	48,70,241 (49,57,424)
iii) Water Cooler-cum-Purifier	Nos.	18 (14)	2,42,731 (1,39,788)	302 (18)	32,34,799 (2,42,731)	5,418 (6,719 \$)	11,83,78,966 (12,26,68,446)
iv) Flexible Food grade Tube / Pipe	Mts.	4,519 (41,825)	34,436 (3,49,333)	6,683 (4,519)	3,19,650 (34,436)	2,87,716 (3,33,151#)	42,63,822 (38,14,636)
v) Super Filter	Nos.	— (62)	— (—)	— (—)	— (—)	— (62)	— (—)
vi) Automated Switching Device	Nos.	— (200)	— (72,159)	1 (—)	359 (—)	14 (1,944)	8,100 (10,49,760)
vii) Softner	Nos.	364 (37)	2,10,600 (21,645)	1,126 (364)	7,31,889 (2,10,600)	5,380 (4,333)	54,22,347 (40,74,065)
viii) Hose Pipe	Nos.	— (—)	— (—)	— (—)	— (—)	— (87,200)	— (61,12,620)
ix) Mixer-cum-Grinder	Nos.	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)
x) Value Plus Products	Nos.	— (157)	— (—)	— (—)	— (—)	— (157)	— (—)
xi) Pump Attachment	Nos.	40 (2,620)	23,600 (15,45,800)	1738 (40)	17,17,710 (23,600)	10,020 (10,601)	1,15,69,290 (1,21,70,245)
xii) Components							27,92,36,640 (20,98,65,064)
<b>TOTAL</b>			2,53,73,757 (4,04,84,775)		7,58,69,884 (2,53,73,757)		246,16,44,237 (234,32,83,337)

@ Includes value of Accessories

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

\* Excluding 4,56,261 Nos. (Previous Year 4,79,696 Nos) captive consumption

# Excluding 8,97,731 Mtrs (Previous Year 9,21,586 Mts.) captive consumption

Figures in brackets pertains to previous year

#### 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) Vaccum Cleaner	Nos.	3,027 (—)	46,12,616 (—)	2,019 (16,625-)	1,12,90,583 (2,69,76,116)	— (3,027)	— (46,12,616)	5,046 (13,598)	1,83,67,337 (2,71,62,054)
<b>TOTAL</b>		3,027 (—)	46,12,616 (—)	2,019 (16,625-)	1,12,90,583 (2,69,76,116)	— (3,027)	— (46,12,616)	5,046 (13,598)	1,83,67,337 (2,71,62,054)

Figures in brackets pertains to previous year.

**SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009**

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

14. 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.
15. 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.
16. In accordance with Accounting Standard on Leases (AS-19) notified under companies (Accounting Standards) Rules, 2006 disclosures in respect of Leases are made below :
- A. Details of Assets taken on lease – Nil
- B. Details of any office premises taken on lease  
The Company has taken various residential / commercial premises under cancellable operating lease. Lease rental expenses included in the profit and loss account for the year is Rs.28.10 lacs (*Previous Year Rs.21.22 lacs*).
- C. Details of office premises given on lease

(Amount in Rs.)

Sr. No.	Class of Asset	Gross carrying amount	Accumulated depreciation	Depreciation for the year
1.	Building	11,71,43,064	3,87,48,836	38,03,005
2.	Electrical Installation	3,87,321	2,89,635	15,784
3.	Furniture & Fixture	81,81,554	69,10,122	2,77,641

17. 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".
18. 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, 2009 are :

S.No.	SSI Undertaking Name	S.No.	SSI Undertaking Name	S.No.	SSI Undertaking Name
1	Agarwal Fastners (P) Ltd.	20	M N Engineering Works	38	Sankhala Industries
2	Advance Products (P) Ltd.	21	Maruti Engineering Company	39	Shakthi Comm
3	Amar Engineering Enterprises	22	Medina Plastics	40	Shiv Shakti Packers
4	Ambika Engineering Works	23	Mica Polytech (P) Ltd	41	Skycab Sales Agencies
5	Bharath Magnetics	24	Micron Industries.	42	Source Marketing
6	D S Contractor and Labour Supp	25	N K Engineers	43	Span Plastic (P) Ltd.,
7	Datta Sai Industries	26	Neelkanth Appliances (P) Ltd	44	Sri Kollapuri Amma Enterprises
8	D C Water World Super Mart	27	Precision Metal Stampings	45	Sujana Associates
9	Deluxe Industries	28	Prospect Engineering Works	46	Terminal Technologies (I) P Ltd.,
10	Digital Circuits (P) Ltd	29	Quality Anodisers	47	Thermo Packing Industries P Ltd.
11	Digital System Inc	30	Quality Electronics	48	Triple 'Sss' Rubbers & Plastics
12	Deccan Power Products (P) Ltd.	31	Robos Engineers	49	Tulsyan Polymers Marketing
13	Elegant Rocks (P) Ltd.	32	S R Enterprises	50	U S Engg. Pvt. Ltd.
14	Excel Engineering Industries	33	S S Industries	51	Veerajanaki & Co
15	Garg Telecom Corporation	34	S V Electronics	52	Vijetha Polytek Private Limited
16	Global Teletronics	35	S.N.Rubber Works	53	Vijetha Polytek Private Limited
17	Golden Technologies	36	S A Polymers	54	Volex Interconnect India (P) Ltd
18	Hi-Flex Industries	37	Sai Madhuri Enterprises	55	Windsor Industries
19	Kanoria Plaschem Ltd				

# AQUAMALL WATER SOLUTIONS LIMITED

## SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009

### 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.

19. 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	9
---	---	---	---

Date                      Month                      Year

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

Public Issue	Rights Issue																		
<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </td></tr></table>				N	I	L				<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </td></tr></table>				N	I	L			
			N	I	L														
			N	I	L														
Bonus Issue	Private Placement																		
<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </td></tr></table>				N	I	L				<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </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%;"><tr><td> </td><td> </td><td>1</td><td>2</td><td>1</td><td>3</td><td>2</td><td>9</td><td>3</td></tr></table>			1	2	1	3	2	9	3	<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td>1</td><td>2</td><td>1</td><td>3</td><td>2</td><td>9</td><td>3</td></tr></table>			1	2	1	3	2	9	3
		1	2	1	3	2	9	3											
		1	2	1	3	2	9	3											
Source of Funds																			
Paid-Up Capital	Reserves & Surplus																		
<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td> </td><td> </td><td>2</td><td>0</td><td>0</td><td>0</td><td>0</td></tr></table>					2	0	0	0	0	<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td> </td><td>7</td><td>2</td><td>1</td><td>2</td><td>6</td><td>8</td></tr></table>				7	2	1	2	6	8
				2	0	0	0	0											
			7	2	1	2	6	8											
Secured Loans	Unsecured Loans																		
<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td> </td><td> </td><td>8</td><td>2</td><td>2</td><td>8</td><td>3</td></tr></table>					8	2	2	8	3	<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td> </td><td> </td><td>2</td><td>0</td><td>0</td><td>0</td><td>0</td></tr></table>					2	0	0	0	0
				8	2	2	8	3											
				2	0	0	0	0											
Application of Funds																			
Net Fixed Assets	Investments																		
<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td> </td><td>4</td><td>1</td><td>4</td><td>6</td><td>9</td><td>4</td></tr></table>				4	1	4	6	9	4	<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td>5</td><td>7</td><td>0</td><td>7</td></tr></table>						5	7	0	7
			4	1	4	6	9	4											
					5	7	0	7											
Net Current Assets	Deferred Tax Assets																		
<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td> </td><td>4</td><td>0</td><td>6</td><td>5</td><td>0</td><td>5</td></tr></table>				4	0	6	5	0	5	<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td> </td><td> </td><td>1</td><td>2</td><td>7</td><td>2</td><td>5</td></tr></table>					1	2	7	2	5
			4	0	6	5	0	5											
				1	2	7	2	5											
Misc. Expenditure	Accumulated Losses																		
<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td>3</td><td>9</td><td>2</td><td>1</td></tr></table>						3	9	2	1	<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </td></tr></table>				N	I	L			
					3	9	2	1											
			N	I	L														

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

Turnover & Other Income	Total Expenditure																						
<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td>2</td><td>5</td><td>4</td><td>6</td><td>9</td><td>2</td><td>6</td></tr></table>			2	5	4	6	9	2	6	<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td>2</td><td>3</td><td>3</td><td>1</td><td>2</td><td>3</td><td>5</td></tr></table>			2	3	3	1	2	3	5				
		2	5	4	6	9	2	6															
		2	3	3	1	2	3	5															
+   -   Profit/Loss Before Tax	+   -   Profit/Loss After Tax																						
<table border="1" style="width: 100%;"><tr><td>✓</td><td> </td><td> </td><td> </td><td> </td><td>2</td><td>1</td><td>5</td><td>6</td><td>9</td><td>1</td></tr></table>	✓					2	1	5	6	9	1	<table border="1" style="width: 100%;"><tr><td>✓</td><td> </td><td> </td><td> </td><td> </td><td>1</td><td>8</td><td>9</td><td>8</td><td>8</td><td>6</td></tr></table>	✓					1	8	9	8	8	6
✓					2	1	5	6	9	1													
✓					1	8	9	8	8	6													
Earnings Per Share In Rs.	Dividend Rate%																						
<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td> </td><td> </td><td>9</td><td>4</td><td>.</td><td>9</td><td>4</td></tr></table>					9	4	.	9	4	<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td> </td><td> </td><td>1</td><td>5</td><td>0</td></tr></table>					1	5	0						
				9	4	.	9	4															
				1	5	0																	

**SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009**

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

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								

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

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

**ATUL MEHTA**  
*Partner*

S.L. GOKLANEY *Chairman*

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

S. RAMESH *Chief Financial Officer*

Mumbai, Dated : 28th May, 2009

Mumbai, Dated : 28th May, 2009

# AQUAMALL WATER SOLUTIONS LIMITED

## 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 Ltd.)
  - Shapoorji Pallonji & Co. Ltd.
  - Sterling Investment Corp. Pvt. Ltd
- B. Enterprises that are controlled – (Subsidiary Company) –
- Forbes Aquamall Limited
  - Aquadiagnostics Water Research & Technology Centre Ltd.
- C. Enterprises that are under common control:
- Forbes Facility Service (P) Ltd. (formerly known as Forbes Abans Cleaning Solutions (P) Ltd.
  - Forbes Doris & Naess Maritime Ltd
  - Forbes Finance Ltd
  - Forbes Sterling Star Ltd.
  - Forbes Smart Data Limited
  - Latham India Limited
  - Volkart Fleming Shipping & Services Limited
  - Forbes Aquatech Limited
  - Forbes Tinsley Co. Ltd
  - Forbes Campbell Holdings Ltd
  - Forbes Technosys Limited
  - Forbes Bumi Armada Limited
  - Forbes Concept Hospitality Services Ltd
  - Infinite Water Solutions
  - Forbes Lux Group AG
  - Euro Forbes International PTE 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	Referred to in D above
1.	<b>Purchases</b>				
	Goods and Materials	1,29,75,580	1,78,43,850	—	—
	Water Testing	—	1,90,855	—	—
2.	<b>Sales</b>				
	Goods and Materials	238,91,86,890	3,25,06,143	4,49,09,184	—
	Fixed Asset		28,47,009		
3.	<b>Expenses</b>				
	Rent and other service charges	—	—	—	—
	Other Expenses	2,64,600	1,44,930	22,13,661	—
	Interest	11,21,918	—	—	—
4.	<b>Income</b>				
	Rent and other service charges	18,43,116	25,04,988	1,16,35,526	—
	Interest	—	6,92,875	—	—
5.	<b>Finance</b>				
	Loans and Advances Given	—	67,08,575	—	—
	Loans and Advances Taken	3,00,00,000	—	—	—
	Repayment of Advances Given	—	—	—	—
	Repayment of Advances Taken	3,00,00,000	—	—	—
6.	<b>Dividend paid</b>	3,00,01,200	—	—	—
7.	<b>Outstanding</b>				
	<b>Receivables</b>				
	ICDs Given	10,83,30,625	74,01,360	5,33,58,221	—
	<b>Payable</b>				
	ICDs Taken	—	53,00,488	4,19,984	—
	Interest	—	—	—	—
	Other Deposits	1,05,000	5,28,240	7,48,332	—
	<b>Guarantee</b>				
	Availed	5,00,00,000	—	—	—
	Utilised	2,00,00,000	—	—	—

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

	2008-2009 (Rupees)		2007-2008 (Rupees)	
PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS		21,56,90,735		15,71,78,490
Adjusted for				
Depreciation	8,59,69,543		7,32,68,107	
Profit on Sale of Investments	—		(18,40,231)	
Dividend Income	—		(1,50,770)	
Interest Income	(8,39,252)		(2,29,823)	
Profit on Sale of Fixed Assets	(2,75,495)		(47,966)	
Interest Expenditure	1,54,52,902		1,96,56,979	
		10,03,07,698		9,06,56,296
		31,59,98,433		24,78,34,786
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS				
Changes and other adjustments				
Trade and Other Receivables	2,86,45,120		62,12,328	
Inventories	9,66,150		(10,03,26,093)	
Trade Payables and Others	(9,33,80,804)		2,46,48,587	
Leave Encashment & Gratuity Provision	(2,31,302)		5,88,366	
Miscellaneous Expenses	10,69,348		7,64,421	
		(6,29,31,488)		(6,81,12,392)
CASH GENERATED FROM OPERATIONS		25,30,66,945		17,97,22,394
Direct Taxes Paid	(2,72,74,423)		(1,71,94,773)	
		(2,72,74,423)		(1,71,94,773)
(a) NET CASH FROM OPERATING ACTIVITIES		22,57,92,522		16,25,27,621
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets (including adjustments on account of capital work-in-progress and capital advances)	(6,09,24,115)		(19,73,50,138)	
Sale of Fixed Assets ( net of assets written off)	37,90,931		2,25,802	
Purchase of Investments	(7,00,000)		—	
Sale of Investments	—		1,20,35,629	
Interest Received	1,46,467		2,29,823	
Dividends	—		1,50,770	
(b) NET CASH FROM / (USED IN) INVESTING ACTIVITIES		(5,76,86,717)		(18,47,08,114)
CASH FLOW FROM FINANCING ACTIVITIES				
Decrease/Increase in Intercompany Deposit	2,00,00,000		(1,00,00,000)	
Decrease / Increase in cash credit & Demand loan	(12,79,45,331)		9,39,01,649	
Interest paid	(1,54,52,902)		(196,56,979)	

# AQUAMALL WATER SOLUTIONS LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009 (Contd.)

	2008-2009 (Rupees)		2007-2008 (Rupees)	
(c) Dividend paid (including Corporate Dividend Tax)	(3,50,99,904)		(3,50,99,904)	
(d) NET CASH FROM / (USED IN) FINANCING ACTIVITIES		(15,84,98,137)		2,91,44,766
NET DECREASE / INCREASE IN CASH AND CASH EQUIVALENTS ( a ) + ( b ) + ( c )		96,07,668		69,64,273
CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE YEAR, COMPRISING:				
Cash, Cheques on hand & Remittances in transit	3,85,206		1,33,688	
Balance with scheduled banks on current accounts and deposit accounts	1,49,09,298		81,96,543	
		152,94,504		83,30,231
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR, COMPRISING:				
Cash, Cheques on hand & remittances in transit	2,36,979		3,85,206	
Balances with scheduled banks on current accounts and deposit accounts	2,46,65,193		1,49,09,298	
NET DECREASE /INCREASE AS DISCLOSED ABOVE		2,49,02,172		152,94,504
		96,07,668		69,64,273

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

Per our report attached

For **BATLIBOI & PUROHIT**  
Chartered Accountants

**ATUL MEHTA**  
Partner

S.L. GOKLANEY *Chairman*

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

S. RAMESH *Chief Financial Officer*

Mumbai, Dated : 28th May, 2009

Mumbai, Dated : 28th May, 2009



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

Name of the subsidiary Company	Forbes Aquamall Ltd.,	Aqua Diagnostics Water Research & Technology Center Ltd.
The financial year of the subsidiary company ended on	31 <sup>st</sup> March,2009	
(a) Number of shares in the subsidiary Company held by Aquamall Water Solutions Limited at the above date		
(i) Fully paid	5,00,000	70,000
(ii) Partly paid	Nil	Nil
Percentage holding	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 Aquamall water Solutions Limited which has not been dealt with in the accounts of Aquamall Water solutions Limited upto 31st March, 2009 are as follows		
For the year (in Rupees)	3,99,95,281	-25,06,056
For the previous years (in Rupees)	9,65,86,086	Nil
(c) The net aggregate amount of profits of the subsidiary company which has been dealt with in Aquamall Water Solutions Limited accounts up to 31st March, 2008 being the dividends received are as under		
For the year Nil	Nil	Nil
For the previous years	Nil	Nil

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

**ATUL MEHTA**  
*Partner*

S.L. GOKLANEY *Chairman*

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

S. RAMESH *Chief Financial Officer*

Mumbai, Dated : 28th May, 2009

Mumbai, Dated : 28th May, 2009

---

# **E4 DEVELOPMENT & COACHING LIMITED**

---

(a Subsidiary Company of Eureka Forbes Ltd.)

Annual Report and Accounts  
for the year ended 31<sup>st</sup> March, 2009

**DIRECTORS:**

S.L. Goklaney  
R.K. Lawande  
S.K. Palekar  
R.R. Mallar  
Harsimran Singh  
Hemant Nerurkar

**PRINCIPAL BANKERS:**

State Bank of Hyderabad

**AUDITORS:**

Batliboi & Purohit

**REGISTERED OFFICE:**

Bhupesh Gupta Bhavan, 1<sup>st</sup> Floor,  
85, Sayani Raod,  
Prabhadevi,  
Mumbai - 400 025

**DIRECTORS REPORT**

To,  
The Members,

Your Directors are pleased to submit their Report and the audited Accounts of the Company for the Year ended 31st March 2009.

**1. FINANCIAL RESULTS:**

Sale and Other Income	1874833
Loss before Depreciation	(8802229)
Less: Depreciation	78753
Loss Before Tax	(8880982)
Less: Provision for Current, Fringe Benefit and Deferred Tax	99097
Loss after Tax	(8980079)
Amount Transferred to Balance Sheet	(8980079)

**2. AUDITORS:**

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

**3. ENERGY TECHNOLOGY AND FOREIGN EXCHANGE:**

The information in accordance with 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 and outgo is given as under:

The Company has no manufacturing operations which require substantial energy inputs.

There was no foreign exchange earnings and outgo during the year.

**4. PARTICULARS REGARDING EMPLOYEES:**

The Company has no employee drawing remuneration of Rs.24,00,000 /- per annum or over Rs.2,00,000 /- per month . Hence Section 217 (2A) of the Companies Act. 1956 read with the companies (Particular of employees) Rules 1975 does not apply.

**5. DIRECTORS RESPONSIBILITY STATEMENT :**

Pursuant to the provision of 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 along with proper explanation relating to material departures.
- (ii) That the directors have selected such accounting policies and applied them consistently and prudent such 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 loss of the company for that period.
- (iii) That they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of this Act for safeguarding the assets of the company and detecting fraud and other irregularities/
- (iv) The directors have prepared the annual accounts on a going concern basis.

On behalf of the Board of Directors

**R.K. Lawande**  
*Director*

Mumbai, Date : May 26, 2009

---

## E4 DEVELOPMENT & COACHING LIMITED

---

### COMPLIANCE CERTIFICATE UNDER SECTION 383A OF THE COMPANIES ACT, 1956

To,

The Members,

**E4 Development & Coaching Limited.**

Bhupesh Gupta Bhavan,  
85, Sayani Road, Prabhadevi,  
Dadar (West),  
Mumbai - 400 025

We have examined the registers, records, books and papers of E4 Development & Coaching 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 period from July 23, 2008 to March 31, 2009. 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 period:

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. The Company was incorporated on July 23, 2008.
4. The Company obtained Certificate of Commencement of Business from the Registrar of Companies on January 1, 2009.
5. The Board of Directors duly met 3 times during the period from July 23, 2008 to March 31, 2009, as under:
  1. August 16, 2008
  2. December 8, 2008
  3. February 18, 2009

For the above meetings proper notices were given and the minutes were properly recorded and signed and proper minute book has been maintained.

6. During the financial year there was no meeting of the Remuneration Committee.
7. Since the company is a closely held public limited company, they did not close the Register of Members.
8. During the financial year no extra-ordinary general meeting of the company was held.
9. The company has not advanced any loans to its directors or persons or firms or companies referred in the section 295 of the Act.
10. The Company has not appointed any Managing Director so far.
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 made necessary entries in the register maintained 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 taken steps to:
  - (i) deliver all the certificates after allotment of securities and on lodgement thereof for transfer/transmission or any other purpose in accordance with the provisions of the Act; and
  - (ii) 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 have been duly made.
17. There was no appointment of managerial personnel during the financial year, which attracted the provisions of Section 269 of the Act.
18. There was no appointment of sole-selling agents during the financial year which attracted the provisions of the Act.
19. The Company has obtained all 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, wherever required.
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. There was no buy-back of shares during the financial year.
22. The company has not issued any preference shares/debentures and hence there was no redemption of such shares.
23. 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.
24. The Company has not borrowed any money, which breached the borrowing limit of the company or attracted Section 293(1) (d) of the Act.
25. The Company has not made any loans and investments, or given guarantees or provided securities to other bodies corporate.
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.
27. The Company has not altered the provisions of the memorandum with respect to the objects of the company during the year.
28. The Company has not altered the provisions of the memorandum with respect to share capital of the company during the year under scrutiny.
29. The Company has not altered its articles of association during the year.
30. 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.
31. No money or security received from its employees during the year under certification, which attracted the provisions of section 417(1) of the Act.
32. The no employees employed by the company who are eligible for the benefit of Provident Fund.

Signature:

Name of Company Secretary: **Mr. Ram Mallar**

C. P. No.: **3439**

Mumbai, Date : May 25, 2009

**ANNEXURE A**

Registers as maintained by the Company

1. Applications and Allotment of shares
2. Register of Members
3. Register of Directors
4. Register of Transfers.
5. Register of Director' shareholdings
6. Register of Charges.
7. Register of contracts u/s 301.
8. Register of contracts u/s 301(3)
9. Register of Director's attendance.
10. Common Seal of the company.
11. Minute Book of Board Meetings
12. 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 31<sup>st</sup> March, 2009.

- (i) Form No. 2 (Return of Allotment in respect of initial allotment to the subscribers of the Memorandum of Association)
- (ii) Form No. 2 (Return of Allotment for further issue of capital)
- (iii) Form 20 (Declaration of compliance with the provisions of section 149(2)(b) of the Companies Act, 1956 )
- (iv) Form 32 for appointment of Director (Ms. Harsimran Singh).
- (v) Form 32 for appointment of Director (Mr. Ram Mallar and Mr. Hemant Nerurkar)

**AUDITORS' REPORT TO THE MEMBERS OF E4 DEVELOPMENT & COACHING LIMITED**

1. We have audited the attached Balance Sheet of E4 Development & Coaching Limited ('the company') as at 31<sup>st</sup> March 2009 and also the Profit and Loss Account and the Cash Flow Statement of the Company 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 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, 2009 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 2009 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, 2009;
    - (ii) in the case of the Profit and Loss Account, of the loss of the Company for the period ended on that date; and
    - (iii) in the case of Cash Flow statement, of the Cash Flows of the Company for the period ended on that date.

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

**Atul Mehta**  
*Partner*

Mumbai, Date : May 26, 2009

Membership No. 15935

---

## E4 DEVELOPMENT & COACHING LIMITED

---

### 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) 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 not granted any loans secured or unsecured to any Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (b) 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) 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) The Company is regular in depositing with appropriate authorities undisputed statutory dues including, income-tax, wealth-tax, sales tax, service tax, customs duty, cess and other material statutory dues applicable to it. Since the Company is rendering services excise duty is not applicable.
- (b) According to the information and explanations given to us, no undisputed amount payable in respect of, income tax, wealth tax, sales tax, service tax, customs 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, there are no dues outstanding of income-tax, wealth-tax, sales tax, service tax, customs duty and cess 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 per cent or more of its net worth and whether it has incurred cash losses in such financial year and in the 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*

**Atul Mehta**  
*Partner*  
Membership No. 15935

Place : Mumbai

Date : May 26, 2009

---

# E4 DEVELOPMENT & COACHING LIMITED

---

## BALANCE SHEET AS AT 31ST MARCH 2009

	<u>Schedule</u>	<u>Rupees</u>	<u>As at 31-Mar-09 Rupees</u>
<b>SOURCES OF FUNDS</b>			
1. Shareholder's funds:			
Share Capital	<b>A</b>		10,000,000
Deferred Tax Liability			19,097
<b>Total</b>			<b><u>10,019,097</u></b>
<b>APPLICATION OF FUNDS</b>			
1. Fixed Assets	<b>B</b>		
(a) Gross Block		323,642	
(b) Depreciation		<u>78,753</u>	
(c) Net Block			244,889
2. Current Assets, Loans & Advances:	<b>C</b>	1,389,316	
Less : Current Liabilities & Provisions	<b>D</b>	<u>1,047,230</u>	
<b>Net Current Assets</b>			342,086
Miscellaneous Expenditure	<b>E</b>		452,043
(To the Extent Not Written Off or adjusted)			
Debit Balance in Profit & Loss Account			8,980,079
<b>Total</b>			<b><u>10,019,097</u></b>
Notes to Accounts	<b>H</b>		

---

Per our report attached

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

**Atul Mehta**  
*Partner*  
M. No. 15935

Mumbai, Dated : May 26, 2009

For and on behalf of the board

R. K. Lawande  
S. K. Palekar  
R. R. Mallar

}  
}  
}

Mumbai, Dated : May 26, 2009

**PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED ON 31ST MARCH 2009**

	<u>Schedule</u>	<u>Rupees</u>	<u>2008-09 Rupees</u>
<b>INCOME</b>			
Income from Services			1,837,880
Other Income			36,953
<b>Total</b>			<b>1,874,833</b>
<b>EXPENDITURE</b>			
Employees Cost	<b>F</b>	2,381,141	
Administrative & Other Expenses	<b>G</b>	8,182,910	
Depreciation		78,753	
Preliminary Expenses Written off		<u>113,011</u>	
			<u>10,755,815</u>
Profit / (Loss) before Tax			(8,880,982)
Less : Provision for Taxation:			
Current Tax		-	
Deferred Tax		19,097	
Fringe Benefit Tax		<u>80,000</u>	
			<u>99,097</u>
Profit / (Loss) after Tax			(8,980,079)
Net Profit / (Loss) Brought Forward			-
<b>BALANCE CARRIED TO BALANCE SHEET</b>			<b><u>(8,980,079)</u></b>
Basic Earning Per Share (Refer Note 3)			(9)
<b>Notes on Accounts</b>	<b>H</b>		

Per our report attached

For **BATLIBOI & PUROHIT**  
Chartered Accountants

**Atul Mehta**  
Partner  
M. No. 15935

Mumbai, Dated : May 26, 2009

For and on behalf of the board

R. K. Lawande  
S. K. Palekar  
R. R. Mallar

}

Mumbai, Dated : May 26, 2009

---

## E4 DEVELOPMENT & COACHING LIMITED

---

### SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS ON 31ST MARCH, 2009

	<u>Rupees</u>	2008-09 <u>Rupees</u>
<b>SCHEDULE - A</b>		
<b>SHARE CAPITAL:</b>		
<b>AUTHORISED:</b>		
12,50,000 Equity Shares of Rs.10/- each		<b>12,50,000</b>
<b>ISSUED, SUBSCRIBED &amp; PAID UP:</b>		
10,00,000 Equity Shares of Rs.10/- each fully paid up.		10,00,000
(Of The Above Shares 7,50,000/- Equity Shares of Rs.10 each are held by Eureka Forbes Limited, the Holding Company, including 5 shares held jointly with nominees)		
		<u><b>10,00,000</b></u>

---

### SCHEDULE B – FIXED ASSETS

Particulars	Gross Block			Depreciation			Net Block
	As at 1-Apr-08	Additions during the year	As at 31-Mar-09	As at 1-Apr-08	for the year	As at 31-Mar-09	As at 31-Mar-09
Computers	–	206,246	206,246	–	56,165	56,165	150,081
Furnitures & Fixtures	–	81,146	81,146	–	12,463	12,463	68,683
Software	–	12,000	12,000	–	2,392	2,392	9,608
Printer	–	24,250	24,250	–	7,733	7,733	16,517
<b>Total</b>	–	<b>323,642</b>	<b>323,642</b>	–	<b>78,753</b>	<b>78,753</b>	<b>244,889</b>
Previous Year	–	–	–	–	–	–	–

## SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS ON 31ST MARCH, 2009

	<u>Rupees</u>	<u>2008-09 Rupees</u>
<b>SCHEDULE - C</b>		
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>		
<b>I. CURRENT ASSETS</b>		
<b>Sundry Debtors:</b>		
(Unsecured Considered Good)		
Exceeding six months	–	
Others	<u>824,641</u>	
		824,641
<b>Cash &amp; Bank Balances:</b>		
Cash on Hand	427	
In Current Accounts with Scheduled Banks	<u>208,716</u>	
		209,143
<b>II. LOANS &amp; ADVANCES</b>		
(Unsecured, considered good)		
Advances Recoverable in Cash or in kind or for value to be recovered		355,532
		<u><u>1,389,316</u></u>

	<u>Rupees</u>	<u>2008-09 Rupees</u>
<b>SCHEDULE - D</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>Current Liabilities:</b>		
Sundry Creditors – For Expenses	435,912	
Other Liabilities	<u>531,318</u>	
		967,230
<b>Provisions</b>		
Provision for Fringe Benefit Tax		80,000
<b>Total</b>		<u><u>1,047,230</u></u>

---

## E4 DEVELOPMENT & COACHING LIMITED

---

### SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS ON 31ST MARCH, 2009

	<u>Rupees</u>	<u>2008-09 Rupees</u>
<b>SCHEDULE - E</b>		
<b>MISCELLANEOUS EXPENDITURE:</b>		
(To the extent not written off or adjusted)		
Preliminary Expenses	565,054	
Less: Written off to Profit & Loss A/c	<u>113,011</u>	
		452,043
		<u><b>452,043</b></u>

### SCHEDULES ANNEXED TO AND FORMING PART OF PROFIT AND LOSS ACCOUNTS FOR THE PERIOD ENDED 31ST MARCH, 2009

#### SCHEDULE - F

##### EMPLOYEES COST

Payments & Provisions for Employees:		
Staff Salaries		2,323,354
Staff Welfare		<u>57,787</u>
		<u><b>2,381,141</b></u>

#### SCHEDULE - G

##### ADMINISTRATIVE & OTHER EXPENSES

Administrative Expenses		2,850,000
Advertisements		1,201,472
Book Development Expenses		1,075,983
Auditor's Remuneration:		
Audit Fees	25,000	
Out of Pocket Expenses	<u>1,500</u>	
		26,500
Electricity Charges		91,189
Legal & Professional Charges		587,854
Rent		307,000
Repairs & Maintenance		16,125
Other Establishment Expenses		704,590
Telephone & Internet Charges		166,680
Travelling & Conveyance Expenses		815,517
Web Development Expenses		340,000
		<u><b>8,182,910</b></u>

**SCHEDULES ANNEXED TO & FORMING PART OF THE ACCOUNTS FOR  
THE PERIOD ENDED 31ST MARCH, 2009**

**SCHEDULE “H” – NOTES TO THE ACCOUNTS**

**1. 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 at Cost less Depreciation. Cost comprises of the purchase price and attributable cost of bringing the asset to its working condition for its intended use. Depreciation on Fixed Assets is provided Written Down Value basis at the rates specified in Schedule XIV of the Companies Act, 1956.

**(c) Revenue Recognition**

The Company recognises revenue from services as and when it is rendered.

**(d) 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 Income 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.

**(e) 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.

**(f) Preliminary Expenses**

Expenses incurred during the formation of the Company are 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 a period of five years.

**2. BREAKUP OF DEFERRED TAX LIABILITY AND ASSETS**

Nature of Timing Difference	Deferred Tax (Liability) / Assets as at 01/04/2008	Deferred Tax (Liability) / Assets	Deferred Tax (Liability) / Assets as at 31/03/2009
Depreciation	–	(19,097)	(19,097)
<b>TOTAL</b>	–	<b>(19,097)</b>	<b>(19,097)</b>

---

## E4 DEVELOPMENT & COACHING LIMITED

---

### SCHEDULES ANNEXED TO & FORMING PART OF THE ACCOUNTS FOR THE PERIOD ENDED 31ST MARCH, 2009

#### SCHEDULE "H" – NOTES TO THE ACCOUNTS (Contd.)

##### 3. EARNING PER SHARE

Sr. No.	Particulars	As on 31/03/2009
(a)	Net Profit / (Loss) Attributable to Equity Shareholders	(8,980,079)
(b)	Weighted Average Number of Equity Shares outstanding during the period (Face Value - Rs.10/- per Share)	1,000,000
(c)	Earning Per Share	(9)

- As required under Accounting Standard 18 "Related Party Disclosures" issued by The Institute of Chartered Accountants of India, the list of Related Parties and their transactions is attached.
- The Company does not have any contingent liability.
- The Company has not recognised Deferred Tax asset arising from the losses as there is no virtual certainty supported by convincing evidence that such assets will be realised in foreseeable future.
- Information required in terms of part IV of Schedule VI of the Companies Act, 1956 is attached.
- Since this is the first year of the Company, previous year figures are not applicable.

---

Per our report attached

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

**Atul Mehta**  
*Partner*  
M. No. 15935

For and on behalf of the board

R. K. Lawande  
S. K. Palekar  
R. R. Mallar

}

Mumbai, Dated : May 26, 2009

Mumbai, Dated : May 26, 2009



**DETAILS REQUIRED UNDER ACCOUNTING STANDARD 18 ON “RELATED PARTY DISCLOSURES” ISSUED BY THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA - REFERRED IN NOTE NO. 4 IN SCHEDULE H TO THE ACCOUNTS FOR THE PERIOD ENDED 31ST MARCH 2009.**

**(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

**B. Key Management Personnel**

Mr. Rawalnath Krishna Lawande (Director)

**(II) TRANSACTIONS WITH RELATED PARTIES**

Nature of Transactions	Related Party	
	Referred to in A above	Referred to in B above
<b>Expenses</b>		
Rent and other service charges	2,851,250	307,000
<b>Income</b>		
Services Rendered	453,934	–
<b>Finance</b>		
Contribution received towards Equity share capital	7,500,000	2,500,000
<b>Outstanding</b>		
Payable	–	307,000
Receivables	416,833	–

---

# E4 DEVELOPMENT & COACHING LIMITED

---

## BALANCE SHEET ABSTRACT AND COMPANY GENERAL BUSINESS PROFILE:

### 1. Registration Details

Registration No. U80903MH2008PLC185015	State Code 19
Balance Sheet Date 31.03.2009	Registration Date 23.07.2009

### 2. Capital Raised during the year

Public Issue Nil	Right Issue Nil
Bonus Issue Nil	Private Placement 10,000,000

### 3. Position of mobilisation and deployment of funds

Total Liabilities 10,019,097	Total Assets 10,019,097
---------------------------------	----------------------------

#### Sources of Funds

Paid up Capital 10,000,000	Reserve & Surplus Nil
Secured Loans Nil	Unsecured Loans Nil

#### Application of Funds

Net Fixed Assets 244,889	Investment Nil
Net Current Assets 342,086	Deferred Tax Liability 19,097
Misc. Expenditure 452,043	Accumulated Losses 8,980,079

### 4. Performance of Company

Total Income 1,874,833	Total Expenditure 10,755,815
Loss Before Tax (88,80,982)	Loss After Tax (89,80,079)
Earning Per Share in Rs. (9)	Dividend Rate% Nil

---

As per our report attached

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

**Atul Mehta**  
*Partner*  
M. No. 15935

For and on behalf of the board

R. K. Lawande  
S. K. Palekar  
R. R. Mallar

}  
}  
}

Mumbai, Dated : May 26, 2009

Mumbai, Dated : May 26, 2009

## CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2009

	2008-09 (Rupees)	
<b>LOSS BEFORE TAX AND EXTRA ORDINARY ITEMS</b>		(8,880,982)
Adjusted for		
Depreciation	78,753	78,753
		(8,802,229)
<b>OPERATING LOSS BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS:</b>		
Changes and other adjustments		
Trade and Other Receivables	(1,180,173)	
Trade Payables and Others	967,230	
Miscellaneous Expenditure (to the extent not written off or adjusted)	(452,043)	
	(664,986)	
Other Adjustments	—	(664,986)
<b>CASH GENERATED FROM OPERATIONS</b>		(9,467,215)
Direct Taxes Paid		—
(a) NET CASH FROM/ (USED IN) OPERATING ACTIVITIES		<b>(9,467,215)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets (including adjustments on account of capital)	(323,642)	
(b) NET CASH FROM / (USED IN) INVESTING ACTIVITIES		(323,642)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase/ (Decrease) in Share Capital	10,000,000	
(c) NET CASH FROM / (USED IN) FINANCING ACTIVITIES		10,000,000
NET DECREASE / INCREASE IN CASH AND CASH EQUIVALENTS (a) + (b) + (c)		<b>209,143</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	—	
		—
<b>CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR, COMPRISING:</b>		
Cash, Cheques on hand & remittances in transit	427	
Balances with scheduled banks on current accounts and deposit accounts	208,716	
		209,143
<b>NET DECREASE / INCREASE AS DISCLOSED ABOVE</b>		<b>209,143</b>

Per our report attached

For **BATLIBOI & PUROHIT**  
Chartered Accountants**Atul Mehta**  
Partner  
M. No. 15935

For and on behalf of the board

R. K. Lawande  
S. K. Palekar  
R. R. Mallar

}

Mumbai, Dated : May 26, 2009

Mumbai, Dated : May 26, 2009

---

# EUREKA FORBES LIMITED

---

(a wholly owned Subsidiary Company)

Annual Report and Accounts  
for the year ended 31<sup>st</sup> March, 2009

## **DIRECTORS**

Shapoor P. Mistry  
S.L. Goklaney  
D.E. Udwadia  
J.C. Chopra  
N.D. Khurody  
Indu Shahani  
Reinhard von der Becke

*Chairman*

*Vice Chairman & Managing Director*

## **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 and 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.

**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 31<sup>st</sup> March, 2009.

**1. FINANCIAL RESULTS:**

	<b>Current Year Rupees</b>	<b>Previous Year Rupees</b>
Sales and Other Income	875,23,72,636	813,63,14,903
Profit before Depreciation	42,54,88,972	49,94,21,237
Less : Depreciation	8,99,82,402	9,43,06,377
Profit before Tax And Extraordinary Items	33,55,06,570	40,51,14,860
Extraordinary Items	76,83,988	2,67,96,385
Profit before Tax	32,78,22,582	37,83,18,475
Less : Provision for Current, Fringe Benefit and Deferred Tax	12,66,41,852	13,90,22,288
Profit After Tax	20,11,80,730	23,92,96,187
Less: Prior Years' Tax Adjustments (Net)	45,44,216	2,08,356
Profit After Tax and Prior Years' Adjustments	19,66,36,514	23,90,87,831
Add : Balance brought forward from Previous year	19,48,29,840	18,03,41,686
Amount available for appropriation	39,14,66,354	41,94,29,517
<b>APPROPRIATIONS :</b>		
Interim Dividend	—	6,39,00,000
Proposed Final Dividend	12,78,00,000	4,26,00,000
Tax on Dividend	2,17,19,610	1,80,99,675
Transferred to General Reserve	9,00,00,000	10,00,00,000
Balance carried to Balance Sheet	15,19,46,744	19,48,29,842

**2. DIVIDEND:**

The Directors are pleased to recommend for approval of the members dividend of Rs.30/- per share as final dividend (300% on face value of Rs.10/- each) on 42.60 Lakhs shares of Rs.10/- each for the financial year 2008-09 (*previous year Rs.25/= per share i.e., 250% on face value of Rs.10/- per share*).

The aggregate outflow on account of the equity dividend for the year would be Rs.14.95 crores including tax on dividend of Rs.2.17 crores as against Rs.12.46 crores including tax on dividend of Rs.1.81 crores for the previous year. This represents a payout ratio of 76 % of profit after tax as compared to 52 % in the previous year.

**3. TRANSFER TO RESERVES:**

The Company proposes to transfer Rs.9 crores to the General Reserve out of the amount available for appropriations and an amount of Rs.15.19 crores is proposed to be retained in the Profit and Loss Account.

**4. OPERATIONS:**

The global meltdown and the general slowing down of the Indian Economy during the year under review put pressure on your Company's plans for growth. However inspite of the challenges, your Company has made a reasonable growth in sales for the year 2008-09. Total Income increased to Rs.875 crores from Rs.814 crores in the previous year, a growth of 7.5%. The net profit after tax was Rs.20 crores as against Rs.24 crores in the previous year.

Your Company achieved these results and overcame the challenges of economic slowdown by verticalisation in the Organisation by distinct segmentation of channels of business. Each Vertical has contributed towards the growth of the Company.

Our Direct Sales Division achieved a modest growth of 4% in turnover despite economic slowdown. The Division underwent a restructuring to strive for better retention of employees, focused recruitment drive, and increased productivity. Your company motivated the Customer Sales

Specialists (Eurochamps) by ensuring regular training inputs to develop their skills, giving them exciting earning and learning opportunities, honouring and rewarding their efforts. The Direct Sales team also widened its Franchisee Direct Operations to augment its reach and tap the vast potential in smaller towns.

Our Consumer Division has also achieved a growth of 51% with major thrust on market expansion aided by an aggressive marketing campaign. The Division also consolidated its presence in the Modern Organised Retail (MOR) with a growth of 39%. The Rural effort was further strengthened with the implementation of 20 community plants in the villages of Andhra Pradesh and Rajasthan.

The water projects division of our Forbes Professional Vertical has made significant progress with national and international partners for long term relationship and has also bagged a very prestigious order for water treatment and effluent treatment in an aluminium industry at Orissa. The project is under execution. Your company is also buying over a major stake in two water project companies in Pune which would strengthen the reach and also give the required prequalification for orders besides the existing customer base. This would strengthen sourcing, design infrastructure and also manufacture of small systems for water treatment and lay a foundation for the future. Moreover your company bagged an important order to supply RO water purifiers for Border Security Force in Rajasthan. An exclusive agreement is also being signed with a leading international company for supply of high end floor care machines. This would help in increasing market share through aggressive pricing strategy with good margins.

As a service to the customer, your company has launched Customer Confidence Centre (CCC) to make the customer aware of the credentials of the sales person (Customer Sales Specialist) calling on him by verification with CCC.

During the year, your company has made additional investments in Information Technology, International Operations and Capital Investments in expansion of manufacturing subsidiary companies, Aquamall Water Solutions Ltd. and Forbes Aquamall Ltd., the benefits of which will accrue to the company in the near future.

Your Company has taken a strategic decision during the year to discontinue operation of its Security Systems (Projects) Division (SSD-Projects) being a non-core activity of the Company. The Company has, therefore, entered into a binding Sale and Purchase agreement on 12<sup>th</sup> November, 2008 for slump sale of SSD (Projects) with another party. In terms of the Agreement, the Company has transferred, during the year, the net assets to the buying party as also the employees and the ongoing and new customers' contracts on a best effort basis. However, the profit on slump sale will be recorded in the books of accounts in the year in which the closing date of sale is determined. The financial disclosure of the discontinuing operations required as per Accounting Standard

is given in Note No.16 of Schedule J to the Accounts forming part of the Accounts for the year ended 31<sup>st</sup> March, 2009.

Your Company received awards and recognition, as in previous years, in the current year also –

- Business Superbrand for the 2<sup>nd</sup> time.
- Most Admired Knowledge Enterprise (MAKE) award for the 4<sup>th</sup> time.
- UNESCO – Water Digest award for Complete Domestic Water Solutions Provider for the 2<sup>nd</sup> time and Best RO Water Purifier award.
- Golden Peacock commendation for most Innovative Product (2008) – Aquaguard Total SENSEA.
- Best employer award – for the 2<sup>nd</sup> time within the first 10 employers.

Your Company has made social and environmental contribution in the areas of –

- Rainwater Harvesting initiatives in Mumbai.
- Inaugurating first Reed Bed Water Re-cycling water system for a school for the Blind.
- Launching “Jagrut Mumbaikar” campaign, an initiative to spread awareness on security issues by Mumbai Police, Fire Brigade and EFL.
- Donating Bullwala community water treatment plant for primary school in village Doiwala, Dehradun.
- Installing four Aquaguards in St. George Hospital complex, Mumbai on 27<sup>th</sup> November, 2008, Day 2 of Mumbai Terror attacks to ensure victims and their family have access to safe drinking water.

Your Directors are confident that, barring unforeseen circumstances, in the ensuing year your Company will deliver improved performance and results.

### 5. DIRECTORATE :

Mr. C.G. Shah had retired as a Director of the Company with effect from 4<sup>th</sup> December, 2008. The Board places on record their sincere appreciation of the services rendered by Mr. C.G. Shah during his tenure as a Director of the Company.

Mr. Reinhard von der Becke had been appointed as an additional Director of the Company. As per the provisions of the Companies Act, his terms of office expires at the forthcoming Annual General Meeting. The Company has received a notice under Section 257 of the Companies Act from a member proposing his candidature for the office of a Director.

Mr. Reinhard von der Becke is the Chairman of Lux International AG., Switzerland and Forbes Lux Group AG., Switzerland.

Mr. N.D. Khurody and Mr. J.C. Chopra retire by rotation and being eligible offer themselves for re-appointment.

**6. SUBSIDIARY COMPANIES :**

During the year under review, the Company's wholly owned subsidiary, Aquamall Water Solutions Ltd. had a sales growth of 4.9% compared to the previous year and an increase in Profit before Tax by 37%. The increase in Profit before Tax is mainly attributed to increase in Other Income whereas the Operating Profit has grown by 8%. The operations at its Dehradun unit have stabilized and the Company has started deriving the benefits of the implementation of ERP.

During the year, Forbes Aquamall Ltd, wholly owned subsidiary of Aquamall Water Solutions Ltd, stabilized its manufacturing operations at the Bhimtal unit. Being the first full year of production of vacuum cleaners, the Company has registered a growth of 71% in turnover compared to previous year with profit before tax showing an increase of 62% over previous year. Barring unforeseen circumstances, FAML is set to grow in turnover and profitability during the ensuing year.

Aquamall Water Solutions Ltd. had a state of the art laboratory at Bangalore for complete testing of water. During the year, with an objective of converting the laboratory into an autonomous profit centre, an independent company by the name of 'Aquadiagnostics Water Research & Technology Centre Limited' has been formed. This Company was incorporated as a subsidiary of Aquamall Water Solutions Ltd. The primary objective of the Company is to cater to the needs of complete water analysis and evaluation of water purifiers in accordance with national and international specification. During the first year of operations, the new Company earned a net income from sale of services of Rs.15.23 lakhs and incurred a loss before tax of Rs.35.7 lakhs. As the Company has a growing market for its services, the Directors are confident of the Company's prospects.

During the year under review, the Company's subsidiary, Forbes Facility Services Pvt.Ltd. recorded a turnover of Rs.18.72 crores, a growth of 57% over previous year and has reported Profit before Tax of Rs.0.50 crores, a growth of 33% over previous year. The Company has wiped off its accumulated loss during the year and carried forward a profit after tax of Rs.0.29 crores to the next year. This performance was inspite of the economic slowdown resulting in restructuring of contract arrangements with some customers. During the year, the Company's focus has been to maintain a Customer Satisfaction Index of more than 90% throughout the year. This can be substantiated by the fact that the Company has achieved an organic growth of 60% during this year through its existing satisfied customers.

The Company's newly formed subsidiary during the year, E4 Development & Coaching Ltd., commenced its operations. This Company will strive to be the best sales and services capability development, Coaching and Information Service Provider in the industry. The Company has therefore embarked on a journey to build a talent pool of professionals in the Sales, Retail and the Service industry by designing and conducting Corporate training programs and work study

courses. Being the first year of operations, the Company has reported a loss of Rs.0.90 crores, mainly for investing in creating a sound infrastructural base for the various educational and corporate training programs. This will become the foundation of the Company's growth in the years to come.

During the year under review, your Company's wholly owned subsidiary, Euro Forbes International Pte.Ltd.(EFIPL), Singapore, discontinued operation effective 1<sup>st</sup> August, 2008. EFIPL's business has been taken over effective 1<sup>st</sup> August, 2008 by Forbes Lux FZE in Dubai, which is a 100% subsidiary of Forbes Lux Group AG (FLG-AG), a 50:50 joint venture of EFL with Lux International AG., (LIAG) Switzerland. The formalities for transfer of business and necessary approvals are expected to be completed in the ensuing year 2009-10.

EFIPL, for the period of continuing operations, has reported a turnover of Rs.7.85 crores and a loss net of tax, of Rs.0.75 crores. EFIPL has an exposure on trade and other receivables as at 31<sup>st</sup> March 2009 of S \$ 30.3 mn (Rs. 103.51 crores) with the associate companies / business partners in the ASEAN region where predominantly the sales are done on direct sales deferred credit terms. In the opinion of the management, considering the long gestation period for establishing direct sales business in this region, the dues are considered to be good and recoverable and, therefore, no provision for impairment has been made in the accounts of EFIPL as at 31<sup>st</sup> March 2009.

Reference is also made to Note no. 17 of Schedule 'J' to the Accounts. Your company has advanced working capital loans of S \$ 13.6 mn (Rs. 45.36 crores) to EFIPL to fund the operation in ASEAN region with liberal repayment terms in order to establish business in ASEAN countries. In the opinion of the management, the interest bearing loans and advances are good and fully recoverable after initial gestation period of at least 3 years.

Your Directors are confident that in the years to come Forbes Lux FZE Dubai will leverage on the strengths of EFL and LIAG, both JV partners, to capture the overseas market in its own field of operations.

**7. EXTRAORDINARY ITEM :**

Note No.19 of Schedule 'J' Notes to the Accounts forming part of the Accounts for the year ended 31<sup>st</sup> March, 2009 pertains to an Extraordinary item, which is self-explanatory.

**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 Auditors' Report para 4(f) which has been adequately explained in Note No.18 of Schedule 'J' to the Accounts and Clause Nos.(ii)(a) and (ii)(c) of Annexure to the Auditors' Report are 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 :**

An employee relation 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, customer, vendors, regulatory and government authorities and acknowledge that their continued support has been a source of considerable strength.

On behalf of the Board of Directors

**SHAPOOR P. MISTRY**  
*Chairman*

*Mumbai, Dated : 11<sup>th</sup> June, 2009*



**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, 2009.

**A. CONSERVATION OF ENERGY :**

- (a) **Energy Conservation Measures taken :** Relocation from Bangalore to Dehradun Environmentally Friendly Facility with use of natural light and geo-thermal vents for most part of the day
- (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 shifted to Dehradun and renewal of DSIR recognition has been filed. NABL accreditation may need to be re-applied for this facility and will be decided as appropriate. 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 developed a range of new products.

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 has invested in new equipment and significant addition of manpower to conduct a wide range of activities to support new products for the company.

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 and Verticals to introduce new products from the foreign business associates and also for import substitution.

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

a.	Capital	–	Rs.0.29 Lakhs
b.	Recurring	–	Rs.270.39 Lakhs
c.	Total	–	Rs.270.68 Lakhs
d.	Total R&D Expenditure		
	as percentage of total turnover	–	0.31%

---

## **EUREKA FORBES LIMITED**

---

### **TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :**

1. 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, Indian Institute of Science, Bangalore and Tata Energy Research Institute, Delhi.

2. 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 performance and introduction of innovative products.

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

Earnings in foreign exchange during the year under review were Rs.7,54,60,853/- and the outgo Rs.30,96,63,435/-.

**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, 2009**

Sr. No.	Name, Age And Qualifications	Designation/Nature Of Duties, Commencement Of Employment And Experience (Years)	Gross Remuneration Rs.	Particulars Of Last Employment
<b>(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 :</b>				
1	MR. GANGULY R.K. (53) B.Com, ICWAI	Vice President - East SBU 01-03-1981 (32)	38,92,280	Accounts Assistant Deepika Electronics & Engg. Pvt.Ltd.
2	MR. GOKLANEY S.L. (62) B.Sc	Vice Chariman & Managing Director 02-03-1987 (40)	2,26,82,437	General Sales Manager - Johnson & Johnson Ltd.
3	MR. ICHHAPORIA J. N. (61) B.Com., F.C.A	Sr.Vice President - Finance Accounts & Legal 11-02-1994 (34)	52,90,009	Manager Accounts- Mafatlal Dyes & Chemicals Ltd.
4	MR. KARMALI ASLAM (44) B.Sc, MBA	Sr. Vice President - Consumer Division 08-05-2006 (18)	44,25,767	National Sales Head, Direct Indent Phillips India Ltd.
5	MR. KHANNA TARUN (45) B.Com; MBA (Marketing)	Associate Vice President - Region 2 19-08-91 (22)	26,21,456	Branch Manager Amtrex Ambience Ltd.;
6	MR. MATHIALAGAN V(44) B.Sc.	National Sales Head - Direct Sales 04.07.86 (22)	32,03,473	-
7	MR. MOORTHY R S (47) B.Sc.; FCA	Associate Vice President - Accounts 25.05.05 (22)	31,01,209	Sr. Accounts Officer The General Electric Co. of India
8	MR. RAMAN P V K (58) B.Com	Chief Executive Officer - Aquamall Water Solution Ltd. 02-07-1990 (32)	34,23,946	Assistant Manager Sundaram Motors, Bangalore
9	MR. SHROFF MARZIN (45) B.Com, MBA, MCIM (UK)	Sr.Vice President - Strategy & Business Development 03-07-2006 (18)	53,41,034	President Suashish Diamond Ltd.
10	MR. SURESH A V (53) B.E.(Hons). PGDM	Sr.Vice President - Operations 08-12-1988 (29)	55,86,965	Materials Manager Facit Asia Ltd.
11	MR. WADHWA LALIT(66) FSC - Textile Engineers	Vice President - Region 1 01-07-1997 (43)	28,24,413	General Manager Show Wallace Ltd, Delhi
<b>(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.</b>				
1	MR. PALEKAR S K (58) M.Sc., MMS MIRC Electronics Ltd.	Sr.Vice President - Marketing 27-07-1998 (34)	41,73,653	Vice President - Marketing, Sales and Services.
2	MR. RAMAN VENKATESH (38) B.E. Phd (Chem Engg); MBA (Strategy & Finance)	Sr. Vice President - Technology & Corporate Development 03.12.2008 (17)	11,81,020	Director New Business Development American Chemical Society
3	MR. SHROFF ADI (58) B.Com; Systems Engg (Japan)	Chief Information Officer 19.12.2008 (37)	16,50,612	Chief Information Officer Essar Energy Holdings Ltd.
4	MS SINGH HARSIMRAN (46) B.A. (Economics & Sociology) Dip. In PM & IR	Sr. Vice President - Human Resources & Organisation Effectiveness. 10.10.2008 (24)	15,30,934	Chief People Officer Shoppers Stop Limited

**NOTES:**

- Nature of employment in all cases is contractual.
- 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.
- Other terms and conditions applicable as per Company's Rules/Schemes :-
  - Company's contribution under Gratuity Scheme.
  - Medical Insurance or reimbursement of medical expenses.
  - Personal Accident Insurance.
- None of the above employees are related to any of the Directors of the Company.
- 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 ("the Company") as at 31<sup>st</sup> March 2009, 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 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) Without qualifying our report, we draw attention to the following:(i) Note 17 of Schedule J in respect of investments and loans granted to Euro Forbes International Pte Ltd, a wholly owned subsidiary, for which no provision is required in the opinion of the management.(ii) Note 19 of Schedule J relating to Company's investment in Forbes Lux AG, a jointly controlled entity, which has incurred losses in excess of its paid up capital.
- (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 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, 2009, 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, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
  - (f) *As explained in Note 20 of Schedule J of the financial statements, reconciliation of inter location stock in transit of Rs.1.69 crores, included in inventories is pending. The consequent effect of the above will be considered after reconciliation. Further inventories of Rs.3.27 crores at certain locations could not be physically verified by the management. These inventories have been valued based on quantity as per books of account. Consequently, the effect of the adjustments arising from physical verification of these inventories is not ascertainable.*
  - (g) *Subject to our comments in clause f above* 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 2009;
    - (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

Date : June 11, 2009  
Place : Mumbai

**ATUL MEHTA**  
Partner  
Membership .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) 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. *However at the year end inventories at certain locations could not be physically verified.* 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 information and explanations given to us, the Company has experienced difficulties in maintaining, the updated book stock quantities in the "Enterprise Resource Planning (ERP) system. As a result, during the physical verification there were significant differences between book stock quantity and physical stock which have been adequately adjusted in the books of accounts.*
- iii) a) As per information furnished, the company has granted loans, to five companies covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.52.52 crores and the year end balance of loans given was Rs.46.59 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.
- 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

## EUREKA FORBES LIMITED

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 *except for slight delays in few cases, in the deposition of tax deducted at source.*

- (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 (Rs. in lacs)	Forum where the dispute is pending
Income Tax Act	Income Tax:	26.33	Additional CIT.
		5.58	High Court
		4.80	CIT (Appeals)
Central Excise Act	Excise Duty :	56.51	Appellate Tribunal
		47.08	Assistant Commissioner-Service Tax (Central Excise)
Sales Tax Act	Sales Tax :	7.28	Deputy Commissioner of Appeals Commercial Tax
		131.36	Deputy Commissioner of Commercial Taxes
		224.37	Joint Commissioner of Commercial Taxes.
		13.56	Assistant commissioner of Sales Tax-Appeals
		1.28	Superintendent of Tax.
		48.11	Appellate Assistant Commissioner.
		7.43	Assistant Commissioner (Assessment) Trade Tax.
		509.84	High Court.
		12.84	Assessing Authority.
		74.93	Jt. Commissioner (Appeals) Trade Tax
		1385.64	Appellate Tribunal
5.28	Assistant Commissioner of Commercial Taxes.		

- 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 given guarantee for loans taken by others from bank or financial institutions, the terms and conditions whereof in our opinion are not prima-facie prejudicial to the interest of the Company.

- 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*

*Date : June 11, 2009*  
*Place : Mumbai*

**ATUL MEHTA**  
*Partner*  
Membership .No. 15935

# EUREKA FORBES LIMITED

## BALANCE SHEET AS AT 31ST MARCH, 2009

	<u>Schedule</u>	<u>Rupees</u>	<u>Rupees</u>	<i>As at 31st March, 2008 Rupees</i>
<b>FUNDS EMPLOYED:</b>				
1. SHARE CAPITAL	A	4,26,00,000		4,26,00,000
2. RESERVES AND SURPLUS	B	<u>100,13,51,047</u>		<u>95,42,34,145</u>
3. TOTAL SHAREHOLDERS' FUNDS			104,39,51,047	99,68,34,145
4. SECURED LOANS	C		43,80,26,191	43,90,97,288
5. TOTAL FUNDS EMPLOYED			<u><b>148,19,77,238</b></u>	<u><b>143,59,31,433</b></u>
<b>APPLICATION OF FUNDS:</b>				
6. FIXED ASSETS :	D			
Gross Block		86,83,98,313		78,53,99,671
Less : Depreciation		<u>45,66,95,018</u>		<u>38,91,45,562</u>
Net Block			41,17,03,295	39,62,54,109
7. INVESTMENTS	E		35,81,67,193	31,89,69,734
8. CURRENT ASSETS, LOANS AND ADVANCES	F	386,65,95,295		369,77,01,919
9. Less : CURRENT LIABILITIES AND PROVISIONS	G	<u>317,60,50,165</u>		<u>299,26,97,801</u>
10. NET CURRENT ASSETS			69,05,45,130	70,50,04,118
11. DEFERRED TAX ASSET (Net) (Refer Note 15)			<u>215,61,620</u>	<u>157,03,472</u>
12. TOTAL ASSETS (NET)			<u><b>148,19,77,238</b></u>	<u><b>143,59,31,433</b></u>
13. NOTES TO THE ACCOUNTS	J			

**Per our report attached**

For BATLIBOI & PUROHIT  
Chartered Accountants

ATUL MEHTA  
Partner

Membership No. 15935

Mumbai, Dated : 11<sup>th</sup> June, 2009

S.P. Mistry

Chairman

S.L. Goklaney

Vice Chairman & Managing Director

D.E. Udvardia

N.D. Khurody

Indu Shahani

Reinhard Von Der Becke

} Directors

S. Ramesh

Company Secretary

Mumbai, Dated : 11<sup>th</sup> June, 2009



**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 ST MARCH, 2009**

	Schedule	Rupees	Current Year Rupees	Previous Year Rupees
1. <b>INCOME :</b>				
Sales and Other Income	<b>H</b>		875,23,72,636	813,63,14,903
2. <b>EXPENDITURE :</b>				
(a) Trading & Other Expenses	<b>I</b>	827,77,05,621		761,88,60,589
(b) Depreciation		8,99,82,402		9,43,06,377
(c) Interest (Refer Note 4)		4,91,78,045		180,33,077
			<u>841,68,66,068</u>	<u>773,12,00,043</u>
3. PROFIT BEFORE TAX AND EXTRAORDINARY ITEM			33,55,06,568	40,51,14,860
4. EXTRAORDINARY ITEM (Refer Note 21)			76,83,988	2,67,96,385
5. PROFIT BEFORE TAX			<u>32,78,22,580</u>	<u>37,83,18,475</u>
Profit Before Tax From Continuing Operations		32,75,30,987		36,27,96,660
Current Year tax provision		10,25,00,000		11,26,80,000
Less : Deferred Tax (Refer Note 15)		58,58,148		84,77,712
Fringe Benefit tax provision		3,00,00,000		3,00,00,000
Profit After Tax From Continuing Operations			20,08,89,135	22,85,94,372
Profit Before Tax From Discontinuing Operations		2,91,593		1,55,21,815
Provision for Tax				48,20,000
Profit After Tax From Discontinuing Operations			2,91,593	1,07,01,815
6. PROFIT AFTER TAX			20,11,80,728	23,92,96,187
7. Less: PRIOR YEARS' TAX ADJUSTMENTS (NET)			45,44,216	2,08,356
8. PROFIT AFTER TAX AND PRIOR YEARS' ADJUSTMENTS			19,66,36,512	23,90,87,831
9. PROFIT BROUGHT FORWARD FROM PREVIOUS YEAR			19,48,29,842	18,03,41,686
10. AMOUNT AVAILABLE FOR APPROPRIATIONS			39,14,66,354	41,94,29,517
11. APPROPRIATIONS :				
Interim Dividend				6,39,00,000
Proposed Final Dividend		12,78,00,000		4,26,00,000
Tax on Dividend		2,17,19,610		1,80,99,675
Transferred to General Reserve		9,00,00,000		10,00,00,000
			<u>23,95,19,610</u>	<u>22,45,99,675</u>
12. BALANCE CARRIED TO BALANCE SHEET			<u><b>15,19,46,744</b></u>	<u><b>19,48,29,842</b></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			19,66,36,512	23,90,87,831
Basic and Diluted Earning Per Share			Rs. 46.16	Rs. 56.12
13. NOTES TO THE ACCOUNTS	<b>J</b>			

**Per our report attached**

For BATLIBOI & PUROHIT  
Chartered Accountants

ATUL MEHTA  
Partner

Membership No. 15935

Mumbai, Dated : 11<sup>th</sup> June, 2009

S.P. Mistry

Chairman

S.L. Goklaney

Vice Chairman & Managing Director

D.E. Udwadia

N.D. Khurody

Indu Shahani

Reinhard Von Der Becke

} Directors

S. Ramesh

Company Secretary

Mumbai, Dated : 11<sup>th</sup> June, 2009

---

## EUREKA FORBES LIMITED

---

### SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009

#### SCHEDULE 'A' - SHARE CAPITAL

	Rupees	<i>As At 31-03-2008 Rupees</i>
<b>1. AUTHORISED :</b>		
1,50,00,000 Equity Shares of Rs.10/- each	15,00,00,000	15,00,00,000
<b>2. ISSUED, SUBSCRIBED AND PAID UP :</b>		
42,60,000 ( <i>Previous Year 42,60,000</i> ) Equity Shares of Rs.10/- each [Of the above Shares, (i) 39,90,000 ( <i>Previous Year 39,90,000</i> ) Shares are allotted as fully paid up Bonus Shares by capitalisation of General Reserve; and (ii) 42,59,994 ( <i>Previous Year 42,59,994</i> ) Shares are held by the Holding Company, Forbes & Company Limited (formerly known as Forbes Gokak Ltd); and 6 ( <i>Previous Year 6</i> ) shares are held jointly with Forbes & Company Limited by nominees of Forbes & Company Limited.]	4,26,00,000	4,26,00,000

---

#### SCHEDULE 'B' - RESERVES AND SURPLUS

	Rupees	Rupees	<i>As At 31-03-2008 Rupees</i>
<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	75,00,00,000		65,00,00,000
Add : Transferred from Profit and Loss Account	9,00,00,000		10,00,00,000
		84,00,00,000	75,00,00,000
<b>4. PROFIT AND LOSS ACCOUNT</b>		15,19,46,744	19,48,29,842
		100,13,51,047	95,42,34,145

---

#### SCHEDULE 'C' - SECURED LOANS

	Rupees	<i>As At 31-03-2008 Rupees</i>
1. Cash Credit (Secured by hypothecation of stock-in-trade & book debts)	37,05,26,191	32,25,97,288
2. Short Term Loan (Secured by hypothecation of stock-in-trade & book debts)	6,75,00,000	11,65,00,000
	43,80,26,191	43,90,97,288

---

## SCHEDULE 'D' FIXED ASSETS

Amount in Rupees

DESCRIPTION	GROSS BLOCK				DEPRECIATION BLOCK				NET BLOCK	
	As on 01.04.2008	Additions	Deletions	As on 31.03.2009	As on 01.04.2008	Depreciation for the year	Depreciation on deductions during the year	As on 31.03.2009	As on 31.03.2009	As on 31.03.2008
Land – Freehold	24,67,955			24,67,955	–			–	24,67,955	24,67,955
Buildings *	21,46,30,743	25,00,000		21,71,30,743	4,46,82,195	86,56,276		5,33,38,471	16,37,92,272	16,99,48,548
Plant & Machinery	6,37,48,589	1,19,84,591	51,00,963	7,06,32,217	3,55,80,940	57,50,617	28,84,041	3,84,47,516	3,21,84,701	2,81,67,649
Computers	19,94,29,204	4,04,87,632	14,57,217	23,84,59,619	14,88,69,742	3,11,63,156	9,27,028	17,91,05,870	5,93,53,749	5,05,59,462
Furnitures & Fixtures	3,43,31,180	33,05,347	4,79,771	3,71,56,756	2,68,98,400	28,27,888	1,84,633	2,95,41,655	76,15,101	74,32,780
Vehicles	24,13,20,216	6,82,48,801	3,38,02,157	27,57,66,860	10,71,69,571	4,15,84,465	1,84,37,244	13,03,16,792	14,54,50,068	13,41,50,645
Intangible Asset – Computer Software**	2,59,44,714			2,59,44,714	2,59,44,714			2,59,44,714		
<b>Total</b>	<b>78,18,72,601</b>	<b>12,65,26,371</b>	<b>4,08,40,108</b>	<b>86,75,58,864</b>	<b>38,91,45,562</b>	<b>8,99,82,402</b>	<b>2,24,32,946</b>	<b>45,66,95,018</b>	<b>41,08,63,846</b>	<b>39,27,27,039</b>
Capital Advance	35,27,070	8,39,449	35,27,070	8,39,449	–	–	–	–	8,39,449	35,27,070
<b>Grand Total</b>	<b>78,53,99,671</b>	<b>12,73,65,820</b>	<b>4,43,67,178</b>	<b>86,83,98,313</b>	<b>38,91,45,562</b>	<b>8,99,82,402</b>	<b>2,24,32,946</b>	<b>45,66,95,018</b>	<b>41,17,03,295</b>	<b>39,62,54,109</b>
<i>Previous Year</i>	<i>75,78,83,575</i>	<i>10,44,18,873</i>	<i>7,69,02,777</i>	<i>78,53,99,671</i>	<i>31,62,08,897</i>	<i>9,43,06,377</i>	<i>2,13,69,712</i>	<i>38,91,45,562</i>	<i>39,62,54,109</i>	

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

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

# EUREKA FORBES LIMITED

## SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009

### SCHEDULE 'E' - INVESTMENTS

	Nos.	Rupees	Rupees	As At 31.03.2008 <i>Rupees</i>
<b>INVESTMENTS (AT COST)</b>				
LONG TERM INVESTMENTS				
<b>1. TRADE INVESTMENTS - UNQUOTED</b>				
(i) Subsidiary Companies				
Aquamall Water Solutions Ltd.	20,00,080	1,95,01,280		<i>1,95,01,280</i>
Fully paid Equity Shares of Rs.10/- each	<i>(20,00,080)</i>			
Euro Forbes International Pte. Ltd.	35,00,000	9,38,85,000		<i>9,38,85,000</i>
Fully paid Equity shares of Singapore \$ 1/- each	<i>(35,00,000)</i>			
Forbes Facility Services Pvt Ltd. (Formerly Forbes Abans Cleaning Solutions (P) Ltd.)	10,00,000	1,00,00,000		<i>1,00,00,000</i>
Fully paid Equity Shares of Rs.10/- each	<i>(10,00,000)</i>			
E4 Development & Coaching Ltd.	7,50,000	75,00,000		
Fully paid Equity Shares of Rs.10/- each	<i>(NIL)</i>			
(ii) Other Companies				
Forbes Aquatech Limited	5,00,000	50,00,000		<i>50,00,000</i>
Fully paid Equity Shares of Rs.10/- each	<i>(5,00,000)</i>			
ForbesLux Group AG	500	1,86,20,750		<i>1,86,20,750</i>
Fully paid Equity shares of Swiss Franc 1000/- each	<i>(500)</i>			
Forbes Concept Hospitality Services Ltd.	5,00,000	50,00,000		<i>50,00,000</i>
Fully paid Equity Shares of Rs.10/- each	<i>(5,00,000)</i>			
Forbes Concept Hospitality Services Ltd. (Share Application Money Pending allotment)		2,12,50,000		<i>1,75,00,000</i>
Infinite Water Solutions Private Ltd.	35,00,000	350,00,000		
Fully paid Equity Shares of Rs.10/- each	<i>(NIL)</i>			
Forbes Technosys Ltd.	NIL			<i>50,00,000</i>
Equity Shares of Rs.10/- each, Rs.2.50 paid up	<i>(20,00,000)</i>			
			21,57,57,030	<i>17,45,07,030</i>
<b>2. TRADE INVESTMENTS - QUOTED</b>				
Equity Shares of - Svadeshi Mills Co.Ltd. (Listed but not quoted)	NIL			<i>27,42,279</i>
Fully paid Equity Shares of Rs.10/- each (Sold during the Year 13,49,260 equity Shares)	<i>(13,49,260)</i>			
<b>3. OTHER INVESTMENTS - QUOTED</b>				
(a) Reliance Power Limited	8,913	25,06,950		<i>25,06,950</i>
Fully paid Equity Shares of Rs.10/-each (Bonus shares issued during the Year 3,342 equity Shares)	<i>(5,571)</i>			
(b) Rural Electrification Corporation Limited	21,897	22,99,185		<i>22,99,185</i>
Fully paid Equity Shares of Rs.10/-each	<i>(21,897)</i>			
(c) Hindustan Unilever Limited	1	196		<i>196</i>
Fully paid Equity Shares of Rs.1/-each	<i>(1)</i>			
(d) ION Exchange (India) Limited	1	130		<i>130</i>
Fully paid Equity Shares of Rs.10/-each	<i>(1)</i>			

## SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009

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

			As At 31.03.2008
	Nos.	Rupees	Rupees <i>Rupees</i>
(e) Thermax Limited	1	420	420
Fully paid Equity Shares of Rs.2/-each	(1)		
(f) Zicom Electronics Limited	1	183	183
Fully paid Equity Shares of Rs.10/-each	(1)		
		48,07,064	48,07,064
<b>4. OTHER INVESTMENTS - UNQUOTED</b>			
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)		
		13,50,00,000	13,50,00,000
<b>CURRENT INVESTMENTS</b>			
<b>5. OTHER INVESTMENTS - QUOTED</b>			
(a) Union Bank of India	3,000	4,86,542	4,86,542
Fully paid Equity Shares of Rs.10/-each	(3,000)		
(b) Bharat Heavy Electricals Limited	100	1,88,766	1,88,766
Fully paid Equity Shares of Rs.10/-each	(100)		
(c) Cairn India Limited	NIL		1,84,151
Fully paid Equity Shares of Rs.10/-each	(1,000)		
(Sold during the Year 1,000 equity Shares)			
(d) Infrastructure Development Finance Company Limited	4,000	7,69,779	7,69,779
Fully paid Equity Shares of Rs.10/-each	(4,000)		
(e) Larsen & Toubro Limited	800	12,94,484	12,94,484
Fully paid Equity Shares of Rs.2/-each	(400)		
(Bonus shares issued during the Year 400 equity Shares)			
(f) NTPC LIMITED	4,000	7,89,972	7,89,972
Fully paid Equity Shares of Rs.10/-each	(4,000)		
(g) Power Grid Corporation of India Limited	1,000	1,00,069	1,00,069
Fully paid Equity Shares of Rs.10/-each	(1,000)		
(h) Tata Power Company Limited	200	2,48,037	2,48,037
Fully paid Equity Shares of Rs.10/-each	(200)		
(i) HDFC Limited	NIL	NIL	2,65,107
Fully paid Equity Shares of Rs.10/-each	(100)		
(Sold during the Year 100 equity Shares)			
(j) ITC Limited	NIL	NIL	1,36,043
Fully paid Equity Shares of Rs.1/-each	(700)		
(Sold during the Year 700 equity Shares)			

# EUREKA FORBES LIMITED

## SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009

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

	Nos.	Rupees	Rupees	As At 31.03.2008 Rupees
(k) Ranbaxy Labs Limited Fully paid Equity Shares of Rs.5/-each (Sold during the Year 250 equity Shares)	NIL (250)			1,14,739
(l) State Bank of India Fully paid Equity Shares of Rs.10/-each	100 (100)	1,93,107		1,93,107
(m) Bajaj Auto Limited Fully paid Equity Shares of Rs.10/-each (On Demerger allotted during the Year 100 equity Shares)	100 (100)	48,402		2,19,015
(n) Bajaj Holding and Investment Limited Fully paid Equity Shares of Rs.10/-each (On Demerger allotted during the Year 100 equity Shares)	100 (NIL)	1,23,743		
(o) Bajaj Finserve Limited Fully paid Equity Shares of Rs.10/-each (On Demerger allotted during the Year 100 equity Shares)	100 (NIL)	46,870		
(p) Housing Development & Infrastructure Limited Fully paid Equity Shares of Rs.10/-each (Sold during the Year 300 equity Shares)	NIL (300)			2,14,496
			42,89,771	52,04,307
(Figures in brackets indicate that of previous year)			35,98,53,865	32,22,60,680
Less: Diminution in value of Long term Investments				27,42,279
Diminution in value of Current Investments			16,86,672	5,48,667
			35,81,67,193	31,89,69,734
QUOTED INVESTMENTS			74,10,163	94,62,704
UNQUOTED INVESTMENTS			35,07,57,030	30,95,07,030
TOTAL			35,81,67,193	31,89,69,734
Market Value of Quoted Investments			35,50,638	88,11,805
No Investments acquired and sold during the year other than shown above:				

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009**

**SCHEDULE 'F' - CURRENT ASSETS, LOANS AND ADVANCES**

	Rupees	Rupees	As At 31-03-08 Rupees
<b>1. CURRENT ASSETS</b>			
(i) Stock-in-Trade : *			
Finished Goods	59,00,13,610		68,69,26,887
Spares & Accessories	46,79,96,004		53,21,72,692
Stock-in-Transit	10,22,53,601		10,25,73,031
* (As valued and certified by the Management.)			
		116,02,63,215	132,16,72,610
(ii) Sundry Debtors :			
(Unsecured, Considered Good unless otherwise stated)			
(a) Debts outstanding for a period exceeding six months	12,06,71,909		15,62,62,307
(b) Other Debts	48,19,23,345		58,80,73,314
		60,25,95,254	74,43,35,621
(iii) Cash and Bank Balances :			
Cash on hand (Including cheques on hand Rs.7,36,32,316 /-)	9,91,68,693		9,05,61,279
With Scheduled Banks -			
in Current Accounts	40,47,69,824		37,74,31,408
in Margin Accounts	7,95,109		7,55,325
in Deposit Accounts (FDR lodged as security with Govt authorities)	1,61,66,856		1,25,19,626
		52,09,00,482	48,12,67,638
<b>2. LOANS AND ADVANCES</b>			
(Unsecured, Considered Good unless otherwise stated)			
(i) Loans [including Rs. NIL ( <i>Previous Year Rs.NIL/-</i> ) due from an officer, maximum amount due at any time during the year Rs. NIL]	3,79,77,523		3,75,95,584
(ii) Advances recoverable in cash or in kind or for value to be received	40,26,01,730		18,24,61,632
(iii) Advance Payment of Tax	55,59,94,167		47,04,22,202
(iv) Deposits with			
Subsidiary Companies	46,51,92,772		32,11,42,940
Other Companies	6,70,970		255,00,000
	46,58,63,742		34,66,42,940
(v) Other Deposits [Including Rs.1,05,000/- ( <i>Previous year Rs.36,42,120/-</i> ) given to a subsidiary company]	11,46,65,094		11,21,04,304
(vi) Income accrued on Investments and Deposits	57,34,088		11,99,388
		158,28,36,344	115,04,26,050
		386,65,95,295	369,77,01,919

---

**EUREKA FORBES LIMITED**

---

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009****SCHEDULE 'G' – CURRENT LIABILITIES AND PROVISIONS**

	<u>Rupees</u>	<u>Rupees</u>	<i>As At</i> 31-03-08 <i>Rupees</i>
<b>1. CURRENT LIABILITIES</b>			
Acceptances		1,15,53,781	
Sundry Creditors :			
Small Scale Industrial Undertakings (Refer Note 22)	18,42,26,395		<i>1,75,35,600</i>
Others	<u>17,15,84,355</u>		<u><i>55,93,34,934</i></u>
[Including Rs.10,83,30,625/- ( <i>Previous Year Rs.25,14,53,379/-</i> ) due to a subsidiary companies]		35,58,10,750	<i>57,68,70,534</i>
Other Liabilities		62,35,41,542	<i>51,52,19,231</i>
Advances Received		120,25,75,721	<i>106,21,02,768</i>
<b>2 PROVISIONS</b>			
For Taxation		52,99,48,780	<i>46,12,75,544</i>
Proposed Final Dividend		12,78,00,000	<i>4,26,00,000</i>
For Tax on Proposed Final Dividend		2,17,19,610	<i>72,39,870</i>
For Expenses		26,63,46,069	<i>29,18,52,255</i>
For Retirement and other employee benefits		47,25,514	<i>61,94,375</i>
For Leave encashment		3,20,28,398	<i>2,93,43,224</i>
		<u><b>317,60,50,165</b></u>	<u><i>299,26,97,801</i></u>



**SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009**

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

	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>	<i>Previous Year Rupees</i>
1. SALE OF PRODUCTS			683,38,46,672	649,00,74,123
2. INCOME FROM SERVICES			162,52,76,422	142,13,36,262
3. OTHER INCOME :				
Interest Received :				
From Deposits, Loans, Advances and Deferred Payment Scheme		11,03,61,602		8,85,91,412
(Gross) (Tax deducted at source Rs.1,43,79,570 /- <i>Previous Year Rs.27,23,698/-</i> )				
Dividend Income :				
From Long Term Investment In :				
– Subsidiary Company	3,00,01,200			3,00,01,200
– Others	72,00,915			1,53,47,795
		<u>3,72,02,115</u>		<u>4,53,48,995</u>
Profit on Fixed Assets sold/discarded (net)		70,62,419		92,90,802
Profit on Sale of Investment (net)		1,36,30,709		1,30,78,821
Excess Provision for earlier years		8,21,667		7,55,195
Miscellaneous Income		<u>12,41,71,030</u>		<u>6,78,39,293</u>
			<u>29,32,49,542</u>	<u>22,49,04,518</u>
			<u><b>875,23,72,636</b></u>	<u><b>813,63,14,903</b></u>

# EUREKA FORBES LIMITED

## SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

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

	Rupees	Rupees	Rupees	<i>Previous Year Rupees</i>
1. PAYMENTS TO AND PROVISIONS FOR EMPLOYEES :				
Salaries, Bonus and Commission		128,70,67,959		115,48,16,613
Company's Contribution to Provident and Other Funds		8,85,71,831		9,64,80,487
Staff Welfare Expenditure		<u>4,78,05,875</u>		<u>4,66,72,898</u>
			142,34,45,665	<u>129,79,69,998</u>
2. OPERATIONAL AND OTHER EXPENSES :				
Electricity		2,67,65,788		2,42,39,478
Rent [Net of recoveries Rs.12,57,578/-; (Previous year Rs.15,35,442/-)]		10,79,46,153		9,66,30,632
Repairs and Maintenance -				
Building				2,65,520
Machinery				
Other Assets	<u>4,46,99,441</u>			<u>4,09,64,919</u>
		4,46,99,441		<u>4,12,30,439</u>
Insurance		4,42,09,467		5,90,67,247
Advertisement		41,49,52,929		30,82,45,095
Selling and Sales Promotion		28,74,87,293		28,52,16,993
Freight, Forwarding and Delivery		10,02,91,254		8,63,27,420
Auditors' Remuneration -				
Audit Fees	13,23,600			10,11,240
Out of pocket expenses	2,68,964			2,57,702
Management Services	<u>2,41,574</u>			<u>2,86,518</u>
		18,34,138		<u>15,55,460</u>
Printing and Stationery		4,19,89,159		4,22,39,811
Postage, Telegrams, Telephones and Telex		10,44,12,798		11,27,41,690
Travelling and Conveyance		13,80,64,705		13,18,40,079
Legal and Professional Fees		5,21,90,648		4,31,19,727
Vehicle Expenses and Maintenance		17,75,95,247		15,94,66,359
Rates and Taxes		5,66,68,792		6,18,83,645
Conference Expenses		5,50,39,919		4,85,29,515
Service Charges		63,78,74,525		56,26,60,760
Other Establishment Expenses		20,20,39,429		19,18,38,565
Directors' Sitting Fees		2,00,000		2,65,000
Bad Debts/Advances Written-Off		<u>1,51,88,794</u>		<u>1,32,42,780</u>
			250,94,50,479	<u>227,03,40,695</u>
3. DIMINUTION IN VALUE OF INVESTMENTS			11,38,006	5,48,667
4. COMMISSION TO DIRECTORS (Refer Note 9)			150,15,000	1,32,00,000
5. ADJUSTMENTS FOR STOCKS : TRADED				
Opening Stock		132,16,72,610		94,98,63,459
Add : Purchases		416,72,47,076		440,86,10,380
		<u>548,89,19,686</u>		<u>535,84,73,839</u>
Less : Closing Stock		<u>116,02,63,215</u>		<u>132,16,72,610</u>
			432,86,56,471	<u>403,68,01,229</u>
			<b><u>827,77,05,621</u></b>	<b><u>761,88,60,589</u></b>

**SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED  
31ST MARCH, 2009**

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

**1. SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of preparation of Financial statement.**

**(i) Basis of Accounting**

The Financial Statements have been prepared to comply in all material respects with the Notified Accounting Standards pursuant to Companies (Accounting Standard) Rules, 2006 and the relevant provisions of the Companies Act 1956. The financial statements have been prepared under historical cost convention and on accrual basis except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

**(ii) Uses of Estimates**

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates

**(b) Fixed Assets**

Fixed Assets are stated at cost less accumulated 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**

Current 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.

**(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) Revenue Recognition**

Sales are recognised when goods are supplied and are recorded net of sales returns, discounts, rebates and sales tax/ VAT.

Income from Services are recognised proportionately over the period in which services are rendered and recorded net of Sales tax/ VAT and Service tax

Dividend income is recognised when the right to receive payment is established and known. Dividend from Subsidiaries is recognised even if same are declared after the balance sheet date but pertains to the period on or before the date of balance sheet, as per the requirements of Schedule VI to the Companies Act, 1956.

**(f) Foreign Currency**

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. Gains and losses resulting from the settlement of such transactions and from translation of monetary assets and liabilities denominated in foreign currencies, which are outstanding as at the year end at closing exchange rate, are recognised in the profit and loss account. In the case of forward exchange contract, the premium or discount is recognised in the profit and loss account 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. The company has formed its own trust for managing Provident fund, Superannuation and Gratuity of its employees as per the permission granted by the respective authority. The interest payable by the provident fund trust to the beneficiaries every year

**SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009**

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

is not less than the rate notified by the Government. The Company has an obligation to make good the shortfall, if any, between the return on investments of the trust and the notified interest rate.

**(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.

2. Estimated amount of contracts remaining to be executed on capital account and not provided for - Rs.59.80 lakhs (*previous year Rs.28.42 lakhs*).

3. (a) Provision for warranty - Rs.412.75 lakhs (*Previous year Rs.451.15 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 Subsidiary Company - Rs.500.00 lakhs (*previous year Rs.NIL*)
- (ii) Bank Guarantees issued on behalf of the Company - Rs.831.06 lakhs (*previous year Rs.806.65 lakhs*)
- (iii) Claims against the Company not acknowledged as debts- Rs.50.15 lakhs (*previous year Rs.48.82 lakhs*)
- (iv) Disputed Income Tax Demands - Rs.70.46 lakhs (*previous year Rs.34.15 lakhs*).
- (v) Disputed Central Excise Demands - Rs.103.60 lakhs (*previous year Rs.115.83 lakhs*).
- (vi) Disputed Sales Tax demands - Rs.2444.17 lakhs (*previous year Rs.1991.83 lakhs*).

4. Expenditure on interest of Rs.4,91,78,045 (*previous year Rs.1,80,33,077/-*) pertains to interest on Bank Loan, deposits etc.

5. (a) Expenditure in foreign currency on account of :

2008-09	2007-08
<u>Rupees</u>	<u>Rupees</u>

Subscription, travelling, advertisement, testing charges, salary, training, professional fees royalty etc.

2,35,35,751	2,47,76,720
-------------	-------------

(b) Remittance in Foreign Currency :

On account of purchase of shares of Subsidiary

30,00,000

On account of Inter corporate deposit to wholly owned subsidiary

7,68,18,413	14,26,05,254
-------------	--------------

On account of Capital Goods

38,08,788	35,27,070
-----------	-----------

6. Value of Imports on C.I.F basis :

Finished goods, Components & Spare parts

20,55,00,483	33,20,75,344
--------------	--------------

7. Earnings in Foreign Exchange :

Export of goods on F.O.B basis

1,99,59,011	8,50,73,904
-------------	-------------

Comission & other receipts

78,24,121	44,88,245
-----------	-----------

Interest on Inter corporate deposit to wholly owned subsidiary

4,76,77,721	312,01,830
-------------	------------

**SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009**

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

8. Managerial Remuneration under Section 198 of the Companies Act 1956, payable to :

	2008-09 Rupees	2007-08 Rupees
(i) The Vice Chairman and Managing Director :		
Salary	43,63,243	34,69,200 **
Commission	117,15,000	102,00,000
Perquisites in cash or in kind	54,54,054	43,36,500 **
Contribution to provident and other funds	11,78,075	9,36,684 **
	<u>2,27,10,372 *</u>	<u>1,89,42,384 *</u>
(ii) The Non-Wholetime Directors :		
Commission	33,00,000	30,00,000
	<u>2,60,10,372</u>	<u>2,19,42,384</u>

\* 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

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 :

	2008-09 Rupees	2007-08 Rupees
Profit Before tax as per Profit and Loss Account	32,78,22,580	37,83,18,475
Add:		
Depreciation charged in accounts	8,99,82,402	9,43,06,377
Remuneration to Vice Chairman and Managing Director	2,27,10,372	1,89,42,384
Commission to Non-wholetime Directors	33,00,000	30,00,000
Provision for Diminution in Investments	11,38,006	5,48,667
	<u>44,49,53,360</u>	<u>49,51,15,903</u>
Less : Depreciation chargeable u/s 350	8,99,82,402	9,43,06,377
Capital Profit on sale of Fixed Assets		8,89,250
Profit on sale of Investments (net)	1,36,30,709	1,30,78,821
Profit u/s 349 of the Companies Act	<u>34,13,40,249</u>	<u>38,77,30,705</u>
Commission to Non-wholetime Directors @ 1%	34,13,402	38,77,307
Commission provided in Accounts for -		
Vice Chairman and Managing Director	117,15,000	102,00,000
Non-wholetime Directors	33,00,000	30,00,000
<b>Total</b>	<u><u>1,50,15,000</u></u>	<u><u>132,00,000</u></u>

# EUREKA FORBES LIMITED

## SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009

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

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

(i) Quantity (Nos.)

Product	Opening Stock	Purchases	* Sales / Disposals	Closing Stock
Vacuum Cleaners	78,672 (71,446)	2,70,793 (297,171)	2,71,591 (289,945)	77,874 (78,672)
Water filter-cum-purifiers	1,53,483 (1,05,752)	9,77,279 (7,91,935)	9,85,173 (7,44,204)	1,45,589 (1,53,483)
Electronic air cleaning systems	2,572 (3,443)	2,633 (2,295)	2,241 (3,166)	2,964 (2,572)

(ii) Value (Rs.)

Product	Opening Stock	Purchases	* Sales / Disposals	Closing Stock
Vacuum Cleaners	21,48,11,989 (19,32,55,044)	74,47,70,888 (74,24,54,818)	145,88,33,637 (151,43,63,834)	18,20,76,324 (21,48,11,989)
Water filter - cum - purifiers	42,77,38,538 (29,64,22,791)	264,96,02,859 (251,91,12,623)	489,60,71,199 (436,64,77,116)	43,46,33,968 (42,77,38,538)
Electronic air cleaning systems	49,11,602 (52,42,735)	86,45,715 (97,76,061)	1,66,60,982 (173,28,327)	57,89,461 (49,11,602)
Digital Security Systems	8,27,06,844 (5,33,08,585)	1,58,92,041 (32,73,94,869)	14,03,26,071 (30,77,67,457)	3,46,46,916 (8,27,06,844)
Chemicals	1,82,77,099 (2,03,28,670)	59,66,808 (5,45,94,655)	1,04,05,232 (3,44,56,822)	1,12,76,761 (1,82,77,099)
Spares & Accessories	57,32,26,538 (38,13,05,634)	74,23,68,765 (75,52,77,354)	31,15,49,551 (24,96,80,567)	49,18,39,785 (57,32,26,538)
	<u>132,16,72,610</u> (94,98,63,459)	<u>416,72,47,076</u> (440,86,10,380)	<u>683,38,46,672</u> (649,00,74,123)	<u>116,02,63,215</u> (132,16,72,610)

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

Figures in brackets relate to Previous Year.

**SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009**

**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 :

		2008-09 Rs.	2007-08 Rs.
Employer's contribution to Provident Fund	*	1,73,06,637	1,44,92,138
Employer's contribution to Superannuation Fund	*	65,86,242	54,88,851
Employer's contribution to Pension Scheme		2,42,41,331	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.

	2008-09		2007-08	
	Gratuity (Funded) Rupees	Leave Encashment (Non Funded) Rupees	Gratuity (Funded) Rupees	Leave Encashment (Non Funded) Rupees
<b>(a) Change in benefit obligations</b>				
Defined benefit obligation at the beginning of the year	7,54,48,692	2,93,43,224	5,88,32,796	2,51,27,036
Current Service cost	111,04,285	60,11,971	74,73,753	46,58,906
Interest cost	64,12,263	26,11,168	49,69,382	21,82,400
Actuarial (gain)/loss on obligations	(18,29,851)	(5,06,786)	1,25,51,316	23,86,759
Benefit paid	(127,99,384)	(54,31,179)	(83,78,555)	(50,11,877)
Defined benefit obligation at the end of the year	7,83,36,005	3,20,28,398	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	7,31,96,115		6,12,08,819	
Expected return on Plan Assets	66,36,607		58,13,519	
Employer Contribution	1,61,61,170		1,56,49,448	
Benefit paid	(127,99,384)		(83,78,555)	
Actuarial gain/(loss) on Plan Assets	(26,53,512)		(10,97,116)	
Fair value of Plan Assets at year end	8,05,40,996		7,31,96,115	
Total Actuarial gain / (loss) to be recognised	(8,23,661)		(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	111,04,285	60,11,971	74,73,753	46,58,906
Interest Cost	64,12,263	26,11,168	49,69,382	21,82,400
Expected Returns on Plan Assets	(66,36,607)		(58,13,519)	
Actuarial Gain or Loss	8,23,661	(5,06,786)	1,36,48,432	23,86,759
Expense Recognised in the Profit and Loss account	1,17,03,602	81,16,353	2,02,78,048	92,28,065

# EUREKA FORBES LIMITED

## SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009

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

	2008-09		2007-08	
	Gratuity (Funded)	Leave Encashment (Non Funded)	Gratuity (Funded) (Non Funded) Rupees	Leave Encashment Rupees
<b>(d) Category of Assets as on 31.03.2008</b>				
Government of India Assets	1,61,64,680		1,61,64,680	
Corporate Bonds	2,26,09,780		2,57,46,100	
Special Deposit Scheme	41,03,019		41,03,019	
State Government (Maharashtra)	2,26,09,780		2,32,09,780	
Others	150,53,737		35,51,204	
Total Investments	8,05,40,996		7,27,74,783	
<b>(e) Assumptions used in the accounting for defined benefit plans</b>				
Discount Rate	7.75%	7.75%	8.00%	8.00%
Rate of Return on Plan Assets	8.00%		8.00%	
Salary Escalation Rate	4.50%	4.50%	5.00%	5.00%

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.

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.1079.46 Lakhs (Previous Year Rs.966.31 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 As at 01.04.08	Charge / (Credit) during the year	Closing As at 31.03.09
Depreciation	(45,66,006)	(20,72,340)	(66,38,346)
Others	(111,37,466)	(37,85,808)	(149,23,274)
Total	(157,03,472)	(58,58,148)	(215,61,620)



**SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009**

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

16. Discontinuing Operations -

(a) During the year the Company has decided to discontinue the operations of Security Systems Projects Division (SSD). This is in line with the Company's strategy to focus on its core activities of selling water purifiers and vacuum cleaners and to abandon / dispose of non-core activities. The Company has entered into a binding Sale and purchase agreement on 12th Nov 2008 for slump sale of SSD with another party. The carrying value of fixed assets (Net Block) as on the cut-off date i.e., 30th June 2008 was Rs.24.36 Lakhs. During the year the Company has transferred net assets covering inventories, fixed assets, receivables and payables to the buying party. However the profit on slump sale will be recorded in the books in the year in which the closing date of the sale is determined.

(b) Revenue and expenses of continuing and discontinuing operations are as follows -

Rs. Lakhs

	Continuing Operations		Discontinuing Operations		Total	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
<b>Income</b>			Upto 30.06.08	Full Year		
<b>INCOME</b>						
Sales	84,076.11	76,508.07	515.12	2,606.03	84,591.23	79,114.10
Other Income	2,931.55	2,199.58	0.95	49.46	2,932.50	2,249.04
<b>Total</b>	<b>87,007.66</b>	<b>78,707.65</b>	<b>516.07</b>	<b>2,655.49</b>	<b>87,523.73</b>	<b>81,363.14</b>
<b>EXPENDITURE</b>						
Adjustment for stock - consumption	42,925.46	38,538.76	361.10	1,829.25	43,286.56	40,368.01
Employee Cost	14,144.38	12,618.15	90.08	361.55	14,234.46	12,979.70
Operating and Other Expenses	25,272.00	22,805.89	60.87	302.96	25,332.87	23,108.85
Depreciation/amortization	898.72	936.55	1.10	6.51	899.82	943.06
Interest and Financial Charges	491.78	180.33			491.78	180.33
<b>Total</b>	<b>83,732.35</b>	<b>75,079.68</b>	<b>513.15</b>	<b>2,500.27</b>	<b>84,245.50</b>	<b>77,579.95</b>
<b>Profit before Tax</b>	<b>3,275.31</b>	<b>3,627.97</b>	<b>2.92</b>	<b>155.22</b>	<b>3,278.23</b>	<b>3,783.19</b>
<b>Provision for tax</b>						
Income Tax	1,025.00	1,126.80	-	48.20	1,025.00	1,175.00
Fringe Benefit Tax	300.00	300.00	-	-	300.00	300.00
Less:Deferred Tax	(58.58)	(84.77)	-	-	(58.58)	(84.77)
<b>Total Tax</b>	<b>1,266.42</b>	<b>1,342.03</b>	<b>-</b>	<b>48.20</b>	<b>1,266.42</b>	<b>1,390.23</b>
<b>Profit after tax</b>	<b>2,008.89</b>	<b>2,285.94</b>	<b>2.92</b>	<b>107.02</b>	<b>2,011.81</b>	<b>2,392.96</b>

(c) Net Cash flows attributable to operating, Investing and Financing activities of discontinuing operations are as follows:

Particulars	SSD Division	
	2008	2007
Operating Activities	(110.01)	31.71
Investing Activities	(1.26)	(11.14)
Financing Activities	111.27	(20.57)
<b>Net Cash inflows/(Outflows)</b>	<b>-</b>	<b>-</b>

**SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009****SCHEDULE 'J' - NOTES TO THE ACCOUNTS (Contd.)**

17. The Company has made an investment and also given long term loans to its wholly owned foreign subsidiary, for business operations in ASEAN countries. The repayment period of the loan is not specified. Considering the long term prospects of the growth in business in the ASEAN Region, no provision for impairment of loans given and diminution in the value of the investment are necessary in the opinion of the management.
18. 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.
19. The Company's investment in 50:50 joint venture, Forbes Lux AG (FLG AG) was made in the year 2006-07. The company's share in the negative networth as reported by FLG AG is Rs.16.84 crores as on 31st December 2008. Considering the long term prospect of the growth in business, on a going concern basis, no provision for loss and diminution in the value of investment are considered necessary in the opinion of the management.
20. The Company's inventory of Rs.116.02 crores includes –
- (i) inter-location stock in transit amounting to Rs.1.69 crores which is subject to reconciliation between Company's various offices and warehouses
  - (ii) inventory of Rs.3.27 crores at certain locations could not be physically verified by the management. These inventories were kept aside for repairs etc. and therefore considered at book value. Consequently, the effect of the adjustments arising from physical verification of these inventories is not ascertainable.

In the opinion of the management, the above will not materially impact the profit for the year.

21. Extraordinary item of Rs.76.84 lakhs (net of insurance claim) pertains to loss due to heavy flooding of warehouse at Hyderabad
22. Rs.270.39 Lakhs (*previous year Rs.224.94 lakhs*) revenue expenses incurred during the year on Research and Development has been charged to the respective heads of accounts.
23. Net foreign exchange difference gain, included in the profit and loss account is Rs.860.05 lakhs. (*Previous Year Rs.32.84 lakhs (loss)*). Exchange difference (gain) on outstanding forward exchange contract to be recognised in the profit and loss account of the subsequent year aggregates to Rs.4.03 lakhs (*previous year Rs.Nil*).
24. 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	R.K. Carbons
Excellent Printers	S.N. Industries
Gazelle Printers	S.B.S. Engineers
Great Eastern Impex P Ltd.	Sujana Associates
Highgene Technologies P Ltd.	Vijetha Polytek P Ltd.
Infa Graphics	
Lakshmi Enterprises	
Mambally Connectronix	
Micrologix	

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
Excellent Printers
Gazelle Printers
Great Eastern Impex P Ltd.
Highgene Technologies P Ltd.
Infa Graphics
Lakshmi Enterprises
R.K. Carbons
Sujana Associates

---

**SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009**
**SCHEDULE 'J' - 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 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.

25. Information required in terms of Part IV of Schedule VI of the Companies Act, 1956 is attached.
26. 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*

Membership No. 15935

*Mumbai, Dated : 11<sup>th</sup> June, 2009*

S.P. Mistry

*Chairman*

S.L. Goklaney

*Vice Chairman & Managing Director*

D.E. Udawadia

N.D. Khurody

Indu Shahani

Reinhard Von Der Becke

} *Directors*

S. Ramesh

*Company Secretary*

---

## EUREKA FORBES LIMITED

---

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 2009.

- (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.)
    - E4 Development & Coaching Ltd.
    - Aquadignostics Water Research & Technology Center
  
  - 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.
    - Forbes Lux FZE
  
  - E. Joint Venture
    - Forbes Aquatech Limited
    - Forbes Concept Hospitality Services Ltd.
    - Forbes Lux Group AG
    - Infinite Water Solutions Pvt. Ltd.
  
  - F. Key Management Personnel
    - Mr. S.L. Goklaney

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 2009 (Contd.)

## (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><u>Purchases</u></b>						
Goods and Materials	19,31,979	314,59,57,679			41,73,71,595	
Fixed Assets						
<b><u>Sales</u></b>						
Goods and Materials		2,65,95,889		75,90,009	13,323	
Fixed Assets		29,817				
<b><u>Expenses</u></b>						
Rent and other services	51,500	40,16,816				
Provision/Write offs						
<b><u>Income</u></b>						
Rent and other services	3,06,500	4,02,050			27,000	
Interest		5,08,77,321			23,21,489	
Dividend		3,00,01,200			25,00,000	
Provision/Write offs						
<b><u>Other Recoveries</u></b>						
Recovery of Expenses		1,78,60,311		66,25,455	35,55,411	
<b><u>Finance</u></b>						
ICDs Given		11,43,18,413			67,58,000	
Advances Given					3,05,89,048	
Investment in shares		75,00,000			3,50,00,000	
Share Application money					37,50,000	
Advances Received		8,85,50,001				
Sale of Investment			1,34,92,600			
<b><u>Dividend paid</u></b>	4,26,00,000					
<b><u>Outstanding</u></b>						
Payable		23,69,88,569	1,917		3,02,70,250	
Receivables	220,250	13,14,42,078		1,44,13,212	27,83,318	
ICDs Given		46,51,92,772			6,70,970	
Interest Receivables		8,22,61,881				
Other Deposits Given		1,05,000				
<b><u>Guarantees</u></b>						
Given		5,00,00,000				
Outstanding		2,00,00,000				

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

---

## EUREKA FORBES LIMITED

---

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. 18 in Schedule J to the Accounts for the year ended 31st March 2009 (Contd.)

- (a) The aggregate amount of Assets, Liabilities, Income and Expenses related to the Company’s interests in the JV as at 31.03.2009 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	31.12.2008	50%	1,998.52	3,682.10	91.29	1,217.43
2.	Forbes Concept Hospitality Services Pvt Ltd.	India	31.03.2009	50%	407.80	145.30	586.16	650.21
3.	Forbes Aquatech Limited	India	31.03.2009	50%	774.92	655.35	2,118.95	2,185.35
4.	Infinite Water Solutions Limited	India	31.03.2009	50%	385.96	30.47	–	20.61

- (b) The Company’s share of contingent liabilities of the JV Forbes Aquatech Limited as at 31.03.2009 is Rs.34.55 lakhs (*Previous Year Rs.1.62 lakhs*).
- (c) Forbes Lux AG, Forbes Aquatech Ltd. and Infinite Water Solutions Ltd. figures are unaudited.

Information referred to in Note 25 in Schedule J to the Accounts for the year ended 31st March, 2009

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

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

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

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

Name of the Subsidiary Company	–	Aquamall Water Solutions Limited	Euro Forbes International Pte Limited	Forbes Facility Services Pvt. Limited	E4 Development and Coaching Limited
The Financial Year of the Subsidiary Company ended on	–	31-03-2009	31-03-2009	31-03-2009	31-03-2009
(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	10,00,000	7,50,000
(ii) Partly paid	–	NIL	NIL	NIL	NIL
Percentage Holding	–	100	100	100	75
(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, 2009 are as follows:					
For the year	–	Rs.15,98,84,534	(Rs.73,82,428)	Rs.34,70,313	(Rs.89,80,079)
For the previous years	–	Rs.58,89,29,608	Rs.2,32,84,627	(Rs.5,98,779)	
(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,2009 being the dividends received are as under :					
For the year	–	Rs.3,00,01,200			
For the previous years	–	Rs.21,22,64,565			

**Per our report attached**

For BATLIBOI & PUROHIT  
Chartered Accountants

ATUL MEHTA  
Partner

Membership No. 15935

Mumbai, Dated : 11<sup>th</sup> June, 2009

S.P. Mistry

*Chairman*

S.L. Goklaney

*Vice Chairman & Managing Director*

D.E. Udvardia  
N.D. Khurody  
Indu Shahani  
Reinhard Von Der Becke

} *Directors*

S. Ramesh

*Company Secretary*



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2009

	2008-09		2007-2008	
	Rupees In Lakhs	Rupees In Lakhs	Rupees In Lakhs	Rupees In Lakhs
<b>NET PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS</b>		33,55,06,568		40,51,14,860
Adjusted For -				
Depreciation	8,99,82,402		9,43,06,377	
Profit on sale of Fixed Assets(Net)	(70,62,419)		(92,90,802)	
Profit on sale of Investments(Net)	(1,36,30,709)		(1,30,78,821)	
Extraordinary Items	(76,83,988)		(2,67,96,385)	
Prior Period Items	(45,44,216)		(2,08,356)	
Unrealised Foreign Exchange Difference	(8,48,64,760)		(2,78,946)	
Investment Income	(9,15,50,549)		(8,90,78,454)	
Interest and other finance charges	4,91,78,045		180,33,077	
		(7,01,76,194)		(2,63,92,310)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS</b>		26,53,30,374		37,87,22,550
Changes in -				
Trade and Other Receivables	(1,15,52,320)		(17,92,09,866)	
Inventories	16,14,09,395		(37,18,09,151)	
Trade Payables and others	1,48,85,216		21,14,31,837	
	16,47,42,291		(33,95,87,180)	
Other Adjustments-				
Diminution in value of investments	(16,04,274)		5,48,667	
Bad Debts	1,51,88,794		1,32,42,780	
	17,83,26,811		(32,57,95,733)	
<b>CASH GENERATED FROM OPERATIONS</b>		17,83,26,811		(32,57,95,733)
		44,36,57,185		5,29,26,817
Direct Taxes Paid		(14,93,98,729)		(16,10,22,477)
<b>(a) NET CASH FROM OPERATING ACTIVITIES</b>		29,42,58,456		(10,80,95,660)
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>				
Purchase of Fixed Assets(Including adjustment on account of Capital Advances)	(12,38,38,750)		(6,54,31,132)	
Sale of Fixed Assets	2,54,69,581		2,58,36,126	
Purchase Of Investments	(4,62,50,002)		(20,26,74,030)	
Sale of Investments	2,22,87,524		27,25,27,584	
Interest Received	4,90,21,038		4,40,23,874	
Dividend Received	3,79,94,811		4,50,93,132	
Deposits Given/Received back from other Companies	(11,92,20,802)		(15,88,34,660)	
<b>(b) NET CASH FROM /(USED) IN INVESTING ACTIVITIES</b>		(15,45,36,600)		(3,94,59,106)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Increase/(Decrease) in cash credit account	(10,71,097)		23,59,92,157	
Interest Paid	(4,91,78,045)		(1,80,33,077)	
Dividend Paid ((including Dividend tax)	(4,98,39,870)		(9,96,79,740)	
<b>(c) NET CASH FROM/ (USED) IN FINANCING ACTIVITIES</b>		(10,00,89,012)		11,82,79,340
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		3,96,32,844		(2,92,75,426)

# EUREKA FORBES LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2009 (Contd.)

	2008-09		2007-2008	
	Rupees In Lakhs	Rupees In Lakhs	Rupees In Lakhs	Rupees In Lakhs
<b>CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT 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	1,32,74,951	48,12,67,638	1,82,97,574	51,05,43,064
<b>CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR, COMPRISING :</b>				
Cash, Cheques on hand	9,91,68,693		9,05,61,279	
Balances with scheduled banks on Current accounts,	40,47,69,824		37,74,31,408	
Margin accounts and Deposit accounts	1,69,61,965	52,09,00,482	1,32,74,951	48,12,67,638
<b>NET INCREASE / (DECREASE) AS DISCLOSED ABOVE</b>		3,96,32,844		(2,92,75,426)

**Per our report attached**

For BATLIBOI & PUROHIT  
Chartered Accountants

ATUL MEHTA

Partner

Membership No. 15935

Mumbai, Dated : 11<sup>th</sup> June, 2009

S.P. Mistry

Chairman

S.L. Goklaney

Vice Chairman & Managing Director

D.E. Udawadia

N.D. Khurody

Indu Shahani

Reinhard Von Der Becke

Directors

S. Ramesh

Company Secretary

---

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

---

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

Annual Report and Accounts  
for the year ended 31<sup>st</sup> March, 2009

**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

## **DIRECTORS' REPORT**

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 2009.

### **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 the 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' shareholdings 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 a 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 LLP, have expressed their willingness to accept re-appointment.

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

Jamasp Nariman Ichhaporia  
*Director*

Suresh Appakudal Venkata Subramanyam  
*Director*

Date: 30 June, 2009

**STATEMENT BY 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 2009 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: 30 June, 2009

**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 2009, 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 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.

**Independent Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. Except as disclosed in the following paragraphs, 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.

**Qualified Opinion**

As is more fully described in Note 3 the company has not recognised financial guarantee fee expense for the undertaking given by the parent company as required by FRS 39 and we have not received sufficient evidence to enable us to determine whether the 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.

In our opinion, except for the effects of the matter described in the above paragraph:

- (a) the accompanying 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 31 March 2009, 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.

**Emphasis of Matter**

We draw attention to Note 3 to the financial statements which indicates that there were related party transactions, arrangements and undertakings. There were also transactions and arrangements where no price is charged - as in the example of the financial guarantee fee expense for the undertaking given by the parent company without charge. Our opinion is not qualified in respect of this matter.

We also draw attention to the fact that we reported on the financial statements for the year ended 31 March 2009 and our report was dated 30 April 2009. The financial statements are re-issued for the reason that they now indicate the undertaking given by the parent company and other particulars more fully disclosed in Note 3 to the financial statements.

RSM Chio Lim LLP  
Public Accountants and Certified Public Accountants  
Singapore

Date: 30 June, 2009

Partner in charge of audit: Woo E-Sah  
Effective from the year ended 31 March 2008

## BALANCE SHEET AS AT 31ST MARCH 2009

	Notes	2009 SG\$	2,009 INR	2,008 SG\$	2,008 INR
<b>ASSETS</b>					
<b>Non-Current Assets:</b>					
Plant and Equipment, Total	10	–	–	643	186,656
Investment in Subsidiary	11	384,977	11,019,736	384,977	11,019,736
Investment in Associate	12	84,851	2,667,713	41,837	1,197,559
Other Receivables, Non Current	14	13,624,655	465,670,271	10,273,589	296,833,779
<b>Total Non-Current Assets</b>		<b>14,094,483</b>	<b>479,357,720</b>	<b>10,701,046</b>	<b>309,237,730</b>
<b>Current Assets</b>					
Inventories	13	–	–	107,176	3,096,625
Trade and Other Receivables, Current	14	16,661,039	569,449,321	18,011,444	520,402,851
Other Assets, Current	15	58,607	2,003,099	67,956	1,963,446
Cash and Cash Equivalents	16	494,302	16,894,501	193,190	5,581,819
<b>Total Current Assets</b>		<b>17,213,948</b>	<b>588,346,922</b>	<b>18,379,766</b>	<b>531,044,741</b>
<b>Total Assets</b>		<b>31,308,431</b>	<b>1,067,704,642</b>	<b>29,080,812</b>	<b>840,282,471</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		653,260	17,847,119	886,912	25,313,695
Foreign Currency Translation Reserve			27,849,511		7,605,393
<b>Total Equity</b>		<b>4,153,260</b>	<b>139,581,630</b>	<b>4,386,912</b>	<b>126,804,088</b>
<b>Non-Current Liabilities</b>					
Other Financial Liabilities, Non-Current	18	13,496,232	461,280,965	13,097,447	378,423,226
<b>Total Non-Current Liabilities</b>		<b>13,496,232</b>	<b>461,280,965</b>	<b>13,097,447</b>	<b>378,423,226</b>
<b>Current Liabilities</b>					
Income Tax Payable, Current		–	–	394,000	11,383,803
Other Financial Liabilities, Current	18	4,607,932	157,492,204	–	–
Trade and Other Payables, Current	19	9,051,007	309,349,843	11,202,453	323,671,354
<b>Total Current Liabilities</b>		<b>13,658,939</b>	<b>466,842,047</b>	<b>11,596,453</b>	<b>335,055,157</b>
<b>Total Liabilities</b>		<b>27,155,171</b>	<b>928,123,012</b>	<b>24,693,900</b>	<b>713,478,383</b>
<b>Total Equity and Liabilities</b>		<b>31,308,431</b>	<b>1,067,704,642</b>	<b>29,080,812</b>	<b>840,282,471</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, 2009**

	<u>Notes</u>	<u>2009 SG\$</u>	<u>2,009 INR</u>	<u>2,008 SG\$</u>	<u>2,008 INR</u>
<b>Revenue</b>	4	2,363,301	78,567,463	9,111,457	249,533,651
Cost of Sales		(1,483,147)	(48,840,506)	(5,785,740)	(158,343,576)
<b>Gross Profit</b>		880,154	29,726,956	3,325,717	91,190,075
<b>Other Items of Income</b>					
Interest Income	5	472,213	15,698,639	682,397	18,688,670
Other Credit	6	824,334	27,404,819	–	–
<b>Other Items of Expenses</b>					
Marketing and Distribution Costs		(47,376)	(1,574,992)	(128,056)	(3,507,044)
Administrative Expenses		(548,174)	(18,389,243)	(1,499,738)	(41,073,025)
Finance Cost	7	(1,584,507)	(52,676,612)	(1,214,179)	(33,252,477)
Other charges	6	(72,670)	(2,415,900)	(484,011)	(13,255,512)
<b>(Loss)/Profit Before Tax From Continuing Operations</b>		(76,026)	(2,226,332)	682,130	18,790,686
Income Tax Expense	9	(157,626)	(5,240,245)	(163,000)	(4,464,048)
<b>(Loss)/Profit From Continuing Operations, Net of Tax</b>		<b>(233,652)</b>	<b>(7,466,576)</b>	<b>519,130</b>	<b>14,326,638</b>

The accompanying notes form an integral part of these financial statements

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2009**

	<u>Capital SG\$</u>	<u>Retained earnings SG\$</u>	<u>2009 Total SG\$</u>	<u>2009 Total INR</u>
<b>Current Year:</b>				
Opening Balance at 1 April 2008	3,500,000	886,912	4,386,912	119,198,696
Loss for the year	–	(233,652)	(233,652)	(7,466,576)
<b>Closing Balance at 31 March 2009</b>	<b>3,500,000</b>	<b>653,260</b>	<b>4,153,260</b>	<b>111,732,119</b>
<b>Previous Year:</b>				
Opening Balance at 1 April 2007	3,500,000	367,782	3,867,782	104,872,058
Profit for the year	–	519,130	519,130	14,326,638
<b>Closing Balance at 31 March 2008</b>	<b>3,500,000</b>	<b>886,912</b>	<b>4,386,912</b>	<b>119,198,696</b>

The accompanying notes form an integral part of these financial statements



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

	2009 SG\$	2,009 INR	2,008 SG\$	2,008 INR
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
(Loss)/Profit before Tax	(76,026)	(2,226,332)	682,130	18,790,686
Adjustments for :				
Interest Income	(472,213)	(15,698,639)	(682,397)	(18,688,670)
Interest Expense	1,584,507	52,676,612	1,214,179	33,252,477
Depreciation of Plant and Equipment	643	186,656	3,465	94,895
Operating Cash Flows before Changes in Working Capital	1,036,911	34,938,297	1,217,377	33,449,389
Inventories	107,176	3,096,625	(65,087)	(1,891,853)
Trade and Other Receivables, Current	1,279,575	(51,467,334)	(14,183,913)	(413,600,536)
Other Assets, Current	9,349	(39,653)	(7,380)	(229,494)
Trade and Other Payables, Current	(2,151,446)	(14,321,511)	6,889,174	200,206,331
Net Cash Fows From (Used in) Operatiions Before Interest & Tax	281,565	(27,793,576)	(6,149,829)	(182,066,164)
Income Taxes Paid	(480,796)	(14,203,184)	-	307,518
<b>Net Cash Flows Used in Operating Activities</b>	<b>(199,231)</b>	<b>(41,996,761)</b>	<b>(6,149,829)</b>	<b>(181,758,646)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Other Receivables, Non Current	(3,351,066)	(168,836,492)	-	-
Increase in Investment in Associate	(43,014)	(1,470,154)	-	-
Interest Received	472,213	15,698,639	682,397	18,688,670
<b>Net Cash Flows (used in) From Investing Activities</b>	<b>(2,921,867)</b>	<b>(154,608,007)</b>	<b>682,397</b>	<b>18,688,670</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Increase in Other Financial Liabilities	5,006,717	240,349,943	6,482,307	189,068,814
Interest Paid	(1,584,507)	(52,676,612)	(1,214,179)	(33,252,478)
Foreign Currency Translation Reserve		20,244,118		1,600,554
<b>Net Cash Flows From Financing Activities</b>	<b>3,422,210</b>	<b>207,917,449</b>	<b>5,268,128</b>	<b>157,416,890</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>301,112</b>	<b>11,312,682</b>	<b>(199,304)</b>	<b>(5,653,085)</b>
Cash and Cash Equivalents, Cash Flow Statement, Beginning Balance	193,190	5,581,820	392,494	11,234,905
<b>Cash and Cash Equivalents, Cash Flow Statement, Ending Balance Note 16</b>	<b>494,302</b>	<b>16,894,501</b>	<b>193,190</b>	<b>5,581,820</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 2009 : SG\$ 1 = Rs.34.1785

**NOTES TO FINANCIAL STATEMENTS 31 MARCH, 2009**

**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 re-issue by the board of directors on 30 June 2009.

The principal activities of the company are those of manufacture and direct selling of water purifiers and other health related products. The company has discontinued its operation from 1 Aug 2008 in view of its intended transfer of business to its related party. Since then its activity has remained dormant.

The registered office address is: 35 Selegie Road, #04-07 Parklane Shopping Mall, Singapore 188307. The company is domiciled in Singapore.

Many countries in the region and elsewhere, including Singapore, are experiencing economic difficulties as a consequence of the current turmoil in the worldwide financial markets. This has resulted in violent fluctuations in foreign currency exchange rates, volatile share and commodity prices, uncertainty of the availability of bank finance to suppliers and customers and a slowdown in growth. The current financial crisis has affected and will continue to have an adverse impact on the company's business, financial condition, results of operations, cash flows and prospects for the foreseeable future. The recoverability of the assets and the ability of the company to maintain or pay its debts as they mature are dependent to a large extent on the efficacy of the fiscal and other measures undertaken by these countries to achieve economic recovery. These measures are beyond the company's control.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Accounting Convention**

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("FRS") as well as all related Interpretations to FRS ("INT FRS") as issued by the Singapore accounting Standards Council 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 require 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 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, India.

**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 sales related 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. Revenue from rendering of services that are of short duration is recognised when the services are completed. Interest 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 which is the Central Provident Fund in Singapore (a government managed retirement plan). 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.

**NOTES TO FINANCIAL STATEMENTS 31 MARCH, 2009 (Cont'd)****SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****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 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 dollars 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.

**NOTES TO FINANCIAL STATEMENTS 31 MARCH, 2009 (Cont'd)**

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

**Leased 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.

**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 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.

**Impairment of Non-Financial Assets**

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 carrying amount of other non-financial assets is reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down through the income statement to its estimated recoverable amount. 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 and loss are expensed immediately. The transactions are recorded at the trade date.

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.

**NOTES TO FINANCIAL STATEMENTS 31 MARCH, 2009 (Cont'd)****SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

Subsequent measurement:

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 classified in this category. These assets are carried at amortised costs using the effective interest method (except that short-duration receivables with no 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. The methodo ensures that an impairment loss is not recognised on the initial recognition of an asset. Losses expected as a result of future events, no matter how 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. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. Typically 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.

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.

**Financial Liabilities**

Initial recognition and measurement and derecognition of financial liabilities:

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 and loss 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 end of the reporting year.

The company derecognises financial liabilities when, and only when, the company's obligations are discharged, cancelled or they expired.

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.

**NOTES TO FINANCIAL STATEMENTS 31 MARCH, 2009 (Cont'd)**

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

**Fair Value of Financial Instruments**

The carrying values of current financial assets and financial liabilities approximate their fair values due to the short-term maturity of these instruments. Disclosures of fair value are not made when the carrying amount current financial instruments is a reasonable approximation of fair value. The fair values of non-current financial instruments are not 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 end of the reporting year. 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.

**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**

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, 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. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

**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 end of the reporting year, the receivables carrying amount approximates the fair value and the carrying amounts might change materially within the next financial year but these changes would not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year.

**NOTES TO FINANCIAL STATEMENTS 31 MARCH, 2009 (Cont'd)****SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****Estimated impairment of subsidiaries**

When a subsidiary is in net equity deficit and has suffered operating losses a test is made whether the investment in the investee has suffered any impairment, in accordance with the stated accounting policy. This determination requires significant judgement. An estimate is made of the future profitability of the investee, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, and operational and financing cash flow. The amount of the relevant investment is SG\$ 469,828.

**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 wholly owned 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.

The company has trade and other receivables of SG\$30,285,694 as at 31 March 2009 (see Note 14). The company has investments in subsidiaries and associates totalling SG\$469,828 as at 31 March 2009 (see Note 11 and 12). The company in furtherance of the operations of the parent company's group has operations in certain ASEAN countries (Indonesia, Philippines, Thailand, Malaysia and Vietnam) through its business partners / associate company. The nature of business in the ASEAN Region is on credit direct sales on deferred payment terms. Due to its long gestation period, there is a heavy exposure from financing the trade and other receivables in these countries.

As on 31 March 2009, the total exposure to the ASEAN Region was about SG\$30 million which represents the trade and other receivables from the inception of operations in the ASEAN Region which commenced from 2005. The parent, Eureka Forbes Limited, has given an undertaking to the company to be liable for any losses which the company may suffer on account of non-repayment of dues from the ASEAN Region to the company. Based on management's experience of dealing with the customers and distributors, the management believe the debts will be recoverable in full and that the fall in the carrying value of the subsidiaries and associates is temporary. No charge is made by the parent company for the undertaking.

The liquidity of the company and the company's continuation as a going concern is dependent on the parent and related companies not demanding payment of the amounts due to them. The company has discontinued its operation from 1 Aug 2008 in view of its intended transfer of business to its related party. Since then its activity has remained dormant. At the date of this report, the management is satisfied that the financial support will be available when required for at least a year from the end of the reporting year. The validity of the going concern assumption on which the financial statements are prepared depends on the successful conclusion of these matters. If the going concern assumption is inappropriate, adjustments may have to be made to reflect the situation that assets may need to be realised for amounts other than those at which they are currently recorded in the balance sheets. In addition, the company may have to provide for further liabilities that may arise.

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

**NOTES TO FINANCIAL STATEMENTS 31 MARCH, 2009 (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 Company 2009 SG\$</b>	<b>Parent Company 2009 INR</b>	<b>Parent Company 2008 SG\$</b>	<b>Parent Company 2008 INR</b>
Interest Expenses	1,264,407	42,034,958	1,138,731	31,186,198
Purchases of goods	266,889	8,872,671	2,866,457	78,503,085
	<b>Subsidiary Company 2009 SG\$</b>	<b>Subsidiary Company 2009 INR</b>	<b>Subsidiary Company 2008 SG\$</b>	<b>Subsidiary Company 2008 INR</b>
Interest Income	25,916	861,572	8,257	226,133
Sale of goods	59,475	1,977,234	63,483	1,738,596
	<b>Associate Company 2009 SG\$</b>	<b>Associate Company 2009 INR</b>	<b>Associate Company 2008 SG\$</b>	<b>Associate Company 2008 INR</b>
Interest Income	278,432	9,256,416	375,212	10,275,856
Sale of goods	579,142	19,253,460	2,056,515	56,321,365
	<b>Related Party 2009 SG\$</b>	<b>Related Party 2009 INR</b>	<b>Related Party 2008 SG\$</b>	<b>Related Party 2008 INR</b>
Interest Expenses	320,100	10,641,660	73,660	2,017,312
Purchases of goods	201,237	6,690,084	-	-

**3.2 Key management compensation**

Key management personnel are the directors having authority and responsibility for planning, directing and controlling the activities of the company, directly and indirectly. The directors did not receive any remuneration. The amounts do not include compensation if any of certain key management personnel and directors of the company who 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 Company 2009 SG\$</b>	<b>Parent Company 2009 INR</b>	<b>Parent Company 2008 SG\$</b>	<b>Parent Company 2008 INR</b>
<b>Other Payables:</b>				
Balance at beginning of year - net credit	(9,596,481)	(327,993,326)	(5,900,000)	(170,468,110)
Amount paid in and settlement of liabilities on behalf of the Company	(5,397,754)	(184,487,135)	(6,233,279)	(180,097,507)
Amount paid out and settlement of liabilities on behalf of another party	4,862,531	166,194,016	2,536,798	73,295,451
Interest Expenses	(1,264,407)	(43,215,535)	-	-
Other adjustments - gain on foreign exchange translation	55,469	1,895,847	-	-
Balance at end of year - net credit	(11,340,642)	(387,606,133)	(9,596,481)	(277,270,166)



## NOTES TO FINANCIAL STATEMENTS 31 MARCH, 2009 (Cont'd)

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

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

	<b>Subsidiary Company 2009 SG\$</b>	<b>Subsidiary Company 2009 INR</b>	<b>Subsidiary Company 2008 SG\$</b>	<b>Subsidiary Company 2008 INR</b>
<b>Other Receivables</b>				
Balance at beginning of year - net debit	217,559	7,435,840	3,353	96,878
Amount paid out and settlement of liabilities on behalf of another party	232,541	7,947,902	214,206	6,189,033
Amount paid in and settlement of liabilities on behalf of the Company	(31,869)	(1,089,235)	-	-
Other adjustments - loss on foreign exchange translation	(81,758)	(2,794,366)	-	-
Balance at end of year - net debit	<u>336,473</u>	<u>11,500,142</u>	<u>217,559</u>	<u>6,285,910</u>
	<b>Associate Company 2009 SG\$</b>	<b>Associate Company 2009 INR</b>	<b>Associate Company 2008 SG\$</b>	<b>Associate Company 2008 INR</b>
<b>Other Receivables</b>				
Balance at beginning of year - net debit	4,718,070	161,256,555	2,004,015	57,901,805
Amount paid out and settlement of liabilities on behalf of another party	601,977	20,574,671	2,714,055	78,416,920
Other adjustments - loss on foreign exchange translation	(92,749)	(3,170,022)	-	-
Balance at end of year - net debit	<u>5,227,298</u>	<u>178,661,205</u>	<u>4,718,070</u>	<u>136,318,725</u>
	<b>Related Party 2009 SG\$</b>	<b>Related Party 2009 INR</b>	<b>Related Party 2008 SG\$</b>	<b>Related Party 2008 INR</b>
<b>Other Payable:</b>				
Balance at beginning of year - net credit	(2,120,000)	(72,458,420)	-	-
Amount paid out and settlement of liabilities on behalf of another party	926,382	31,662,347	-	-
Amount paid in and settlement of liabilities on behalf of the Company	(5,549,275)	(189,665,896)	(2,120,000)	(61,252,948)
Other adjustments - gain on foreign exchange translation	17,992	614,940	-	-
Balance at end of year - net credit	<u>(6,724,901)</u>	<u>(229,847,029)</u>	<u>(2,120,000)</u>	<u>(61,252,948)</u>
<b>4. REVENUE</b>				
	<b>2009 SG\$</b>	<b>2009 INR</b>	<b>2008 SG\$</b>	<b>2008 INR</b>
Sale of goods	<u>2,363,301</u>	<u>78,567,463</u>	<u>9,111,457</u>	<u>249,533,651</u>

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

**NOTES TO FINANCIAL STATEMENTS 31 MARCH, 2009 (Cont'd)**

**5. INTEREST INCOME**

	<b>2009</b>	<b>2009</b>	<b>2008</b>	<b>2008</b>
	<b>SG\$</b>	<b>INR</b>	<b>SG\$</b>	<b>INR</b>
Interest income	472,213	15,698,639	682,397	18,688,670

**6. OTHER CREDIT AND (OTHER CHARGES)**

	<b>2009</b>	<b>2009</b>	<b>2008</b>	<b>2008</b>
	<b>SG\$</b>	<b>INR</b>	<b>SG\$</b>	<b>INR</b>
Allowance for impairment on other receivables (loss)	(72,670)	(2,415,900)	–	–
Foreign exchange adjustment gains / (losses)	824,334	27,404,819	(484,011)	(13,255,512)
	751,664	24,988,919	(484,011)	(13,255,512)
Presented in the income statement as:				
Other Credit	824,334	27,404,819	–	–
Other Charge	(72,670)	(24,15,900)	(484,011)	(13,255,512)
	751,664	24,988,919	(484,011)	(13,255,512)

**7. FINANCE COSTS**

	<b>2009</b>	<b>2009</b>	<b>2008</b>	<b>2008</b>
	<b>SG\$</b>	<b>INR</b>	<b>SG\$</b>	<b>INR</b>
Interest expense	1,584,507	52,676,612	1,214,179	33,252,477

**8. EMPLOYEE BENEFIT EXPENSE**

	<b>2009</b>	<b>2009</b>	<b>2008</b>	<b>2008</b>
	<b>SG\$</b>	<b>INR</b>	<b>SG\$</b>	<b>INR</b>
Employee benefits expense	138,603	4,607,829	509,150	13,943,989
Total employee benefits expense	138,603	4,607,829	509,150	13,943,989

**9. INCOME TAX**

	<b>2009</b>	<b>2009</b>	<b>2008</b>	<b>2008</b>
	<b>SG\$</b>	<b>INR</b>	<b>SG\$</b>	<b>INR</b>
<b>Current tax</b>	157,626	5,240,245	163,000	4,709,543

The income tax expense varied from the amount of income tax benefit/expense determined by applying the Singapore income tax rate of 17.00% (2008 :18.00%) to loss/profit before income tax as a result of the following differences:

	<b>2009</b>	<b>2009</b>	<b>2008</b>	<b>2008</b>
	<b>SG\$</b>	<b>INR</b>	<b>SG\$</b>	<b>INR</b>
<b>Tax rate reconciliation</b>				
(Loss) / Profit before tax	(76,026)	(2,226,332)	682,130	18,790,686
Income tax (benefit) expense at the above rate	(12,924)		122,783	
Not deductible items	11,716		67,608	
Deferred tax valuation allowance	809		(196)	
Under Adjustment to tax in respect of previous period	86,797		–	
Foreign Withholding Tax	70,830		–	
Tax exemption	–		(27,450)	
Other items less than 3%	398		255	
Total income tax expense	157,626		163,000	
Effective Tax rate	–		23.9%	

## NOTES TO FINANCIAL STATEMENTS 31 MARCH, 2009 (Cont'd)

## 9. INCOME TAX (Cont'd)

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

In 2009, the government announced a change in the national income tax rate from 18% to 17% which will take effect from year of assessment 2010.

## DEFERRED TAX

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

	Balance Sheet		Net Change in Income Statement	
	2009 SG\$	2008 SG\$	2009 SG\$	2008 SG\$
<b>Deferred tax assets</b>				
Tax losses carryforwards	809	–	809	196
Total deferred tax assets	809	–	809	196
Deferred tax assets valuation allowance	(809)	–	(809)	(196)
<b>Deferred tax liabilities</b>	–	–	–	–

An allowance is made to the extent that it is not probable that taxable profit will be available against which the unused tax loss carryforwards can be utilised. The realisation of the future income tax benefits from tax loss carryforwards and temporary differences from capital allowances is available for an unlimited future period subject to the conditions imposed by law including the retention of majority shareholders as defined. Where provision for deferred tax arising from temporary differences has been offset against the above tax loss carryforwards, such provision for deferred tax will be required to be set up when the tax losses are utilised in the future.

## 10. PLANT AND EQUIPMENT

2009	Plant and equipment	
	SG\$	INR
<b>Cost:</b>		
At 1 April 2007, 31 March 2008 and 31 March 2009	36,257	970,656
At end of year	36,257	970,656
<b>Accumulated depreciation:</b>		
At 1 April 2007	32,149	689,105
Depreciation for the year	3,465	94,895
At 31 March 2008	35,614	784,000
Depreciation for the year	643	186,656
At end of year 31 March 2009	36,257	970,656
<b>Net book value:</b>		
At 1 April 2007	4,108	281,551
At 31 March 2008	643	186,656
At 31 March 2009	–	–

The depreciation expense is charged to administrative expenses.

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

**NOTES TO FINANCIAL STATEMENTS 31 MARCH, 2009 (Cont'd)**

**11. INVESTMENT IN SUBSIDIARY**

	<u>2009</u> <u>SG\$</u>	<u>2009</u> <u>INR</u>	<u>2008</u> <u>SG\$</u>	<u>2008</u> <u>INR</u>
Movement during the year:				
At beginning of year	384,977	11,019,736	384,977	11,019,736
Total at cost	384,977	11,019,736	384,977	11,019,736
Net book value of subsidiaries	(73,559)		93,067	

The subsidiary held by the company are listed below:

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities

	<u>Cost in books of company</u>		<u>Effective of percentage of equity held</u>	
	<u>2009</u> <u>SG\$</u>	<u>2008</u> <u>SG\$</u>	<u>2009</u> <u>%</u>	<u>2008</u> <u>%</u>
Euro Forbes International Sdn Bhd (a) (b)				
Malaysia				
Direct selling of water purifiers and other health products	384,977	384,977	90	90

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

(b) 30% of the interest in subsidiary in Malaysia 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 in Malaysia is held by another company on behalf of the company via a trust deed made on 31 January 2007.

**12. INVESTMENT IN ASSOCIATES**

	<u>2009</u> <u>SG\$</u>	<u>2009</u> <u>INR</u>	<u>2008</u> <u>SG\$</u>	<u>2008</u> <u>INR</u>
Movement during the year:				
At beginning of year	41,837	1,197,559	41,837	1,197,559
Additions	43,014	1,470,154	-	
Total at cost	84,851	2,667,713	41,837	1,197,559
Share of net book value (negative)	(5,315,395)		(1,066,110)	

The associate held by the company is listed below :

Name of Associate, Country of Incorporation  
Place of Operations and Principal Activities

	<u>Effective of Percentage of equity held</u>	
	<u>2009</u> <u>%</u>	<u>2008</u> <u>%</u>
Euro P2P Direct (Thailand) Co. Ltd. (a) Thailand	49	49
Direct selling of wlater purifiers and other health products		

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

## NOTES TO FINANCIAL STATEMENTS 31 MARCH, 2009 (Cont'd)

## 13. INVENTORIES

	2009 SG\$	2009 INR	2008 SG\$	2008 INR
Goods for resale at cost	–	–	107,176	3,096,625
Changes in inventories of finished goods (increase)	107,176	3,096,625	(65,087)	(1,880,552)
The amount of inventories included in cost of goods sold	1,375,971	45,743,881	5,759,720	157,740,300
There are no inventories pledged as security for liabilities				

## 14. TRADE AND OTHER RECEIVABLES, CURRENT

	2009 SG\$	2009 INR	2008 SG\$	2008 INR
<b>TRADE RECEIVABLES</b>				
Outside parties	12,331,124	421,459,322	12,145,516	350,919,179
Parent Company (Note 3)	374	12,783	339	9,795
Subsidiary (Note 3 and 11)	3,808,583	130,171,654	126,652	3,659,344
Associate (Note 3 and 12)	–	–	2,682,403	77,502,402
Related parties (Note 3)	215,888	7,378,728	–	–
Subtotal	16,355,969	559,022,486	14,954,910	432,090,719
<b>Other Receivables</b>				
Outside Parties	4,666,080	159,479,615	5,800,126	167,582,461
Parent Company (Note 3)	3,027,330	103,469,598	2,756,468	79,642,354
Subsidiary (Note 3 and 11)	336,473	11,500,142	217,559	6,285,910
Associate (Note 3 and 12)	5,227,298	178,661,205	4,718,070	136,318,725
Related parties (Note 3)	907,314	31,010,632	–	–
Less: Allowance for impairment	(234,770)	(8,024,086)	(162,100)	(4,683,539)
Subtotal	13,929,725	476,097,106	13,330,123	385,145,911
Total trade and other receivables	30,285,694	1,035,119,592	28,285,033	817,236,630
Total Current portion	16,661,039	569,449,321	18,011,444	520,402,850
<b>NON CURRENT PORTION - OTHER RECEIVABLES</b>				
Parent Company (Note 3)	3,027,330	103,469,598	–	–
Subsidiary (Note 3 and 11)	336,473	11,500,142	–	–
Associate (Note 3 and 12)	5,227,298	178,661,205	4,718,070	136,318,725
Related parties (Note 3)	615,291	21,029,723	–	–
Outside Parties	4,653,033	159,033,688	5,717,619	165,198,594
Less: Allowance for impairment	(234,770)	(8,024,086)	(162,100)	(4,683,539)
Total Non-Current portion	13,624,655	465,670,271	10,273,589	296,833,780
<b>Movement in above allowance</b>				
Balance at beginning of year and end of year	162,100	5,540,335	162,100	4,683,539
Charge for other receivables to income statements included in other charges	72,670	2,483,752	–	–
	234,770	8,024,086	162,100	4,683,539

Non-current other receivables include working capital loans to distributors. An interest at 6% 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. Also see Note 3.

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

**NOTES TO FINANCIAL STATEMENTS 31 MARCH, 2009 (Cont'd)**

**15. OTHER ASSETS, CURRENT**

	<u>2009</u> <u>SG\$</u>	<u>2009</u> <u>INR</u>	<u>2008</u> <u>SG\$</u>	<u>2008</u> <u>INR</u>
Deposits to secure services	27,333	934,201	28,029	809,839
Prepayments	31,274	1,068,898	39,927	1,153,607
	<u>58,607</u>	<u>2,003,099</u>	<u>67,956</u>	<u>1,963,446</u>

**16. CASH AND CASH EQUIVALENTS**

	<u>2009</u> <u>SG\$</u>	<u>2009</u> <u>INR</u>	<u>2008</u> <u>SG\$</u>	<u>2008</u> <u>INR</u>
Not restricted in use	494,302	16,894,501	193,190	5,581,819

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

**17. SHARE CAPITAL**

	<u>Number of Shares issued</u>	<u>Share capital</u>	
		<u>SG\$</u>	<u>INR</u>
Ordinary Shares of no par value:			
Balance at 1 April 2007 and 31 March 2008 and 31 March 2009	3,500,000	3,500,000	93,885,000

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

The objectives when managing capital are: to safeguard the entity'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. There were no changes in the approach to capital management during the year. The management manages the capital structure and makes adjustments to it where necessary or possible 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.

The management monitors the capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital (as shown below). Net debt is calculated as total debt (as shown in the balance sheet) less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e. share capital, retained earnings and currency translation reserve):

The company has significant borrowings but a relatively small equity base. The debt-to-adjusted capital ratio may not provide a meaningful indicator of the risk from borrowings.

**18. OTHER FINANCIAL LIABILITIES, NON-CURRENT**

<b>NON-CURRENT</b>	<u>2009</u> <u>SG\$</u>	<u>2009</u> <u>INR</u>	<u>2008</u> <u>SG\$</u>	<u>2008</u> <u>INR</u>
Parent Company Loans Payable (Note 3) (a)	13,496,232	461,280,965	10,977,447	317,170,278
Related party loans payable I (Note 3) (a)	–	–	2,120,000	61,252,948
Subtotal	<u>13,496,232</u>	<u>461,280,965</u>	<u>13,097,447</u>	<u>378,423,226</u>
<b>CURRENT:</b>				
Related party loans payable I (Note 3) (a)	2,707,932	92,553,054	–	–
Related party loans payable II (Note 3) (b)	1,900,000	64,939,150	–	–
Subtotal	<u>4,607,932</u>	<u>157,492,204</u>	<u>–</u>	<u>–</u>
	<u><b>18,104,164</b></u>	<u><b>618,773,169</b></u>	<u><b>13,097,447</b></u>	<u><b>378,423,226</b></u>

The floating rate interest rate paid were as follows:

Parent company loan payable (Note 3)	12.25%	<u>12% - 12.25%</u>
Related party loan payable I (Note 3)	12.25%	<u>12% - 12.25%</u>

(a) The agreement for the loans payable to the parent company and related party provides that they are unsecured, with the above interest rates based on market rates and repayable after one year.

(b) The related party loan payable is unsecured, no fixed term of repayment and is free of interest.

## NOTES TO FINANCIAL STATEMENTS 31 MARCH, 2009 (Cont'd)

## 19. TRADE AND OTHER PAYABLES, CURRENT

	2009 SG\$	2009 INR	2008 SG\$	2008 INR
<b>TRADE PAYABLES</b>				
Outside parties and accrued liabilities	3,321,979	113,540,259	2,715,052	78,445,726
Parent company (Note 3)	1,831,129	62,585,243	2,567,370	74,178,765
Related parties (Note 3)	1,876	64,119	–	–
Subtotal	<u>5,154,984</u>	<u>176,189,621</u>	<u>5,282,422</u>	<u>152,624,491</u>
<b>OTHER PAYABLES</b>				
Other payables	–	–	2,227,401	64,356,074
Parent company (Note 3)	871,740	29,794,766	1,155,832	33,395,338
Related parties (Note 3)	3,024,283	103,365,457	2,536,798	73,295,451
Subtotal	<u>3,896,023</u>	<u>133,160,222</u>	<u>5,920,031</u>	<u>171,046,864</u>
Total trade and other payables	<u>9,051,007</u>	<u>309,349,843</u>	<u>11,202,453</u>	<u>323,671,354</u>

## 20. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS

## 20A. Classification of Financial Assets and Liabilities

The following table summaries the carrying amount of financial assets and liabilities recorded at the end of the reporting year by FRS 39 categories.

	2009 SG\$	2008 SG\$
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents	494,302	193,190
Loans and receivables	30,285,694	28,285,033
At end of year	<u>30,779,996</u>	<u>28,478,223</u>
<b>FINANCIAL LIABILITIES</b>		
Borrowing at amortised cost	18,104,164	13,097,447
Trade and other payables at amortised cost	9,051,007	11,202,453
At end of year	<u>27,155,171</u>	<u>24,299,900</u>

Further quantitative disclosures are included throughout these financial statements.

## 20B. Financial Risk Management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There is exposure to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate, currency risk and price risk exposures. However these risks are low or minimal. There is no 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.

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.

**NOTES TO FINANCIAL STATEMENTS 31 MARCH, 2009 (Cont'd)**

**20. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (Cont'd)**

**20C. Credit Risk on Financial Assets**

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner consist principally of cash balances with banks, cash equivalents and receivables. The maximum exposure to credit risk is the fair value of the financial instruments at the end of the reporting year. Credit risk on cash balances with banks and derivative financial instruments is limited because the counter-parties are banks with acceptable credit ratings. All unencumbered bank deposits with the banks licensed by the Monetary Authority of Singapore are guaranteed by the Singapore Government until 31 December 2010. There is significant concentration of credit risk, on the exposure and spread over a small number of counter-parties and customers. 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.

As is disclosed in Note 16 cash and cash equivalents balances represent short term deposits with a less than 90-day maturity.

As part of the process of setting customer credit limits, different credit terms are used. The average credit period generally granted to trade receivable customers is about 145 days (2007: 153 days). But some customers take a longer period to settle the amounts.

	<b>2009</b>	<b>2008</b>
	<b>SG\$</b>	<b>SG\$</b>
The total of overdue accounts was	<u>15,658,089</u>	<u>14,954,910</u>

Other receivables are normally with no fixed terms and therefore there is no maturity.

	<b>2009</b>	<b>2008</b>
	<b>SG\$</b>	<b>SG\$</b>
<b>Concentration of trade receivable customers</b>		
Top 1 customer	7,031,807	7,029,320
Top 2 customer	11,346,300	11,158,233
Top 3 customer	<u>12,242,425</u>	<u>13,840,636</u>

The allowance is based on individual accounts totalling SG\$ 234,770 (2008: SG\$ 162,100) that are determined to be impaired at the year end date. They are not secured.

**20D. Liquidity Risk**

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

The following table analyses financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows):

	<b>Other financial liabilities</b>	<b>Trade and other payables</b>	<b>Total</b>
	<b>SG\$</b>	<b>SG\$</b>	<b>SG\$</b>
<b>2009</b>			
Less than 1 year	4,607,932	9,051,007	9,051,007
1 – 3 years	13,496,232	–	18,104,164
At end of year	<u>18,104,164</u>	<u>9,051,007</u>	<u>27,155,171</u>
<b>2008</b>			
Less than 1 year	–	11,202,453	11,202,453
1 – 3 years	13,097,447	–	13,097,447
At end of year	<u>13,097,447</u>	<u>11,202,453</u>	<u>24,299,900</u>

The average credit period taken to settle trade payables is about 30 to 120 days (2007: 30 to 120 days). The other payables are short-term durations.

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. Also see Note 3.



## NOTES TO FINANCIAL STATEMENTS 31 MARCH, 2009 (Cont'd)

## 20. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (Cont'd)

## 20E. Interest Rate Risk

The interest rate risk exposure is mainly on financial assets and financial liabilities. These financial instruments are at floating rates.

The interest rates are disclosed in the Note 14 and 18.

Sensitivity analysis:

	<b>2009</b>	<b>2008</b>
	<b>SG\$</b>	<b>SG\$</b>
A hypothetical increase in interest rates by 50 basis points would have a favourable / (adverse) effect on profit before tax of	(25,529)	2,603
A hypothetical increase in interest rates by 100 basis points would have a favourable / (adverse) effect on profit before tax of	(51,058)	5,206
A hypothetical increase in interest rates by 150 basis points would have a favourable / (adverse) effect on profit before tax of	(76,587)	7,809
A hypothetical increase in interest rates by 200 basis points would have a favourable / (adverse) effect on profit before tax of	(102,116)	10,413

The analysis has been performed separately for fixed interest rate financial assets and liabilities and floating interest rate financial assets and liabilities. The impact of a change in interest rates on fixed interest rate financial instruments has been assessed in terms of changing of their fair value. The impact of a change in interest rates on floating interest rate financial instruments has been assessed in terms of changing of their cash flows and therefore in terms of the impact on net expense.

In management's opinion, the above effective interest rates are unrepresentative of the inherent interest risks as the historical exposure does not reflect the exposure in the future.

## 20F. Foreign Currency Risk

Analysis of amounts denominated in non-functional currency:

## FINANCIAL ASSETS

	<b>Cash</b>	<b>Receivables</b>	<b>Total</b>
	<b>SG\$</b>	<b>SG\$</b>	<b>SG\$</b>
<b>AT 31 MARCH 2009</b>			
Malaysia Ringgit	–	3,268	3,268
Thai Baht	–	4,377,516	4,377,516
United States Dollars	327,583	9,657,211	9,984,794
United. Arab Emirates Dirham	13,496	–	13,496
At 31 December 2008	<u>341,079</u>	<u>14,037,995</u>	<u>14,379,074</u>
<b>AT 31 MARCH 2008</b>			
Malaysia Ringgit	–	3,391	3,391
Thai Baht	–	4,158,880	4,158,880
United. Arab Emirates Dirham	27,392	70,705	98,097
United States Dollars	39,073	8,749,685	8,788,758
At 31 December 2007	<u>66,465</u>	<u>12,982,661</u>	<u>13,049,126</u>

**NOTES TO FINANCIAL STATEMENTS 31 MARCH, 2009 (Cont'd)**

**20. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (Cont'd)**

**20F. Foreign Currency Risk (Cont'd)**

FINANCIAL LIABILITIES	Other financial liabilities SG\$	Trade and other payables SG\$	Total SG\$
<b>AT 31 MARCH 2009</b>			
Indian Rupee	–	868,760	868,760
United States Dollars	2,201,432	1,831,128	4,032,560
Euro Dollars	–	237,484	237,484
At 31 December 2008	<u>2,201,432</u>	<u>2,937,372</u>	<u>5,138,804</u>
<b>AT 31 MARCH 2008</b>			
United Arab Emirates Dirham	–	21,242	21,242
Indian Rupee	–	1,155,832	1,155,832
United States Dollars	500,000	2,695,056	3,195,056
Euro	–	841,120	841,120
Indonesia Rupiah	–	1,376,281	1,376,281
At 31 December 2007	<u>500,000</u>	<u>6,089,531</u>	<u>6,589,531</u>

There is exposure to foreign currency risk as part of its normal business.

	Company	
	2009 SG\$	2008 SG\$
<b>Sensitivity analysis</b>		
A hypothetical 10% increase in the exchange rate of the function currency SG\$ against all other currencies would have a favourable / (adverse) effect on profit before tax of	(840,025)	(587,236)
A hypothetical 10% increase in the exchange rate of the function currency SG\$ against the US\$ would have a favourable / (adverse) effect on profit before tax of	(541,112)	(508,518)
A hypothetical 10% increase in the exchange rate of the function currency SG\$ against the Euro\$ would have a favourable / (adverse) effect on profit before tax of	21,589	76,465
A hypothetical 10% increase in the exchange rate of the function currency SG\$ against the Indian Rupee would have a favourable / (adverse) effect on profit before tax of	78,978	105,076
A hypothetical 10% increase in the exchange rate of the function currency SG\$ against the United Arab Emirates Dirham would have a favourable / (adverse) effect on profit before tax of	(1,227)	(6,987)
A hypothetical 10% increase in the exchange rate of the function currency SG\$ against the Thai Baht would have a favourable / (adverse) effect on profit before tax of	(397,956)	(378,080)
A hypothetical 10% increase in the exchange rate of the function currency SG\$ against the Malaysia Ringgit would have a favourable / (adverse) effect on profit before tax of	(297)	(308)
A hypothetical 10% increase in the exchange rate of the function currency SG\$ against the Indonesian Rupiah would have a favourable / (adverse) effect on profit before tax of	<u>–</u>	<u>125,116</u>

The analysis above has been carried out on the basis that there are no hedged transactions.

In management's opinion, the above sensitivity analysis is unrepresentative of the foreign currency risk as the historical exposure does not reflect the exposures in future.

## NOTES TO FINANCIAL STATEMENTS 31 MARCH, 2009 (Cont'd)

## 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:

	<u>2009</u> SG\$	<u>2008</u> SG\$
Not later than one year	67,127	116,248
Later than one year and not later than five years	–	44,000
Rental expense for the year	124,138	108,487

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

For the year ended 31 March 2009 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.

<u>FRS No.</u>	<u>Title</u>
FRS 107	Financial Instruments: Disclosures
FRS 107	Financial Instruments: Disclosures - Implementation Guidance
INT FRS 111	FRS102 - Group and Treasury Share Transactions (*)
INT FRS 112	Service Concessions Arrangements (*)
INT FRS 114	FRS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.

(\*) Not relevant to the entity.

## 23. FUTURE CHANGES IN FINANCIAL REPORTING 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 are not expected to result in material adjustments to the financial position, results of operations, or cash flows for the following year.

<u>FRS No.</u>	<u>Title</u>	<u>Effective date for periods beginning on or after</u>
FRS 1	(Revised) Presentation of Financial Statements	1.1.2009
FRS 23	Borrowing Costs	1.1.2009
FRS 103	(Revised) Business Combinations and consecutive amendments in other Standards	1.1.2009
FRS 108	Operating Segments (*)	1.1.2009
INT FRS 113	Customer Loyalty Programs (*)	1.7.2008
INT FRS 116	Hedges of a Net Investment in a Foreign Operation (*)	1.10.2008
INT FRS 117	Distributions of Non-cash Assets to Owners (*)	1.7.2009

(\*) Not relevant to the entity.

---

# FORBES AQUAMALL LIMITED

---

(a wholly owned Subsidiary Company of Aquamall Water Solutions Ltd.)

Annual Report and Accounts  
for the year ended 31st March, 2009

**DIRECTORS :**

S. L. Goklaney *Chairman*

N. D. Khurody

P. J. Reddy

A. V. Suresh

J. N. Ichhaporia

P. V. K. Raman

**BANKERS :**

Axis Bank Limited

**AUDITORS :**

TAM & Co

**REGISTERED OFFICE :**

G.S. Road, 9th Mile,

Baridua, Dist. Ri-Bhoi,

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, 2009.

### 1. FINANCIAL RESULTS:

	Current Year (Rupees)	Previous Year (Rupees)
<b>PROFIT BEFORE DEPRECIATION</b>	6,00,29,179	3,49,99,863
Less : Depreciation	1,46,08,898	69,10,951
<b>PROFIT BEFORE TAX</b>	4,54,20,281	2,80,88,912
Less : Provision for Taxation (Including fringe Benefit tax)	54,25,000	32,06,043
<b>PROFIT AFTER TAX</b>	3,99,95,281	2,48,82,869
Add : Profit brought forward from previous year	9,65,86,086	7,41,03,217
Amount available for appropriations	13,65,81,367	9,89,86,086
<b>APPROPRIATIONS</b>		
Transferred to General Reserve	36,00,000	24,00,000
Balance carried to Balance Sheet	13,29,81,367	9,65,86,086

### 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:

The production of vacuum cleaners, which had commenced operations during the previous year, has now stabilised.

The notification granting excise duty exemption for units in the North East was modified to limit the refund of excise duty eligibility of the Company. This has adversely affected the profitability of the Company's unit at Meghalaya.

This was the first full year of production of vacuum cleaners and due to this additional business, the Company has registered a growth of 71% in sales turnover. The profit before tax also grew by 62 % to Rs.45.4 Mn. This was after considering the write off of intangible assets to the extent of Rs.10.4 Mn and the initial costs involved in the setting up of the unit at Bhimtal.

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. N.D. Khurody 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. S.L. Goklaney, Mr. P.J. Reddy & Mr. A.V. Suresh, 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, 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 Governments of Meghalaya & Uttarakhand and its various agencies for the support and assistance provided in the smooth running of the units.

On behalf of the  
Board of Directors

Place : Mumbai  
Dated : 28th May, 2009

**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, 2009.]

### 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:**

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 working with several partners to bring newer technology in this category. Efforts are being made for introducing new products with new filtration media, higher power and suction capacity and also to provide convenience for cleaning.

**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 Vacuum cleaners.

**3. Future Plan of Action :**

Efforts would be directed towards adopting the latest technology for floor care 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 :**

During the first year efforts were made to stabilise the production .The Company is making efforts to innovate and bring the latest products to the market . During the year the expenditure on R&D was not significant .

**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.1,26,41,241 and the Outgo was Rs.17,72,48,417 /-.

**COMPLIANCE CERTIFICATE**

Registration No. of the Company : **13-06900**  
Date of Incorporation : **28th 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-781023.  
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, 2009**. 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 **27<sup>th</sup> May,2008, 26<sup>th</sup> September, 2008, 16<sup>th</sup> December,2008 and 23<sup>rd</sup> February, 2009** 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 31.03.2008 was held on **02<sup>nd</sup> July, 2008** after giving notice on **27<sup>th</sup> May, 2008** 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 duly complied with the provisions of Section 297 of the Act, in respect of contracts specified in that Section.
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 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. Nawshir Dara Khurody was appointed as Additional Director w.e.f. 26<sup>th</sup> September, 2008.
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 : 21st May, 2009

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

**COMPLIANCE CERTIFICATE****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, Meghalaya during the financial year ending **31<sup>st</sup> March 2009**.

<b>S.No.</b>	<b>Form No./ Return</b>	<b>Filed under section</b>	<b>Date of filing</b>	<b>Whether filed within prescribed time Yes/No</b>	<b>If delay in filing whether requisite additional fee paid Yes/No</b>	<b>Event</b>
1	Schedule V - 20B	159	20.01.2009	No	Yes	Annual Return for the Financial year 2007-2008
2	23AC/23ACA	220	01.08.2008	Yes	No	Annual Accounts for the F/year 2007-2008
3	Compliance Certificate	383A -66B	01.08.2008	Yes	No	Compliance Certificate for the Financial year 2007-2008
4	Form-32	303 (2)	25.12.2008	No	Yes	Appointment of Additional Director

**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 2009, 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, 2009, 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, 2009 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 2009;
    - (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: 28.5.09

**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 for all factories *except for the new factory set up during the year. As a result, physical quantities have formed the basis of valuation of closing inventories.* In case of other factories, 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 components 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: 28.5.09

# FORBES AQUAMALL LIMITED

## BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedule	Rupees	As at 31-03-2009 Rupees	As at 31-03-2008 Rupees
<b>FUNDS EMPLOYED</b>				
1	SHARE CAPITAL	'A'	50,00,000	50,00,000
2	RESERVES AND SURPLUS	'B'	14,62,41,784	10,62,46,503
3	TOTAL SHAREHOLDERS' FUNDS		15,12,41,784	11,12,46,503
4	SECURED LOANS	'C'	5,23,69,091	3,96,81,771
5	DEFERRED TAX LIABILITY (Net) [Refer Note 15]		2,07,414	2,07,414
6	TOTAL FUNDS EMPLOYED		20,38,18,289	15,11,35,688
<b>APPLICATION OF FUNDS :</b>				
7	FIXED ASSETS	'D'		
	Gross Block		8,15,60,493	6,88,23,054
	Less : Depreciation		2,44,62,897	98,53,999
	Net Block		5,70,97,596	5,89,69,055
	Capital Work-in-Progress		1,26,41,129	1,10,61,431
			6,97,38,725	7,00,30,486
8	INVESTMENTS	'E'	4,94,443	3,94,943
9	CURRENT ASSETS, LOANS AND ADVANCES	'F'	20,10,55,606	22,61,53,339
10	Less : CURRENT LIABILITIES AND			
	<b>PROVISIONS</b>	'G'	6,74,70,485	14,54,43,080
11	NET CURRENT ASSETS		13,35,85,121	8,07,10,259
12	TOTAL ASSETS (NET)		20,38,18,289	15,11,35,688
13	NOTES TO THE ACCOUNTS	'J'		

Per our report attached

For **TAM & CO.**  
Chartered Accountants

**M.Y. BAMBOAT**  
Partner

S.L. GOKLANEY *Chairman*

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

Mumbai, Dated : 28<sup>th</sup> May, 2009

Mumbai, Dated : 28<sup>th</sup> May, 2009

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009**

	Schedule	<u>Rupees</u>	<u>Rupees</u>	<i>Previous Year Rupees</i>
1 INCOME :				
Sales (Gross)		78,38,80,714		48,65,06,557
Less : Excise Duty [Refer Note 2]		(3,31,87,669)		(4,78,20,478)
Sales (Net)			75,06,93,045	43,86,86,079
2 OTHER INCOME	‘H’		60,30,307	33,64,099
			<u>75,67,23,352</u>	<u>44,20,50,178</u>
3 EXPENDITURE :				
a) Trading, Manufacturing & Other Expenses	‘I’	69,25,19,758		40,69,72,531
b) Depreciation		1,46,08,898		69,10,951
c) Interest		<u>41,74,415</u>		<u>77,784</u>
			71,13,03,071	41,39,61,266
4 PROFIT BEFORE TAX			4,54,20,281	2,80,88,912
5 PROVISION FOR TAXATION				
Current Year Income Tax Provision		51,25,000		30,81,118
Current Year Fringe Benefit Tax Provision		<u>3,00,000</u>		<u>1,24,925</u>
			54,25,000	32,06,043
6 PROFIT AFTER TAX			3,99,95,281	2,48,82,869
7 PROFIT BROUGHT FORWARD FROM PREVIOUS YEAR			9,65,86,086	7,41,03,217
8 AMOUNT AVAILABLE FOR APPROPRIATIONS			13,65,81,367	9,89,86,086
9 APPROPRIATIONS:				
Transferred to General Reserve			36,00,000	24,00,000
10 SURPLUS CARRIED TO BALANCE SHEET			<u>13,29,81,367</u>	<u>9,65,86,086</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			3,99,95,281	2,48,82,869
Basic and Diluted Earning per share			79.99	49.77
11 NOTES TO THE ACCOUNTS	‘J’			

Per our report attached

For **TAM & CO.**  
Chartered Accountants

**M.Y. BAMBOAT**  
Partner

S.L. GOKLANEY *Chairman*

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

Mumbai, Dated : 28<sup>th</sup> May, 2009

Mumbai, Dated : 28<sup>th</sup> May, 2009

# FORBES AQUAMALL LIMITED

## SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009

### SCHEDULE 'A' – SHARE CAPITAL

	As at 31-03-2009 Rupees	As at 31-03-2008 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 Aquamall Water Solutions Limited and 60 shares are held by individuals jointly with Aquamall Water Solutions Limited		

### SCHEDULE 'B' – RESERVES AND SURPLUS

	As at 31-03-2009 Rupees	As at 31-03-2008 Rupees
1. CAPITAL RESERVE		
Capital Subsidy	2,60,417	2,60,417
2. GENERAL RESERVE		
As per last Balance Sheet	94,00,000	70,00,000
Transferred from / (to) Profit & Loss A/c	36,00,000	24,00,000
	1,30,00,000	94,00,000
3. PROFIT AND LOSS ACCOUNT	13,29,81,367	9,65,86,086
	14,62,41,784	10,62,46,503

### SCHEDULE 'C' – SECURED LOANS

	As at 31-03-2009 Rupees	As at 31-03-2008 Rupees
Cash Credit		
(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)	5,23,69,091	3,96,81,771
	5,23,69,091	3,96,81,771

### SCHEDULE 'D' – FIXED ASSETS

Amount in Rupees

DESCRIPTION OF ASSETS	GROSS BLOCK				DEPRECIATION BLOCK				NET BLOCK		
	AS ON 01-04-2008	ADDITIONS/ EXPENSES CAPITALISED	DELE- TIONS	AS ON 31-03-2009	AS ON 01-04-2008	FOR THE YEAR	ADJUST- MENT FOR DEDUCTIONS	AS ON 31-03-2009	AS ON 31-03-2009	AS ON 31-03-2008	
1 BUILDINGS	4,71,737	—	—	4,71,737	2,03,959	26,778	—	2,30,737	2,41,000	2,67,778	
2 ELECTRICAL INSTALLATIONS	16,45,543	55,050	—	17,00,593	7,62,500	1,30,186	—	8,92,686	8,07,907	8,83,043	
3 COMPUTERS	13,75,722	5,16,269	—	18,91,991	6,80,753	4,42,648	—	11,23,401	7,68,590	6,94,969	
4 PLANT AND MACHINERY	92,02,932	16,36,767	—	1,08,39,699	18,48,224	12,50,766	—	30,98,990	77,40,709	73,54,708	
5 PATTERNS AND DIES	1,23,212	1,02,52,015	—	1,03,75,227	42,323	17,44,702	—	17,87,025	85,88,202	80,889	
6 FURNITURE AND FIXTURES	23,30,365	2,10,083	—	25,40,448	6,14,321	3,81,570	—	9,95,891	15,44,557	17,16,044	
7 OFFICE EQUIPMENTS	9,10,321	67,255	—	9,77,576	3,79,230	79,377	—	4,58,607	5,18,969	5,31,091	
8 LABORATORY EQUIPMENTS	1,93,835	—	—	1,93,835	85,635	15,051	—	1,00,686	93,149	1,08,200	
9 MOTOR CAR	5,69,387	—	—	5,69,387	37,055	1,37,820	—	1,74,875	3,94,512	5,32,332	
10 INTANGIBLE ASSETS	5,20,00,000	—	—	5,20,00,000	52,00,000	1,04,00,000	—	1,56,00,000	3,64,00,000	4,68,00,000	
T O T A L	6,88,23,054	1,27,37,439	—	8,15,60,493	98,53,999	1,46,08,898	—	2,44,62,897	5,70,97,596	5,89,69,055	
11 CAPITAL WORK-IN-PROGRESS	—	—	—	—	—	—	—	—	1,26,41,129	1,10,61,431	
G R A N D T O T A L	6,88,23,054	1,27,37,439	—	8,15,60,493	98,53,999	1,46,08,898	—	2,44,62,897	6,97,38,725	7,00,30,486	
AS AT 31.03.2008	69,23,882	6,18,99,172	—	6,88,23,054	29,43,048	69,10,951	—	98,53,999	5,89,69,055		

Rs.1,26,41,129 (Previous Year Rs.1,10,61,431) on Account of advance against Moulds and Other Fixed Assets



**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009**

**SCHEDULE 'E' – INVESTMENTS**

	Nos.	Rupees	As at 31-03-2009 Rupees	As at 31-03-2008 Rupees
<b>CURRENT INVESTMENTS</b>				
<b>NON-TRADE INVESTMENTS - QUOTED</b>				
<b>RPLI PO - QIB - R</b>				
Fully paid Equity Shares of Rs.10/- each	1,399 (1,399)	83,940		83,940
Power Finance Corporation Limited				
Fully paid Equity Shares of Rs.10/- each	2,491 (2,491)	2,11,735		2,11,735
Power Grid Corporation Limited	1909	99,268		99,268
Fully paid Equity Shares of Rs.10/- each	(1,909)		3,94,943	3,94,943
<b>NON-TRADE INVESTMENTS – UNQUOTED</b>				
Aqua Diagnostics Water Research & Technology Center Ltd.				
fully paid Equity Shares of Rs.10/- each	9,950 (-)		99,500	—
			4,94,443	3,94,943
<b>QUOTED INVESTMENTS</b>				
<b>UNQUOTED INVESTMENTS</b>				
<b>TOTAL</b>				
Market Value of Quoted Investments			6,76,408	8,09,496

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

	Rupees	Rupees	As at 31-03-2009 Rupees	As at 31-03-2008 Rupees
<b>1 CURRENT ASSETS:</b>				
[i] Stock-in-trade: *				
Raw material and Components		8,18,49,090		12,24,86,895
Packing Material		65,17,978		12,15,581
Stores and spare parts		2,70,084		1200,119
Work-in-Progress		—		—
Finished Goods		1,02,74,791		25,43,799
* (As valued and certified by the Management at lower of cost and net realisable value)			9,89,11,943	12,74,46,394
[ii] Sundry Debtors (Unsecured) (Considered good unless otherwise stated)				
[a] Debts outstanding for a period exceeding six months		25,44,860		20,100
[b] Other debts (Due from Holding Company Rs.52,51,938/- (Previous Year Rs.Nil)		4,91,71,057	5,17,15,917	5,44,67,743
[iii] Cash and Bank Balances:				
Cash, cheques on hand and remittance in transit		21,428		61,324
With Scheduled Banks :				
In Current Accounts		75,84,702		1,84,67,446
In Deposit Accounts		—		—
			76,06,130	1,85,28,770

# FORBES AQUAMALL LIMITED

## SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009

### SCHEDULE 'F' – CURRENT ASSETS, LOANS AND ADVANCES (Contd.)

	Rupees	Rupees	As at 31-03-2009 Rupees	As at 31-03-2008 Rupees
2 LOANS AND ADVANCES (Unsecured, Considered Good unless otherwise stated)				
[i] Advances recoverable in cash or in kind or for value to be received		2,12,69,336		1,18,86,263
[ii] Advance Payment of Income Tax	1,73,13,495			99,62,315
Advance Payment of Fringe Benefit Tax	6,88,585			3,57,073
		1,80,02,080		1,03,19,388
[iii] Deposits :				
With Government Authorities	2,74,131			4,17,043
With Others	32,76,069			30,67,638
		35,50,200		34,84,681
			4,28,21,616	2,56,90,332
			20,10,55,606	22,61,53,339

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

	Rupees	Rupees	As at 31-03-2009 Rupees	As at 31-03-2008 Rupees
1 CURRENT LIABILITIES				
Sundry Creditors:				
Small Scale Industrial Undertakings [Refer Note 16]		1,35,30,493		3,01,84,714
Others [Including Rs. Nil – (Previous Year Rs.1,35,73,831/- due to Holding Company)]		3,61,33,318		9,36,87,180
			4,96,63,811	12,38,71,893
Other Current Liabilities			17,13,197	85,26,953
			5,13,77,008	13,23,98,846
2 PROVISION :				
For Income Tax			142,97,450	91,72,450
For Fringe Benefit Tax			5,91,700	2,91,700
For Expenses			8,04,065	34,65,779
For Retirement and other Employee Benefits			1,54,565	68,313
For Leave encashment			2,45,697	45,992
			6,74,70,485	14,54,43,080

**SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009**
**SCHEDULE 'H' – OTHER INCOME**

	Rupees	Previous Year Rupees
1 Interest from Deposits, Loans & Advances (Gross) [Tax deducted at source Rs.Nil; (Previous year Rs.1,54,765/-)]	6,42,683	79,393
2 Profit on Sale of Investments (Net)	—	30,76,392
3 Excess / Short Provisions written back	8,84,552	6,507
4 Miscellaneous Income	45,03,072	2,01,807
	<u>60,30,307</u>	<u>33,64,099</u>

**SCHEDULE ANNEXED TO AND FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009**
**SCHEDULE 'I' – MANUFACTURING, TRADING AND OTHER EXPENSES**

	Rupees	Rupees	Rupees	Previous Year Rupees
1. RAW MATERIAL AND COMPONENTS CONSUMED :			59,08,23,268	35,75,21,398
COST OF RAW MATERIAL AND COMPONENTS SOLD			2,50,74,722	22,88,887
2. PAYMENTS TO AND PROVISIONS FOR EMPLOYEES:				
Salaries, Wages and Bonus		99,96,680		40,45,882
Contribution to Provident Fund and other Funds		5,53,656		2,24,765
Workmen and Staff Welfare Expenses		7,96,380		4,94,298
			<u>1,13,46,716</u>	<u>47,64,945</u>
3. OPERATIONS AND OTHER EXPENSES :				
Packing Material Consumed		2,00,45,868		1,35,08,954
Stores Consumed		36,96,395		45,63,651
Power, Electricity and Water Charges		12,27,681		8,61,052
REPAIR & MAINTENANCE				
Building		—		5,01,871
Machinery	2,73,724			1,52,136
Other Assets	18,09,011			15,28,515
		<u>20,82,735</u>		<u>21,82,522</u>
Insurance		10,54,371		4,39,359
Rent		35,84,356		23,22,205
Rates, Taxes and Filing Fees		8,84,448		8,85,986
Travelling Expenses		9,27,240		5,99,286
Carried Forward .....		<u>—</u>		<u>—</u>

# FORBES AQUAMALL LIMITED

## SCHEDULE ANNEXED TO AND FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

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

	Rupees	Rupees	Rupees	<i>Previous Year Rupees</i>
Brought Forward .....		—		—
Auditors' Remuneration:				
Audit Fees	1,50,000			80,618
Tax Audit Fees	12,500			12,500
Certification Work	1,500			—
Out of Pocket expenses	29,898			42,125
		1,93,898		1,35,243
Freight and Octroi		2,10,53,764		83,47,297
Directors' Sitting Fees		1,05,000		80,000
Product Development Expenses		11,90,031		—
Legal & Professional Charges		17,40,671		17,32,162
Other Establishment Expenses		1,52,19,586		91,78,614
			<u>7,30,06,044</u>	<u>4,48,36,332</u>
4 ADJUSTMENT FOR STOCKS :				
(Other than Raw Material and Components)				
(a) Opening Stock :				
Finished Goods	25,43,799			1,04,769
Work-in-Progress	—			—
		25,43,799		1,04,769
(b) Closing Stock :				
Finished Goods	1,02,74,791			25,43,799
Work-in-Progress	—			—
		<u>1,02,74,791</u>		<u>25,43,799</u>
			(77,30,992)	(24,39,030)
			<u>69,25,19,758</u>	<u>40,69,72,531</u>

**SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED  
31ST MARCH, 2009**

**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 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.
- l) Retirement Benefits  
Contributions are made to Provident and Superannuation Funds on actual basis and Gratuity on actuarial valuation basis. Liability for leave encashment at the time of retirement is provided on the basis of actuarial valuation.

# FORBES AQUAMALL LIMITED

## SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009

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

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 disclosure required under accounting Standard 15 " Employee Benefits" notified in the companies (Accounting Standards) Rules 200, 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	1,17,897
Employer's contribution to superannuation fund	1,32,171
Employer's contribution to Pension scheme	1,79,547

#### Defined Benefit plan

- a Reconciliation of opening and closing balances of Defined obligation

	Gratuity Funded (unfunded)		Leave Encashment (unfunded)	
	2008 – 2009	2007 - 2008	2008 - 2009	2007 – 2008
Defined Benefit obligation at beginning of year	68,313	—	45,992	—
Current service cost	71,330	20,420	1,73,668	11,870
Interest cost	5,465	—	3,679	—
Actuarial (gain) / loss	9,457	47,893	36,961	34,122
Benefits paid	—	—	(14,603)	—
Defined Benefit obligation at year end	1,54,565	68,313	2,45,697	45,992

- b Reconciliation of opening and closing balances of 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 Reconciliation of fair value of assets and obligations

Fair value of plan assets as at 31 <sup>st</sup> March,2009	—	—	—	—
Present value of obligation as at 31 <sup>st</sup> March,2009	1,54,565	68,313	2,45,697	45,992
Amount recognised in Balance Sheet	(1,54,565)	(68,313)	(2,45,697)	(45,992)

**SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009**

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

6. The amount of exchange differences included in the profit and loss account is a net profit of Rs.30.24 lacs (*net loss previous year - Rs. 1.58 lacs*)

	2008-2009 Rupees	2007-2008 Rupees
7. Value of Imports on CIF basis :		
Raw Materials & Components	17,72,48,417	74,60,845

8. Raw Materials and Components consumed during the year :

	Unit	For the year ended 31.03.2009		For the year ended 31.03.2008	
		Quantity	Value (Rupees)	Quantity	Value(Rupees)
a) Printed Circuit Boards	Nos	62,181	2,45,99,404	77,001	3,53,00,973
b) Aluminium	Kgs	36,922	52,11,884	63,662	81,57,682
c) Acrilo Butadyne Styryne (ABS)	Kgs	29,318	26,56,106	94,528	86,10,284
d) Electric Motors	Nos	1,63,491	6,99,47,989	29,066	2,01,75,583
e) Body	Nos	1,63,491	4,16,78,761		
f) Others		—	44,67,29,124	—	28,52,85,846
			<u>59,08,23,268</u>		<u>35,75,30,368</u>

9. Value of imported and Indigenous Raw Materials and Components consumed and percentage of each to total consumption :

	2008-09		2007-08	
	Rupees	% to Total Consumption	Rupees	% to Total Consumption
a) Indigenous	36,72,05,494	62.15	29,93,59,988	83.73
b) Imported	22,36,17,774	37.85	5,81,70,380	16.27
	<u>59,08,23,268</u>	<u>100.00</u>	<u>35,75,30,368</u>	<u>100.00</u>

	2008-09 Rupees	2007-08 Rupees
10. Expenditure in Foreign Currency on account of travel, subscription, certification, etc.	- NIL -	- NIL -
11. Earnings in Foreign Exchange Export of Goods on FOB Basis	<u>1,26,41,241</u>	- NIL -

# FORBES AQUAMALL LIMITED

## SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009

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

12. Particulars in respect of goods manufactured:

Class of goods manufactured	Unit	Annual Capacity Installed	Actual Production
i) Water Purifier (Depolluting) Equipment (Water Filter-cum-Purifier)	Nos.	1,00,000 (1,00,000)	62,181 (77,001)
ii) Vacuum Cleaners	Nos.	3,22,500 (3,90,000)	1,66,446 (51,267)
iii) Forbes Iron Remover	Nos.	24,000 (24,000)	11,851 (11,863)
iv) Forbes Ironil	Nos.	12,000 (12,000)	10,863 (9,654)
v) 10" Iron Remover Core Assembly	Nos.	24,000 (24,000)	2,489 (3,760)

(Figures in brackets pertain to previous year)

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

13. (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.	34 (36)	95,160 (1,05,234)	849 (34)	19,47,602@ (95,160)*	61,366 (77,003)	16,20,33,305 (23,02,97,178)
ii) Vacuum Cleaners	Nos.	1,088 (—)	24,48,000 (—)	1,666 (1,088)	39,57,832 (24,48,000)	1,65,868 (50,179)	54,21,33,393 (14,68,28,498)
iii) Forbes Iron Remover	Nos.	— (—)	— (—)	1,814 (—)	5,60,526 (—)	10,037 (11,863)	50,68,875 (59,90,910)
iv) Forbes Ironil	Nos.	3 (—)	639 (—)	1,167 (3)	6,51,186 (639)	9,699 (9,651)	82,44,650 (82,03,350)
v) 10" Iron Remover Core Assembly	Nos.	— (—)	— (—)	— (—)	— (—)	2,489 (3,760)	6,18,330 (8,83,600)
vi) Components							3,88,08,351 (7,06,67,344)
<b>T O T A L</b>			25,43,799 (1,05,234)		71,17,146 (25,43,799)		75,69,06,904 (46,28,70,880)

\* Includes value of Accessories.



**SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009**

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

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) Vaccum Cleaner	Nos.	—	—	15,961	2,78,74,708	1,837	31,57,645	14,124	2,69,73,810
		(—)	(—)	(6,513)	(2,12,71,458)	(—)	(—)	(6,513)	(2,12,71,458)
TOTAL			—	15,961	2,78,74,708	1,837	31,57,645	14,124	2,69,73,810
			(—)	(6,513)	(2,12,71,458)	(—)	(—)	(6,513)	(2,12,71,458)

Figures in brackets pertains to previous year

14. 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.
15. 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.
16. 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” .
17. 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 2009 are :

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

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, 2009

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

18. 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	9
---	---	---	---

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> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </td></tr></table>				N	I	L				<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </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> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </td></tr></table>				N	I	L				<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </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> </td><td> </td><td> </td><td>2</td><td>7</td><td>1</td><td>2</td><td>8</td><td>9</td></tr></table>				2	7	1	2	8	9	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>2</td><td>7</td><td>1</td><td>2</td><td>8</td><td>9</td></tr></table>				2	7	1	2	8	9
			2	7	1	2	8	9											
			2	7	1	2	8	9											
Source of Funds																			
Paid-Up Capital	Reserves & Surplus																		
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>5</td><td>0</td><td>0</td><td>0</td></tr></table>					5	0	0	0	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>1</td><td>4</td><td>6</td><td>2</td><td>4</td><td>2</td></tr></table>				1	4	6	2	4	2	
				5	0	0	0												
			1	4	6	2	4	2											
Secured Loans	Unsecured Loans																		
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>5</td><td>2</td><td>3</td><td>6</td><td>9</td></tr></table>				5	2	3	6	9	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </td></tr></table>				N	I	L				
			5	2	3	6	9												
			N	I	L														
Application of Funds																			
Net Fixed Assets	Investments																		
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>6</td><td>9</td><td>7</td><td>3</td><td>9</td></tr></table>				6	9	7	3	9	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>4</td><td>9</td><td>4</td></tr></table>							4	9	4	
			6	9	7	3	9												
						4	9	4											
Net Current Assets	Deferred Tax Assets																		
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>1</td><td>3</td><td>3</td><td>5</td><td>8</td><td>5</td></tr></table>				1	3	3	5	8	5	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>2</td><td>0</td><td>7</td></tr></table>							2	0	7
			1	3	3	5	8	5											
						2	0	7											
Misc. Expenditure/Preliminary Expenses	Accumulated Losses																		
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </td></tr></table>				N	I	L				<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </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> </td><td> </td><td> </td><td>7</td><td>5</td><td>6</td><td>7</td><td>2</td><td>3</td></tr></table>				7	5	6	7	2	3	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>7</td><td>1</td><td>1</td><td>3</td><td>0</td><td>3</td></tr></table>				7	1	1	3	0	3				
			7	5	6	7	2	3															
			7	1	1	3	0	3															
+ - Profit/Loss Before Tax	+ - Profit/Loss After Tax																						
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td>✓</td><td> </td><td> </td><td> </td><td> </td><td> </td><td>4</td><td>5</td><td>4</td><td>2</td><td>0</td></tr></table>	✓						4	5	4	2	0	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td>✓</td><td> </td><td> </td><td> </td><td> </td><td> </td><td>3</td><td>9</td><td>9</td><td>9</td><td>5</td></tr></table>	✓						3	9	9	9	5
✓						4	5	4	2	0													
✓						3	9	9	9	5													
Earnings Per Share In Rs.	Dividend Rate%																						
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>7</td><td>9</td><td>.</td><td>9</td><td>9</td></tr></table>				7	9	.	9	9	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L											
			7	9	.	9	9																
N	I	L																					

**SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009**

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

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	R	S	
---	---	---	---	---	---	--	---	---	---	---	---	---	---	---	--

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

Per our report attached

**For TAM & CO.**  
*Chartered Accountants*

**M.Y. .BAMBOAT**  
*Partner*

Mumbai, Dated : 28<sup>th</sup> May, 2009

S.L. GOKLANEY *Chairman*

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

Mumbai, Dated : 28<sup>th</sup> May, 2009

# FORBES AQUAMALL LIMITED

## 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  
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 Limited  
Forbes Smart Data Limited  
Latham India Limited  
Forbes Tinsley Company Limited  
Forbes Campell Services Limited  
Volkart Fleming Shipping & Services Limited  
Forbes Aquatech Ltd.  
Euro Forbes International PTE Ltd  
Forbes Facility Services Ltd  
Forbes Technosys Ltd  
Forbes Bumi Armada Ltd  
Forbes Concept Hospitality Services Limited  
Forbeslux Group Ag

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
1	<b>Purchases</b>				
	Goods and Materials	3,24,76,390	—	—	—
	Water Testing	—	—	—	—
2	<b>Sales</b>				
	Goods and Materials	77,40,23,317	65,20,225	—	—
3	<b>Expenses</b>				
	Rent and other service charges	15,76,956	—	—	—
	Other Expenses	19,34,749	—	—	—
	Interest	—	—	—	—
4	<b>Income</b>				
	Rent and other service charges	1,44,930	—	—	—
	Interest	—	—	—	—
5	<b>Finance</b>				
	Loans and Advances Given	—	—	—	—
	Loans and Advances Taken	—	—	—	—
	Repayment of Advances Given	—	—	—	—
	Repayment of Advances Taken	—	—	—	—
6	<b>Dividend paid</b>	—	—	—	—
7	<b>Outstanding</b>				
	<b>Receivables</b>	5,51,66,948	34,76,403	—	—
	ICDs Given	—	—	—	—
	<b>Payable</b>				
	ICDs Taken	—	—	—	—
	Other Deposits	6,48,240	—	—	—
	<b>Guarantee</b>				
	Availed	—	—	—	—
	Utilised	—	—	—	—

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

	2008-2009 (Rupees)		2007-2008 (Rupees)	
PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS		4,54,20,281		2,80,88,912
Adjusted for				
Depreciation	1,46,08,898		69,10,951	
Profit on Sale of Investments	—		(30,76,392)	
Interest Income	(6,42,683)		(79,393)	
Interest Expenditure	41,74,415		77,784	
Loss in value of Investments	—	—		
		1,81,40,630		38,32,950
		6,35,60,911		3,19,21,862
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS				
Changes in				
Trade and Other Receivables	(66,76,666)		(2,09,49,818)	
Inventories	2,85,34,451		(10,31,41,667)	
Trade Payables and Others	(8,36,83,552)		10,24,35,240	
Leave Encashment Provision	1,99,705		68,313	
Provision for Gratuity	86,252	(6,15,39,810)	45,992	(2,15,41,940)
CASH GENERATED FROM OPERATIONS		20,21,101		1,03,79,922
Direct Taxes Paid	(76,82,692)		(37,05,747)	
		(76,82,692)		(37,05,747)
<b>(a) NET CASH FROM OPERATING ACTIVITIES</b>		<b>(56,61,591)</b>		<b>66,74,175</b>
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets (including adjustments on account of capital work-in-progress and capital advances)	(1,43,17,137)		(7,29,60,603)	
Purchase of Investments	(99,500)		(4,84,00,000)	
Sale of Investments	—		7,87,31,885	
Interest Received	6,42,683		79,393	
Dividend Received	—		—	
<b>(b) NET CASH FROM / (USED IN) INVESTING ACTIVITIES</b>		<b>(1,37,73,954)</b>		<b>(4,25,49,325)</b>
CASH FLOW FROM FINANCING ACTIVITIES				
Decrease/Increase in Intercompany Deposit	—		—	
Decrease / Increase in cash credit & Demand loan	1,26,87,320		3,96,81,771	
Interest paid	(41,74,415)		(77,784)	
Dividend paid (includes Corporate Dividend Tax)				

# FORBES AQUAMALL LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009 (Contd.)

	2008-2009 (Rupees)		2007-2008 (Rupees)	
(c) <b>NET CASH FROM / (USED IN) FINANCING ACTIVITIES</b>		85,12,905		3,96,03,987
NET DECREASE / INCREASE IN CASH AND CASH EQUIVALENTS (a) + (b) + (c)		<u>(1,09,22,640)</u>		<u>37,28,837</u>
CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE YEAR, COMPRISING:				
Cash, Cheques on hand & Remittances in transit	61,324		88,243	
Balance with scheduled banks on current accounts and deposit accounts	<u>1,84,67,446</u>		<u>1,47,11,690</u>	
		1,85,28,770		1,47,99,933
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR, COMPRISING:				
Cash, Cheques on hand & remittances in transit	21,428		61,324	
Balances with scheduled banks on current accounts and deposit accounts	<u>75,84,702</u>		<u>1,84,67,446</u>	
<b>NET DECREASE / INCREASE AS DISCLOSED ABOVE</b>		<u>76,06,130</u> <u>(1,09,22,640)</u>		<u>1,85,28,770</u> <u>37,28,837</u>

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 : 28<sup>th</sup> May, 2009

S.L. GOKLANEY *Chairman*

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

Mumbai, Dated : 28<sup>th</sup> May, 2009

---

# FORBES BUMI ARMADA LIMITED

---

(a Subsidiary Company of Forbes Finance Ltd. w.e.f. 2nd June, 2008)

Annual Report and Accounts  
for the year ended 31<sup>st</sup> March, 2009

**DIRECTORS:**

N.C. Singhal *Chairman*  
Ashok Barat  
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.

---

# FORBES BUMI ARMADA LIMITED

---

## REPORT OF THE DIRECTORS OF FORBES BUMI ARMADA LIMITED

The Shareholders,

Your Directors submit their Report and the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2009.

### 1. FINANCIAL RESULTS:

	Current Year Rupees	<i>Previous Year</i> <i>Rupees</i>
PROFIT / (LOSS) BEFORE TAX	(59,37,191)	(32,49,203)
Less: Provision for Taxation	-	-
(i) Current Tax	-	-
(ii) Fringe Benefit Tax	36,870	-
(iii) Deferred Tax (pertaining to previous year)	(7,42,741)	-
(iv) Deferred Tax (pertaining to current year)	(16,76,103)	-
<b>PROFIT / (LOSS) AFTER TAX</b>	(35,55,217)	(32,49,203)
Add: Balance brought forward from the last year	(32,54,072)	(4,869)
Balance carried to Balance Sheet	(68,09,289)	(32,54,072)
	-	-

### 2. OPERATIONS:

The Company responded to a number of tenders during this period, but their outcome was not favourable.

Towards the close of the financial year, BG Exploration & Production India Limited awarded a USD 2.8 million contract to the Company for charter of Accommodation Work Vessel "Armada Iman" to support their Brownfield Project in Panna Field.

"Armada Iman" will accommodate 120 charterers personnel on board, and operate round the clock, to facilitate construction activities in the field till onset of monsoon expected mid June 2009.

The vessel departed Malaysia on 26th March 2009. Revenue under the contract will accrue in the next financial year.

### 3. DIRECTORATE:

Mr. Shapoor P. Mistry resigned from the Board with effect from 18<sup>th</sup> December, 2008. The Board places on record their sincere appreciation for the valuable services rendered by Mr. Mistry to the Board and the Company.

Mr. Ashok Barat was appointed as an Additional Director on the Board of Directors of the Company with effect from 18<sup>th</sup> December, 2008. In terms of the provisions of Section 260 of the Companies Act, 1956, Mr. Ashok Barat will hold office upto the date of forthcoming Annual General Meeting and the item regarding his appointment as Director of the Company is included in the Notice convening the Annual General Meeting.

The Board of Directors commends his appointment.

### 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 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 entitled to receipt of remuneration of Rs.24,00,000 or more in aggregate if employed throughout the financial year or of Rs.2,00,000 or more per month if employed for a part of the financial year.



**6. COMPANIES (COMPLIANCE CERTIFICATE) RULES, 2001:**

A certificate issued by M/s. Sanjay Dholakia & Associates, Company Secretaries in whole time practice pursuant to the provisions of Section 383 A of the Companies Act, 1956 read with Companies (Compliance Certificate) Rule, 2001, is attached herewith.

**7. 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 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.**

**(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 earnings and outgo:**

The Company has not earned any foreign exchange during the year. The operating expenses in foreign currency aggregated to Rs.75,950.

For and on behalf of  
the Board of Directors

(N.C. Singhal)  
Chairman

Kuala Lumpur,  
Dated: 24<sup>th</sup> July, 2009

**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, 2009. 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 11<sup>th</sup> June, 2008, 26<sup>th</sup> September, 2008 at 11.00 A.M. (Adjourned to 26<sup>th</sup> September, 2008 at 1.00 P.M.), 18<sup>th</sup> December, 2008 and 9<sup>th</sup> March, 2009 in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed and 5 Circular Resolutions dated 29<sup>th</sup> May, 2008, 8<sup>th</sup> July, 2008, 9<sup>th</sup> July, 2008, 25<sup>th</sup> July, 2008 and 15<sup>th</sup> December, 2008 were passed.
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, 2008 was held on 23<sup>rd</sup> June, 2008 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 meetings were 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. The Company has delivered the share certificates for lodgment thereof for transfer of 255,000 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. The Company had appointed Mr. Kim Knud Hansen as an Alternate Director to Mr. Hassan Assad Basma with effect from 15<sup>th</sup> December, 2008. Since the Application of Mr. Hassan Basma for allotment of DIN was pending, Form 32 for the appointment of Mr. Kim Hansen as an Alternate Director to Mr. Hassan Basma was not accepted by the system. Mr. Hassan Basma was allotted

DIN on 16.12.2009 and the Company filed Form 32 for the appointment of Mr. Hassan Basma as a Director on 12.3.2009 and upon receipt of the approval for the same the Company filed on 30.6.2009 Form 32 for the appointment of Mr. Kim Hansen as an Alternate Director to Mr. Hassan Basma, which is pending approval. Mr. Kim Hansen ceased to be an Alternate Director to Mr. Hassan Basma with effect from 9<sup>th</sup> March, 2009. However, Form 32 is pending, since Form 32 for appointment of Mr. Kim Hansen as an Alternate Director to Mr. Hassan Basma is pending approval.

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 has obtained approval of Registrar with respect to Alteration of Object Clause for which the Company has obtained the Certificate from Registrar of Companies, Maharashtra dated 1.8.2008. No approval was required to be obtained from the Central Government, Company Law Board, Regional Director, 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 share certificates 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 altered the provisions of the memorandum with respect to the objects of the company during the year under scrutiny after complying with the provisions of the Act.
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 altered its articles of association during financial year after complying with the provisions of the Act.
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 : 20<sup>th</sup> July, 2009

---

# FORBES BUMI ARMADA LIMITED

---

## 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 : 20<sup>th</sup> July, 2009

## 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, 2009.

1. Form 23AC for Balance Sheet as at 31/3/2008 and Form 23ACA for Profit & Loss Account for the year ended 31<sup>st</sup> March, 2008 filed with the Registrar of Companies, Maharashtra on 22<sup>nd</sup> July, 2008.
2. Form 66 for Compliance Certificate for financial year ended 31<sup>st</sup> March, 2008 in compliance with the provisions of Section 383A of the Companies Act, 1956 was filed with the Registrar of Companies, Maharashtra on 22<sup>nd</sup> July, 2008.
3. Form 20B for Annual Return made up to 23<sup>rd</sup> June, 2008, filed with the Registrar of Companies, Maharashtra on 18<sup>th</sup> August, 2008.
4. Form No. 32 in respect of appointment of One Director and Resignation of One Director w e f 7<sup>th</sup> March, 2008 filed with the Registrar of Companies, Maharashtra on 2<sup>nd</sup> April, 2008.
5. Form No. 32 in respect of appointment of One Director w e f 28<sup>th</sup> September, 2007 filed with the Registrar of Companies, Maharashtra on 11<sup>th</sup> April, 2008.
6. Form No. 23 in respect of resolutions passed by Members at the Extra Ordinary General Meeting held on 7<sup>th</sup> March, 2008 filed with the Registrar of Companies, Maharashtra on 17<sup>th</sup> April, 2008.
7. Form No. 5 with respect to Increase in Share Capital as approved by the Members at the Extra Ordinary General Meeting held on 7<sup>th</sup> March, 2008 filed with the Registrar of Companies, Maharashtra on 17<sup>th</sup> April, 2008.
8. Form No. 32 in respect of resignation of Two Directors w e f 28<sup>th</sup> September, 2007 filed with the Registrar of Companies, Maharashtra on 24<sup>th</sup> April, 2008.
9. 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 12<sup>th</sup> June, 2008.
10. Form No. 32 in respect of change in designation of Directors w e f 23<sup>rd</sup> June, 2008 filed with the Registrar of Companies, Maharashtra on 22<sup>nd</sup> July, 2008.
11. Form No. 23 in respect of resolutions passed by Members at the Annual General Meeting held on 23<sup>rd</sup> June, 2008 with respect to Alteration of Object Clause of Memorandum of Association & Articles of Association filed with the Registrar of Companies, Maharashtra on 23<sup>rd</sup> July, 2008.
12. Form No. 32 in respect of Vacation of Office by One Director as Alternate Director w e f 18<sup>th</sup> December, 2008 filed with the Registrar of Companies, Maharashtra on 14<sup>th</sup> January, 2009.
13. Form No. 32 in respect of appointment of One Additional Director w e f 18<sup>th</sup> December, 2008 filed with the Registrar of Companies, Maharashtra on 23<sup>rd</sup> January, 2009.
14. Form No. 32 in respect of Mr. Hassan Basma of Director w. e. f. 28<sup>th</sup> September, 2007 filed with the Registrar of Companies, Maharashtra on 12<sup>th</sup> March, 2009.

For Sanjay Dholakia & Associates

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

Place : Mumbai  
Date : 20<sup>th</sup> July, 2009

**AUDITORS' REPORT TO THE MEMBERS OF FORBES BUMI ARMADA LIMITED ON  
THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2009**

1. We have audited the attached Balance Sheet of FORBES BUMI ARMADA LIMITED as at 31st March 2009 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:
  - (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 as far as appears from our examination of the books.
  - (c) The Balance Sheet and Profit and Loss Account referred to in this report are in agreement with the books of account.
  - (d) 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.
  - (e) On the basis of information and explanation received by us, none of the directors are, prima facie, as at 31<sup>st</sup> March 2009 disqualified from being appointed as directors of the company under clause (g) of sub section (I) 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 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, 2009 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 V. Shah)**  
*Proprietor*

(Membership No. 35626)

Mumbai, Dated 24<sup>th</sup> July, 2009

**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. As informed, no material discrepancies were noticed on such verification
  - (c) During the year the company has not disposed off any fixed asset.
- (ii) As explained to us, the company does not have inventory. Accordingly the provision of Clause 4(ii) of the Companies (Auditors report) Order 2003 (as amended) is not applicable.
- (iii)
  - (a) In our opinion and according to 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.

---

## FORBES BUMI ARMADA LIMITED

---

- (b) The company has not taken any loans, secured or unsecured, from the Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (iv) There are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of fixed assets. During the course of our audit, no major weakness has been noticed by us in the internal control systems of the company.
- (v) There are no contracts or arrangements with the company covered under Section 301 of the Companies Act, 1956 hence Clause 4(v) of the Companies (Auditors report) Order 2003 (as amended) is not applicable.
- (vi) 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 and hence Clause 4(vi) of the Companies (Auditors report) Order 2003 (as amended) is not applicable.
- (vii) In our opinion, Clause 4 (vii) of Companies (Auditors report) Order 2003 (as amended) in respect of internal audit is not applicable.
- (viii) 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) 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, 2009 for a period of more than six months from the date they became payable.
- (x) The Company has not been registered for a period of more than five years and hence Clause 4(x) of the Companies (Auditors report) Order 2003 (as amended) in respect of accumulated losses is not applicable.
- (xi) The Company has no dues to Financial Institutions or Bank or Debenture Holders and hence Clause 4(xi) of the Companies (Auditors report) Order 2003 (as amended) in respect of default of payment of such dues is not applicable.
- (xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities and hence Clause 4(xii) of the Companies (Auditors report) Order 2003 (as amended) in respect of documentation of such securities is not applicable.
- (xiii) The company is not a Chit Fund or a Nidhi / Mutual Benefit Fund / Society and hence Clause 4(xiii) of the Companies (Auditors report) Order 2003 (as amended) is not applicable.
- (xiv) The Company has no dealings in Shares, Securities, Debentures and other Investments and hence Clause 4(xiv) of the Companies (Auditors report) Order 2003 (as amended) is not applicable.
- (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 institution and hence Clause 4(xv) of the Companies (Auditors report) Order 2003 (as amended) is not applicable.
- (xvi) According to the information and explanations given to us, the Company has not raised any term loan in the period under review and hence Clause 4(xvi) of the Companies (Auditors report) Order 2003 (as amended) is not applicable.
- (xvii) 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.
- (xviii) During the year, the company has not made any preferential allotment of shares and hence Clause 4(xviii) of the Companies (Auditors report) Order 2003 (as amended) is not applicable.
- (xix) No Debentures have been issued by the company and hence Clause 4(xix) of the Companies (Auditors report) Order 2003 (as amended) is not applicable.
- (xx) 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.
- (xxi) 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*

Mumbai, Dated 24<sup>th</sup> July, 2009

(Membership No. 35626)

**BALANCE SHEET AS AT 31ST MARCH 2009**

	Schedule No.	Mar-09 Rupees	Mar-08 Rupees
<b>FUNDS EMPLOYED:</b>			
1. SHARE CAPITAL	“1”	50,00,000	50,00,000
2. RESERVES AND SURPLUS		—	—
3. TOTAL SHAREHOLDERS’ FUNDS		50,00,000	50,00,000
4. LOANS:			
(a) Secured		—	—
(b) Unsecured	“2”	18,00,000	—
		18,00,000	—
<b>TOTAL FUNDS EMPLOYED</b>		<b>68,00,000</b>	<b>50,00,000</b>
<b>APPLICATION OF FUNDS:</b>			
5. FIXED ASSETS:	“3”		
(a) Gross Block		99,750	—
(b) Less: Total Depreciation/Amortisation		9,077	—
(c) Less: Total Impairment		—	—
(d) Net Block		90,673	—
6. INVESTMENTS		—	—
7. DEFERRED TAX ASSET		24,18,844	—
8. CURRENT ASSETS, LOANS AND ADVANCES	“4”		
(a) Cash and Bank Balances		15,94,866	30,10,812
(b) Other Current Assets		9,810	—
(c) Loans and Advances		69,580	5,11,660
		16,74,256	35,22,472
9. Less: CURRENT LIABILITIES AND PROVISIONS	“5”		
(a) Liabilities		41,56,191	17,76,543
(b) Provisions		36,870	0
		41,93,061	17,76,543
10. NET CURRENT ASSETS		(25,18,806)	17,45,928
11. MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)		—	—
12. PROFIT AND LOSS ACCOUNT DEBIT BALANCE		68,09,289	32,54,072
<b>TOTAL APPLICATION OF FUNDS</b>		<b>68,00,000</b>	<b>50,00,000</b>

The Accompanying Notes in Schedule 7 are an integral part of the accounts

For and on behalf of the board

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

**UDAY V. SHAH**  
Proprietor  
M. No. 35626

MUMBAI  
Dated : 24<sup>th</sup> July, 2009

N.C. Singhal } *Chairman*  
Ashok Barat }  
Ravi Shankar }  
Hassan Assad Basma } *Director*  
Jonathan Edward Duckett }  
Chan Chee Beng }

Kuala Lumpur, Dated : 24<sup>th</sup> July, 2009

# FORBES BUMI ARMADA LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009

	Schedule No.	Mar-09 Rupees	Mar-08 Rupees
<b>1. INCOME:</b>			
OTHER INCOME:			
Interest on Investments			
– Current Investments		1,57,334	–
		<b>1,57,334</b>	–
<b>2. EXPENDITURE:</b>			
Trading and Other Expenses	“6”	59,10,774	25,52,012
Interest		1,74,674	–
		60,85,448	25,52,012
<b>DEPRECIATION</b> (Per Schedule 3)		9,077	–
		60,94,525	25,52,012
<b>PROFIT BEFORE PRIOR PERIOD ITEMS</b>		(59,37,191)	(25,52,012)
<b>PRIOR PERIOD ITEMS:</b>		–	6,97,191
<b>3. PROFIT BEFORE TAXATION AND EXCEPTIONAL ITEMS</b>		<b>(59,37,191)</b>	<b>(32,49,203)</b>
<b>4. EXCEPTIONAL ITEMS</b>		–	–
<b>5. PROFIT BEFORE TAX / (LOSS)</b>		<b>(59,37,191)</b>	<b>(32,49,203)</b>
Income tax expense			
– for Wealth-tax		–	–
– for Income-tax Current		–	–
– for Fringe Benefit Tax		36,870	–
– for Income-tax-Deferred (pertaining to previous year)		(7,42,741)	–
– for Income-tax-Deferred (pertaining to current year)		(16,76,103)	–
		(23,81,973)	–
<b>6. PROFIT AFTER TAX /(LOSS)</b>		<b>(35,55,217)</b>	<b>(32,49,203)</b>
<b>7. BALANCE BROUGHT FORWARD FROM LAST YEAR</b>		<b>(32,54,072)</b>	<b>(4,869)</b>
<b>8. TOTAL AMOUNT AVAILABLE FOR APPROPRIATION</b>		<b>(68,09,289)</b>	<b>(32,54,072)</b>
<b>9. BALANCE CARRIED TO BALANCE SHEET</b>		<b>(68,09,289)</b>	<b>(32,54,072)</b>
Basic and diluted earnings per share of face value of Rs.10 each		(7.11)	(6.50)

The Accompanying Notes in Schedule 7 are an integral part of the accounts

For and on behalf of the board

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

N.C. Singhal	} Chairman
Ashok Barat	
Ravi Shankar	} Director
Hassan Assad Basma	
Jonathan Edward Duckett	
Chan Chee Beng	

**UDAY V. SHAH**  
Proprietor  
M. No. 35626

MUMBAI  
Dated : 24<sup>th</sup> July, 2009

Kuala Lumpur, Dated : 24<sup>th</sup> July, 2009



## SCHEDULE "1" TO "7" ANNEXED TO AND FORMING PART OF THE ACCOUNTS

## SCHEDULE "1" – SHARE CAPITAL

	Mar-09 Rupees	<i>Mar-08</i> <i>Rupees</i>
1. <b>AUTHORISED:</b>		
1,00,00,000 Equity Shares of Rs.10 each.	<u>10,00,00,000</u>	<u>1,00,00,000</u>
2. <b>ISSUED AND SUBSCRIBED:</b>		
5,00,000 Equity Shares of Rs.10/- each fully paid	<u>50,00,000</u>	<u>50,00,000</u>
<b>TOTAL RUPEES</b>	<u>50,00,000</u>	<u>50,00,000</u>

## SCHEDULE "2" – UNSECURED LOANS

	Mar-09 Rupees	<i>Mar-08</i> <i>Rupees</i>
1. <b>SHORT TERM LOANS AND ADVANCES</b>		
<b>From Banks -</b>		
Temporary overdraft from banks	–	–
(i) Short Term and call loans from banks	–	–
(ii) Deferred Credit	–	–
	–	–
<b>From Others -</b>		
(i) Call Deposits	–	–
(ii) (a) Inter-corporate deposits	18,00,000	–
(b) Interest accrued and due	–	–
	<u>18,00,000</u>	–
(iii) Sales tax deferment loan	–	–
	<u>18,00,000</u>	–
<b>TOTAL RUPEES</b>	<u>18,00,000</u>	–

**FORBES BUMI ARMADA LIMITED**

**SCHEDULE “1” TO “7” ANNEXED TO AND FORMING PART OF THE ACCOUNTS**

**SCHEDULE “3” – FIXED ASSET**

	Description of Assets	GROSS BLOCK				DEPRECIATION BLOCK				NET BLOCK	
		Total Cost (after deducting sale proceeds where the cost is not ascertainable) upto 31st March, 2008	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, 2009	Cumulative Depreciation upto 31st March, 2008	Depreciation for the Year	Depreciation on deductions for the year	Total Depreciation as at 31st March, 2009	Balance as at 31st March, 2009	Balance as at 31st March, 2008
		Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
1.	Furniture, Fixtures & Office Equipment	–	99,750	–	99,750	–	9,077	–	9,077	90,673	–
	<b>TOTAL RUPEES</b>	–	<b>99,750</b>	–	<b>99,750</b>	–	<b>9,077</b>	–	<b>9,077</b>	<b>90,673</b>	–

## SCHEDULE "1" TO "7" ANNEXED TO AND FORMING PART OF THE ACCOUNTS

## SCHEDULE "4" CURRENT ASSETS, LOANS AND ADVANCES

	<u>Mar-09</u> Rupees	<u>Mar-08</u> Rupees
<b>CURRENT ASSETS:</b>		
<b>CASH AND BANK BALANCES:</b>		
(i) Cash, cheques on hand and remittances in transit	17,824	–
(ii) Bank Balances:		
A. With Scheduled Banks:	–	–
On Current Accounts	27,042	30,10,812
On Margin Accounts	–	–
On Deposit Accounts	15,50,000	–
	<u>15,77,042</u>	<u>30,10,812</u>
B. With Others:	–	–
	<u>15,94,866</u>	<u>30,10,812</u>
<b>OTHER CURRENT ASSETS:</b>		
Interest accrued on Fixed Deposits	9,810	–
<b>LOANS AND ADVANCES:</b>		
(Unsecured, considered good unless otherwise stated)		
(i) Loans and Advances to Subsidiary Companies		
(a) Unsecured, Considered Good	–	5,11,660
(b) Considered Doubtful	–	–
	<u>–</u>	<u>5,11,660</u>
Less: Provision for Doubtful Loans and Advances	–	–
	<u>–</u>	<u>5,11,660</u>
(ii) (a) Taxes paid- (Advance Tax, Wealth Tax, FBT)	69,580	–
(b) Deposit with IDBI under Companies Deposit (Surcharge on Income-tax) Scheme 1986	–	–
	<u>69,580</u>	<u>5,11,660</u>
<b>TOTAL RUPEES</b>	<u><u>16,74,256</u></u>	<u><u>35,22,472</u></u>

# FORBES BUMI ARMADA LIMITED

## SCHEDULE “1” TO “7” ANNEXED TO AND FORMING PART OF THE ACCOUNTS

### SCHEDULE “5” – CURRENT LIABILITIES AND PROVISIONS

	Mar-09 Rupees	<i>Mar-08</i> <i>Rupees</i>
<b>1. CURRENT LIABILITIES:</b>		
(i) Sundry Creditors	93,964	70,332
(ii) Amount Payable to Holding Company	17,85,396	1,86,421
(iii) Other Liabilities	6,24,987	6,637
(iv) Share Application Money pending Allotment	15,13,154	15,13,154
(v) Interest accrued but not due on loans	1,38,691	–
	<b>41,56,191</b>	<b>17,76,543</b>
<b>2. PROVISIONS:</b>		
(i) Tax provisions (Provision for Income Tax, Wealth Tax and Fringe Benefit Tax)	36,870	0
<b>TOTAL RUPEES</b>	<b>41,93,061</b>	<b>17,76,543</b>

### SCHEDULE “6” – TRADING AND OTHER EXPENSES

	Mar-09 Rupees	<i>Mar-08</i> <i>Rupees</i>
<b>1. PAYMENTS TO AND PROVISIONS FOR EMPLOYEES:</b>		
(a) Salaries, Wages, Bonus and Commission	20,40,056	–
	20,40,056	–
<b>2. SELLING AND DISTRIBUTION EXPENSES:</b>		
(e) Selling & Sales Promotion Expenses	–	1,76,172
	–	1,76,172
<b>3. OTHER EXPENSES:</b>		
(a) Rent	1,05,965	–
(b) Stamps, Telegrams, Stationery, Printing, Telephones and Other Communication	69,589	5,287
(c) Legal and Professional Charges	16,49,713	8,75,471
(d) Auditors’ Remuneration:		
(i) Audit Fees	5,000	5,000
(ii) Tax Audit Fees	–	–
(iii) Company Law Matters	–	–
(iv) Other Matters	–	–
(v) Service Tax	515	618
(vi) Out of Pocket Expenses	–	–
	5,515	5,618
(e) Loss on Foreign Exchange fluctuations	(99)	–
(f) Vehicle Expenses	49,240	73,849
(g) Travel and Conveyance	2,19,091	1,46,601
(h) Miscellaneous Expenses	17,71,704	12,69,013
	38,70,718	23,75,840
<b>TOTAL RUPEES</b>	<b>59,10,774</b>	<b>25,52,012</b>

---

**SCHEDULE “1” TO “7” ANNEXED TO AND FORMING PART OF THE ACCOUNTS**


---

**SCHEDULE “7” – 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**

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.

**(c) Depreciation**

Depreciation is provided pro-rata to the period of use on the straight line method, at the rates stipulated in Schedule XIV to the Companies Act, 1956.

**(d) 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 in accordance with the requirements of Accounting Standard 22 – “Accounting for Taxes On Income”.

Deferred tax Assets arising on account of timing difference and which are capable of reversals in subsequent periods are recognized using the tax rates and tax laws that have been enacted or substantively enacted.

**(e) 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. EXPENDITURE IN FOREIGN CURRENCY**

	Current Year	Previous Year
Operating expenses in foreign currency	75,950	93,331

**3. The break-up of deferred tax liability and assets are as under:-**

Break-up of Deferred Tax liability and assets

Nature of Timing Difference	Deferred Tax Liability (-) / Assets (+) As at 01.04.2008	Current Year Adjustments		Deferred Tax Liability (-) / Assets (+) As at 31.03.2009
		Deferred Tax / Liability (-) / Assets (+) for the Previous Year	Deferred Tax / Liability (-) / Asset (+) for the Current Year	
Depreciation	–	–	(10,590)	(10,590)
Carried Forward of Business Losses	–	742,741	1,686,693	2,429,434
<b>Total</b>	–	<b>742,741</b>	<b>1,676,103</b>	<b>2,418,843</b>

# FORBES BUMI ARMADA LIMITED

## SCHEDULE "1" TO "7" ANNEXED TO AND FORMING PART OF THE ACCOUNTS SCHEDULE "7" – NOTES TO THE ACCOUNTS (Contd.)

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

	Current Year	Previous Year
Audit Fees	5,515	5,618
In other capacities :		
– Tax Audit	–	–
– Taxation	–	3,933
– Certification & other services	8,427	3,370
<b>Total</b>	<b>13,942</b>	<b>12,921</b>

### 5. RELATED PARTY DISCLOSURE

#### I. List of related parties and relationships

- A. Venture in respect of which the company is a joint venture.  
Forbes Finance Limited (100% Subsidiary of Forbes & Company Limited)  
Bumi Armada (Singapore) Pte. Ltd.
- B. Group companies  
Forvol International Services Ltd.

#### II. Transactions with related parties:

Nature of Transactions	31 <sup>st</sup> March, 2009		31 <sup>st</sup> March, 2008	
	Referred to in A above	Referred to in B above	Referred to in A above	Referred to in B above
<b>1 Expenses</b>				
(a) Rent	105,965	–	–	–
(b) Travelling Services	–	163,929	–	12,849
<b>2. Outstanding</b>				
(a) Loan received (A/c No. 1)	1,800,000	–	–	–
(b) Loan received (A/c No. 2)	1,785,395	–	186,421	–
(c) Interest Payable	174,674	–	–	–

All transactions referred to in above table "A" are with Forbes and Company Limited.

6. There are no dues to the Micro, Small and Medium Enterprises which are outstanding as at the Balance Sheet date. During the period there were no delays in payment of dues to such enterprises. This information Regarding Micro, Small and Medium Enterprises has been determined on the basis of information available with the Company. This has been relied upon by the Auditors.
7. There are no retirement benefits applicable to the employee of the company therefore AS-15 (Retirement Benefits) is not applicable to the company
8. There are no reportable Segments therefore AS-17 (Segment Reporting) is not applicable to the company
9. Figures for previous year have been regrouped wherever necessary.
10. The additional information as required under Schedule VI of the Companies Act, 1956 has not been furnished as the same is not applicable.

The Accompanying Notes in Schedule 7 are an integral part of the accounts

For and on behalf of the board

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

**UDAY V. SHAH**  
Proprietor  
M. No. 35626

MUMBAI  
Dated : 24<sup>th</sup> July, 2009

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

} *Chairman*  
} *Director*

Kuala Lumpur, Dated : 24<sup>th</sup> July, 2009

**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, 2009	March 31, 2008
II. Capital Raised During the Year: (Amount in Rs. Thousand)			
Public Issue	:	NIL	NIL
Right Issue	:	NIL	NIL
Bonus Issue	:	NIL	NIL
Private Placement	:	-	
III. Position of Mobilisation and Deployment of Funds: (Amount in Rs. Thousand)			
<b>Total Liabilities :</b>	:	6,800	5,000
<b>Total Assets :</b>	:	6,800	5,000
<b>Sources of Funds :</b>			
Paid-up Capital	:	5,000	5,000
Reserves and Surplus	:	-	-
Secured Loans	:	-	-
Unsecured Loans	:	1,800	-
<b>Application of Funds :</b>			
Net Fixed Assets	:	91	-
Investments	:	-	-
Deferred Tax Assets	:	2,419	
Net Current Assets	:	(2,519)	1,746
Misc. Expenditure	:	-	-
Accumulated Losses	:	6,809	3,254
IV. Performance Of Company: (Amount in Rs. Thousand)			
Turnover	:	-	-
Total Expenditure	:	6,085	2,552
Profit/Loss Before Tax	:	(5,937)	(3,249)
Profit/Loss After Tax	:	(3,555)	(3,249)
Earning Per Share in Rs.	:	(7.11)	(6.50)
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	:	-	-

For and on behalf of the board

N.C. Singhal	}	<i>Chairman</i>
Ashok Barat		
Ravi Shankar	}	<i>Director</i>
Hassan Assad Basma		
Jonathan Edward Duckett		
Chan Chee Beng		

Kuala Lumpur, Dated : 24<sup>th</sup> July, 2009

# FORBES BUMI ARMADA LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009

	Current Year		Previous Year	
	Rupees	Rupees	Rupees	Rupees
<b>NET PROFIT BEFORE TAX AND EXTRA-ORDINARY ITEMS</b>		(59,37,191)		(32,49,203)
<b>Adjusted for -</b>				
Depreciation	9,077		–	
Investment Income	(1,57,334)		–	
Interest and Other Finance Charges	1,74,674		–	
		26,417		–
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>		(59,10,774)		(32,49,203)
<b>Changes in -</b>				
Trade and Other Receivables	5,11,660		(3,27,260)	
Trade Payables and Others	23,79,648		74,121	
	28,91,308		(2,53,139)	
<b>OTHER ADJUSTMENTS</b>				
Less: Direct Taxes paid (net of refund)	39,190		–	
<b>(a) NET CASH (USED IN)/FROM OPERATING ACTIVITIES</b>		28,52,118		(2,53,139)
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		<b>(30,58,656)</b>		<b>(35,02,342)</b>
Purchase of Fixed Assets(including adjustments on account of capital work-in-progress and capital advances)	(99,750)		–	
Purchase of Long Term Investments	0		–	
Interest Received	1,17,134			
Advance against Share Application Money	–		15,13,154	
Issue of Share capital	–		50,00,000	
<b>(b) NET CASH USED IN INVESTING ACTIVITIES</b>		<b>17,384</b>		<b>65,13,154</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>				
Proceeds from Long Term Borrowings	18,00,000		–	
Interest Paid	(1,74,674)		–	
		16,25,326		–
<b>(c) NET CASH FROM FINANCING ACTIVITIES</b>		<b>16,25,326</b>		–
<b>(d) NET INCREASE IN CASH AND CASH EQUIVALENTS (a)+ (b) + (c)</b>		<b>(14,15,946)</b>		<b>30,10,812</b>
<b>CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE YEAR, COMPRISING:</b>				
Cash, Cheques on hand and remittances in transit			–	
Balances with Scheduled Banks on current accounts and deposits accounts	30,10,812		–	
<b>CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR, COMPRISING:</b>		30,10,812		
Cash, Cheques on hand and remittances in transit	17,824		–	
Balances with scheduled banks on current accounts and deposit accounts	15,77,042		30,10,812	
		15,94,866		30,10,812
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(14,15,946)</b>		<b>30,10,812</b>

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

**UDAY V. SHAH**  
Proprietor  
M. No. 35626

MUMBAI  
Dated : 24<sup>th</sup> July, 2009

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

} *Chairman*  
} *Director*

Kuala Lumpur, Dated : 24<sup>th</sup> July, 2009



---

**FORBES CAMPBELL SERVICES LIMITED**  
**(Formerly known as Forbes Services Limited)**

---

(a wholly owned Subsidiary Company of Forbes Finance Ltd. w.e.f. 19th May, 2009)

Annual Report and Accounts  
for the year ended 31<sup>st</sup> March, 2009

**DIRECTORS:**

C.A. Karnik

*Chairman*

R.T. Doshi

A.T. Shah

**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)**

---

**DIRECTORS' REPORT**

To,  
The Shareholders,  
Your Directors submit their Report and the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2009.

**1. FINANCIAL RESULTS:**

(Rs. in Lakhs)

	Current Year Rupees	Previous Year Rupees
<b>Profit/ (Loss) for the year</b>	0.24	(0.10)
<i>Less</i> : Provision for Taxation	0.02	–
Fringe Benefit Tax	0.32	0.26
Profit / (Loss) after Tax	(0.10)	(0.36)
<i>Add</i> : Amount brought forward from previous year	0.72	1.08
Surplus carried to Balance Sheet	0.62	0.72

**2. DIRECTORATE:**

Mr. M. L. Khetan ceased to be a Director of the Company with effect from 3<sup>rd</sup> November, 2008. The Board places on record their sincere appreciation for the services rendered by Mr. M. L. Khetan.

Mr. C. A. Karnik 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.

**3. AUDITORS:**

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

**4. 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 if employed for a part of the financial year.

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

"Pursuant to the provisions of section 217 (2A) 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".

**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**

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

Mumbai,  
Dated : 17<sup>th</sup> June, 2009

**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 2009 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 appears 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, 2009 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, 2009 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 2009,
    - (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*  
Mem. No.100283

Place : Mumbai,  
Dated : 17<sup>th</sup> June, 2009

**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, 2009.

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.

---

**FORBES CAMPBELL SERVICES LIMITED**  
**(Formerly known as Forbes Services Limited)**

---

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.
5. 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. As the company is not listed on any stock exchange or the paid up capital and the reserves as at the commencement of the financial year did not exceed Rupees fifty lacs or the average annual turnover for a period of three consecutive financial immediately preceding the financial year did not exceed Rupees five crores, clause (vii) of paragraph 4 of the Companies ( Auditors Report ) Order, 2003 in respect of internal audit is not applicable to the company for the current year.
8. The Company being a service company is not required to maintain cost records under clause (d) of subsection (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 generally 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, 2009. The company has not incurred cash loss in the current financial year, however it has incurred cash loss 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 : 17<sup>th</sup> June, 2009

Mem. No.100283

## BALANCE SHEET AS AT 31ST MARCH, 2009

	<u>Schedule</u>	<u>Rupees</u>	<u>As at 31.03.2009 Rupees</u>	<u>As at 31.03.2008 Rupees</u>
<b>1. SOURCES OF FUNDS:</b>				
I SHAREHOLDERS FUNDS :				
(a) Share capital	A	500,000		500,000
(b) Reserves and Surplus	B	62,355		72,213
			<u>562,355</u>	<u>572,213</u>
<b>2. APPLICATION OF FUNDS:</b>				
CURRENT ASSETS, LOANS AND ADVANCES :	C			
(a) Cash and Bank Balances		299,952		260,785
(b) Loans and Advances		679,367		751,756
		<u>979,319</u>		<u>1,012,541</u>
LESS : CURRENT LIABILITIES AND PROVISIONS :	D	416,964	562,355	440,328
NET CURRENT ASSETS			<u>562,355</u>	<u>572,213</u>
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

}

Directors

Mumbai, Dated 17th June, 2009

**FORBES CAMPBELL SERVICES LIMITED**  
**(Formerly known as Forbes Services Limited)**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009**

	<u>Schedule</u>	<u>Rupees</u>	<u>As at 31.03.2008 Rupees</u>
1. INCOME :			
Interest and other Income	E	915	1,165
Service Charges (Net)	F	23,227	(10,927)
2. <i>Less</i> : EXPENDITURE :			
Establishment Expenses		—	—
3. PROFIT / LOSS BEFORE TAX		24,142	(9,762)
4. <i>Less</i> : PROVISION FOR TAXATION		2,500	—
FRINGE BENEFIT TAX		31,500	20,500
5. PROFIT/ LOSS AFTER TAX [before prior year adjustment]		(9,858)	(30,262)
6. PRIOR YEAR TAXATION / ADJUSTMENT [Fringe Benefit Tax]		—	(6,000)
7. PROFIT/ LOSS AFTER TAX		(9,858)	(36,262)
8. BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR		72,213	108,475
9. SURPLUS CARRIED TO BALANCE SHEET		62,355	72,213
No. of Equity Shares		50,000	50,000
Face Value pre Share		10	10
Basic & Diluted Earning per Share		(0.20)	(0.73)
10. 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

}

*Directors*

Mumbai, Dated 17th June, 2009

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT  
31ST MARCH, 2009**

**SCHEDULE 'A' SHARE CAPITAL**

	<i>As at</i> 31.03.2009 <i>Rupees</i>	<i>As at</i> 31.03.2008 <i>Rupees</i>
<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**

	<i>As at</i> 31.03.2009 <i>Rupees</i>	<i>As at</i> 31.03.2008 <i>Rupees</i>
<b>1. SURPLUS :</b>		
Profit and Loss Account Balance	62,355	72,213
	62,355	72,213

**SCHEDULE 'C' CURRENT ASSETS, LOANS AND ADVANCES**

	<i>As at</i> 31.03.2009 <i>Rupees</i>	<i>As at</i> 31.03.2008 <i>Rupees</i>
<b>1. CURRENT ASSETS :</b>		
Cash and Bank Balances :		
Cash on hand	3,294	2,674
With Scheduled Banks :		
In Current Accounts	296,658	258,111
	299,952	260,785
<b>2. LOANS AND ADVANCES : (UNSECURED, CONSIDERED GOOD)</b>		
Advances recoverable in cash or in kind or for value to be received :	274,023	422,249
Advance payment of Tax	405,344	329,507
	679,367	751,756
	979,319	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, 2009**

**SCHEDULE 'D' CURRENT LIABILITIES AND PROVISIONS**

	As at 31.03.2009 Rupees	As at 31.03.2008 Rupees
<b>1. CURRENT LIABILITIES:</b>		
Sundry Creditors	200,254	218,118
Advances Received against Services	216,710	216,710
<b>2. PROVISIONS :</b>		
Provision for Fringe Benefit Tax	–	5,500
	<u>416,964</u>	<u>440,328</u>

**SCHEDULE 'E' INTEREST AND OTHER INCOME**

	As at 31.03.2009 Rupees	As at 31.03.2008 Rupees
Interest from others	915	1,165
	<u>915</u>	<u>1,165</u>

**SCHEDULE 'F' ESTABLISHMENT EXPENSES**

	Rupees	As at 31.03.2008 Rupees
SERVICE CHARGES RECEIVED (TDS Rs.78337/- P.Y.Rs.83001)	3,240,473	3,322,234
<i>Less</i> : EXPENSES		
1. Payment to and Provisions for Employees		
(a) Salaries & Allowances	1,650,018	1,949,105
(b) Co's contribution to P.F. & others Funds	159,229	171,948
(c) Staff Welfare	24,876	28,743
	<u>1,834,123</u>	<u>2,149,796</u>
2. Professional Fees	950,115	831,904
3. Motor Car Expenses	227,618	147,922
4. Conveyance Expenses	84,117	77,198
5. Professional Tax	–	2,500
6. Telephone	23,480	24,452
7. Office Expenses	63,433	59,802
8. Software Expenses	–	11,382
9. Miscellaneous Expenses	26,087	17,878
10. Auditors Remuneration		
Audit Fees	7,500	7,500
Service Tax	773	927
Out of Pocket Expenses	–	1,900
	<u>3,217,246</u>	<u>3,333,161</u>
SERVICE CHARGES (NET)	<u>23,227</u>	<u>(10,927)</u>



---

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009**


---

**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, 2009

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 :**

As on 31-3-2009

Shapoorji Pallonji & Co.Ltd. (Ultimate holding Co.)  
Sterling Investment Corporation Pvt. Ltd.  
Forbes & Co. Ltd.[ erstwhile Forbes Gokak Ltd.]  
Forbes Finance Ltd.

**B. Fellow Subsidiaries:**

As on 31-3-2009

Forbes Water Ltd.	Forbes Smart Data Ltd.
High Point Properties Ltd. (Upto 8.3.2009)	Forbes Bumi Armada Ltd.
Forbes Technosys Ltd.	Forbes Sterling Star Ltd.
Aquadiagnostics Water Res. & Tech. Centre Ltd.	Latham India Limited
E4 Development & Coaching Pvt. Ltd.	Forbes Aquamall Ltd.
Aquamall Water Solutions Ltd.	Forbes Dorbis & Naess Maritime Ltd.
Eureka Forbes Ltd.	Forbes Container Line Pte. Ltd.
Volkart Fleming Shipping & Services Ltd.	Forbes Facility Centre Pvt. Ltd.
Forbes Tinsley Co. Ltd.	Euro Forbes International Pte. Ltd.

As on 31-3-2008

Forbes Water Ltd.	Forbes Smart Data Ltd.
High Point Properties Ltd. (Upto 8.3.2009)	Forbes Bumi Armada Ltd.
Forbes Technosys Ltd.	Forbes Sterling Star Ltd.
Aquadiagnostics Water Res. & Tech. Centre Ltd.	Latham India Limited
E4 Development & Coaching Pvt. Ltd.	Forbes Aquamall Ltd.
Aquamall Water Solutions Ltd.	Forbes Dorbis & Naess Maritime Ltd.
Eureka Forbes Ltd.	Forbes Container Line Pte. Ltd.
Volkart Fleming Shipping & Services Ltd.	Forbes Facility Centre Pvt. Ltd.
Forbes Tinsley Co. Ltd.	Euro Forbes International Pte. Ltd.

**FORBES CAMPBELL SERVICES LIMITED**  
**(Formerly known as Forbes Services Limited)**

**II. Transactions with related parties:**

Nature of Transactions	Referred to in "A" above		Referred to in "B" above	
	31.03.2009 Rupees	31.03.2008 Rupees	31.03.2009 Rupees	31.03.2008 Rupees
<b>Income</b>				
1. Service Charges (including service tax)	3501918	3,517,428	153554	200,268
<b>Expenses</b>				
2. Service charges paid	56,599	85,663	–	–
<b>Outstandings</b>				
3. Advances (expense recoverable)	–	105,054	–	18,626
4. Expenses	–	51,340	–	–
1. All transactions and outstanding balance referred to in table "A" are with a single party Viz. Forbes & Co. Ltd. [erstwhile Forbes Gokak Ltd.]				
2. 1B and 3B represents transactions with VFSS.				

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

}

Directors

Membership No. 100283

Mumbai, Dated 17th June, 2009

## 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	31-03-2009		

## 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	562	Total Assets	562
-------------------	-----	--------------	-----

## Sources of Funds

Paid up Capital	500	Reserves & Surplus	62
Secured Loans	NIL	Unsecured Loans	NIL

## Application of Funds

Net Fixed Assets	NIL	Investments	NIL
Net current Assets	562	Misc. Expenditure	NIL
Accumulated Losses	NIL		

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

Turnover	24	Total Expenditure	0
Profit / (Loss) Before Tax	24	Profit / (Loss) After Tax	9
Earning Per Share (Rs.)	(0.20)	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, 2009**

	2008 - 2009		2007- 2008	
	Rupees	Rupees	Rupees	Rupees
Profit / Loss Before Tax		24,142		(9,762)
Adjusted For				
Interest Received		(915)	–	(1,165)
Prior Year Adjustment		–		–
Operating Profit Before				
Working Capital Changes		23,227		(10,927)
Change in				
Creditors	(17,864)		36,262	
Advances	148,226	130,362	17,617	53,879
Income Tax Refund	–			
Direct Tax Paid	(115,337)	(115,337)	(109,501)	(109,501)
(A) Net Cash From Operating Activities		38,252		(66,549)
Cash Flow From Investing Activities				
Interest Received	915		1,165	
(B) Net Cash From Investing Activities		915		1,165
Cash Flow From Financing Activities				
(C) Net Cash From Financing Activities		–		–
Net Increase / Decrease In				
Cash and Cash Equivalents (A)+(B)+( C )		39,167		(65,384)
Cash and Cash Equivalent as at the Commencement of the Year Comprising Cash, Cheques on Hands and Remittances in Transit and Balance With Bank.		260,785		326,169
Cash and Cash Equivalent as at the End of the Year Comprising Cash, Cheques On Hands And Remittances in Transit and Balance With Bank		299,952		260,785
Net Decrease / Increase As Disclosed Above		39,167		(65,384)

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

}

*Directors*

Mumbai, Dated 17th June, 2009

---

**FORBES CONTAINER LINE PTE. LTD.**  
**(Incorporated in Singapore)**

---

(a wholly owned Subsidiary Company)

Annual Report and Accounts  
for the year ended 31st March, 2009

**DIRECTORS:**

Mr. Amit Mittal

*Chairman*

Mr. P. Unnikrishnan

**BANKERS:**

Oversea-Chinese Banking Corporation, Singapore

**AUDITORS:**

Moore Stephens LLP

Certified Public Accountants

10, Anson Road,

# 29-15, International Plaza,

Singapore - 079 903

**REGISTERED OFFICE:**

19, Keppel Road,

# 03-08, Jit Poh Building,

Singapore - 089 058

**REPORT OF THE DIRECTORS – 31 MARCH, 2009**

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, 2009.

**1. Directors**

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

Padmakumar Unnikrishnan

Mittal Amit (Appointed on 19 July, 2008)

**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**

The directors who held office at the end of the financial year had no interests in the share capital and debentures of the Company and its related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Company Act.

**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 to take up Unissued Shares**

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.

On behalf of the Board of Directors,

.....  
MITTAL AMIT

.....  
PADMAKUMAR UNNIKISHNAN

Singapore  
Date : 29<sup>th</sup> June, 2009

**STATEMENT BY THE DIRECTORS – 31ST MARCH, 2009**

In the opinion of the directors, the financial statements set out on pages 6 to 23 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2009 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.

On behalf of the Board of Directors,

.....

MITTAL AMIT

.....

PADMAKUMAR UNNIKRISHNAN

Singapore

Date : 29<sup>th</sup> June, 2009

---

**FORBES CONTAINER LINE PTE. LTD.**  
**(Incorporated in Singapore)**

---

**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 23, comprising the balance sheet as at 31st March, 2009 and the income statement, statement of changes in equity and cash flow statement for the year ended 31st March, 2009 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 a 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, 2009 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 : 29<sup>th</sup> June, 2009



## BALANCE SHEET AS AT 31ST MARCH, 2009

	Note	01.04.2008 to 31.3.2009		01.04.2007 to 31.3.2008	
		S\$	Rs.	S\$	Rs.
<b>Assets</b>					
<b>Non-Current Assets</b>					
Plant and equipment	8	38,652	1,326,537	81,278	2,349,503
<b>Current Assets</b>					
Trade receivable	9	1,397,797	47,972,393	1,341,432	38,776,775
Other receivables	10	232,055	7,964,128	256,474	7,413,894
Cash and bank balances	11	300,352	10,308,081	357,563	10,336,074
		<u>1,930,204</u>	<u>66,244,601</u>	<u>1,955,469</u>	<u>56,526,742</u>
<b>Total Assets</b>		<u>1,968,856</u>	<u>67,571,138</u>	<u>2,036,747</u>	<u>58,876,246</u>
<b>Share Capital and Reserves</b>					
Share capital	12	380,000	13,041,600	380,000	10,984,660
Retained earnings / Accumulated Loss		309,918	4,451,111	1,154,730	31,345,736
Translation Reserve		(78,350)	(2,688,972)	(86,171)	(2,490,945)
Foreign Currency Translation Reserve –			6,185,275		2,369,547
<b>Total Equity</b>		<u>611,568</u>	<u>20,989,014</u>	<u>1,448,559</u>	<u>42,208,997</u>
<b>Current Liabilities</b>					
Loan from holding company	13	–	–	–	–
Trade Payable	14	1,235,521	42,403,081	312,489	9,033,120
Other payables	15	10,013	343,646	1,805	52,177
Advances from a related company	16	–	–	67,190	1,942,260
Income Tax Payable		111,754	3,835,397	206,704	5,639,692
<b>Total Liabilities</b>		<u>1,357,288</u>	<u>46,582,124</u>	<u>588,188</u>	<u>16,667,249</u>
<b>Total Equity and Liabilities</b>		<u>1,968,856</u>	<u>67,571,138</u>	<u>2,036,747</u>	<u>58,876,246</u>

**FORBES CONTAINER LINE PTE. LTD.**  
(Incorporated in Singapore)

**PROFIT AND LOSS STATEMENT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2009**

	Note	01.04.2008 to 31.3.2009		01.04.2007 to 31.3.2008	
		S\$	Rs.	S\$	Rs.
<b>Revenue</b>	<b>3</b>	229,10,242	729,348,509	14,602,234	399,238,463
<b>Cost of Sales</b>		22,602,676	719,557,132	12,434,035	339,957,915
<b>Gross Profit</b>		307,566	9,791,376	2,168,199	59,280,548
<b>Less: Expenses</b>					
Operating Income		231,297	7,363,350	–	–
Administrative Expenses		(936,225)	(29,804,762)	(678,892)	(18,627,009)
Interest Expenses – holding company		–	–	(18,079)	(494,296)
		(7,04,928)	(22,441,412)	(696,971)	(19,121,306)
<b>(Loss) / profit before income tax</b>	<b>4</b>	(3,97,362)	(126,50,035)	1,471,228	40,159,242
Income tax	<b>7</b>	0	–	206,704	5,639,692
<b>(Loss) / profit for the year/period</b>		(397,362)	(12,650,035)	1,264,524	34,519,551

**STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM  
1 APRIL 2008 TO 31 ST MARCH 2009**

	Share Capital		Translation Reserve		Accumulated Loss		Total	
	S\$	Rs.	S\$	Rs.	S\$	Rs.	S\$	Rs.
Balance at 1st April 2008	<b>380,000</b>	10,984,660	(86,171)	(2,490,945)	1154730	31,345,736	1,448,559	39,839,451
Net Profit/(loss) for the Period	–	–	–	–	–	–	–	–
Balance At 31 March 2008	<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>39,839,451</b>
Balance at 1 April 2008	<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>39,839,451</b>
Translation difference recognised directly in equity	–	–	7,821	(198,027)	–	–	7,821	(198,027)
Net Profit for the Year	–	–	–	–	(397,362)	(12,650,035)	(397,362)	(12,650,035)
Total recognised income and expense for the year	380,000	10,984,660	7,821	(198,027)	(397,362)	(12,650,035)	(389,541)	(12,848,062)
Issuance share during the year	–	–	–	–	–	–	–	–
Foreign Exc rate diff	–	2,056,940	–	–	–	–	–	2,056,940
Dividend paid (Note 16)	–	–	–	–	(447,450)	(14,244,589)	(447,450)	(14,244,589)
<b>Balance at 31 March 2009</b>	<b>380,000</b>	<b>13,041,600</b>	<b>(78,350)</b>	<b>(2,688,972)</b>	<b>309,918</b>	<b>4,451,111</b>	<b>611,568</b>	<b>14,803,739</b>

**FORBES CONTAINER LINE PTE. LTD.**  
(Incorporated in Singapore)

**CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2009**

	01.04.2008 to 31.3.2009		01.04.2007 to 31.3.2008	
	S\$	Rs.	S\$	Rs.
<b>Cash Flows from Operating Activities</b>				
(Loss) / Profit before income tax	(397,362)	(12,650,035)	1,471,228	40,159,242
Adjustments for:				
Depreciation of plant and equipment	46,069	1,466,609	41,812	1,208,659
Finance charges	–	–	18,079	494,296
Foreign Currency Translation Reserve		(390,432)		2,421,245
Operating cash flows before working capital changes	(351,293)	(11,573,859)	1,531,119	44,283,443
Changes in working capital:				
Trade Receivables	(56,365)	(1,934,447)	(1,076,123)	(31,107,488)
Other Receivables	24,419	838,060	(214,353)	(6,196,302)
Trade Payables	923,032	31,678,458	45,214	1,307,001
Other Payables	8,208	281,699	(6,850)	(198,013)
Advances from a related company	(67,190)	(2,138,996)	–	–
Advance to holding company	–	–	(3,494)	(101,001)
	480,811	17,150,915	275,513	7,987,640
Cash generated from / used in operations				
Income tax paid	(94,950)	(3,022,737)	(8,748)	(239,178)
<b>Net cash used in operating activities</b>	385,861	14,128,178	266,765	7,748,462
<b>Cash Flows from Investing Activities</b>				
Purchase of Plant and equipment	(3,443)	(109,608)	(19,545)	(564,987)
<b>Net cash used in investing activities</b>	(3,443)	(109,608)	(19,545)	(564,987)
<b>Cash Flows from Financing Activities</b>				
Proceeds from issuance of share capital	–	–	300,000	8,672,100
Advance to holding company	–	–	(219,094)	(6,333,350)
(Repayment to) Loan from holding company	–	–	(23,291)	(673,273)
Dividend paid	(447,450)	(14,244,589)		
<b>Net cash generated from financing activities</b>	(447,450)	(14,244,589)	57,615	1,665,477
Foreign Exchange difference	7,821	198,027	(86,171)	(2,490,945)
<b>(Decrease) / Increase in cash and cash equivalents</b>	(57,211)	(27,993)	218,664	6,358,006
<b>Cash and cash equivalents at the beginning of the year/period</b>	357,563	10,336,073	138,899	3,978,067
<b>Cash and cash equivalents at the end of the year/period</b>	300,352	10,308,081	357,563	10,336,073

## NOTES TO THE FINANCIAL STATEMENTS – 31ST MARCH, 2009

These notes form an integral part of and should be read in conjunction with the accompanying financial statements:

### 1. GENERAL

Forbes Container Line Pte. Ltd. (the "Company") is a limited liability company domiciled and incorporated in Singapore. The principal activities of the Company are those of freight forwarding and services allied to the transport of goods. The address of the Company's registered office and principal place of business is 19 Keppel Road, #03-08 Jit Poh Building, Singapore - 089 058.

The Company is a wholly owned subsidiary of Forbes & Company Limited, a company incorporated and publicly listed in India.

The board of directors have authorised the issue of the financial statements on the date of the statement by directors.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of Preparation

The financial statements, which are expressed in Singapore dollars, have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") and the provisions of the Singapore Companies Act, Cap. 50.

The financial statements have been prepared on an historical cost convention, except as disclosed in the accounting policies below:

The preparation of financial statements in conformity with FRS requires the use of judgments, estimates and assumptions that affect the reported amounts of assets, 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 financial year. Although these estimates are based on management's best knowledge of current events and action, actual results may differ from those estimates.

In the process of applying the Company's accounting policies, which are described below, the directors are of the opinion that there were no critical judgements that have a significant effect on the amounts recognised in the financial statements, nor key assumptions concerning the future, and other key source 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 period.

#### (b) Adoption of New and Revised FRS and Interpretations to FRS (INT FRS)

##### (i) Adoption of New / Revised FRS

For the financial period ended 31st December, 2008, the Company has adopted the amendments to FRS 1 Presentation of Financial Statements – Capital Disclosures and FRS 107 Financial Instruments Disclosures which are relevant to the Company and effective for the said year. The adoption of these new/revised FRS is to expand the disclosures provided in the financial statements regarding the Company's management of capital and financial instruments, respectively.

##### *New/Revised FRS issued but not yet effective*

At the date of authorisation of these financial statements, the following revised FRS were in issue which are relevant to the Company but are not yet effective:

FRS 1 (revised) Presentation of Financial Statements

FRS 23 (revised) Borrowing Costs

Revised FRS 1 will become effective for the Company's financial statements for the annual period beginning 1 January, 2009. The revised standard requires all non-owner changes in equity (i.e. comprehensive income) to be presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity. Revised FRS 1 will not have any impact on the Company's financial position or results.

Revised FRS 23 will become effective for the Company's financial statements for the annual period beginning 1 January, 2009. The revised standard removes the option to expense borrowing costs and requires an entity to recognise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The directors do not anticipate any significant financial impact on the Company at the initial adoption of revised FRS 23.

**NOTES TO THE FINANCIAL STATEMENTS – 31ST MARCH, 2009 (Contd.)**

**2. SIGNIFICANT ACCOUNTING POLICIES (Contd.)**

**(c) Revenue Recognition**

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs 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 year. The character revenue is recognised over the life of time character agreements.

Interest income is recognised on a time-proportioned basis, by reference to the principal outstanding and the effective interest rate applicable.

**(d) Functional Currency and Foreign Currency Transactions**

**(i) Functional currency and presentation currency**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). The functional currency of the Company is the United States dollars. The financial statements are presented in Singapore dollars ("the presentation currency") due to the information requirements of Management.

Transactions in the functional currency are translated into the presentation currency using the exchange rates prevailing at the dates of the transactions. Assets and liabilities are translated at the closing rate at the balance sheet date. Resulting exchange differences are recognised in equity.

**(ii) Foreign currency transactions**

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchanges rates prevailing at the dates of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in the foreign currencies at the closing rate at the balance sheet date are recognised in the income statement.

**(e) Income Tax**

Income Tax expense comprises tax currently payable and movement in deferred tax. Current tax is based on taxable profit using tax rates enacted at the balance sheet date.

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial statements. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same tax authority. Deferred income tax is determined using tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

**(f) Plant and Equipment**

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation 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 and fittings	- 5 years

The residual values and useful life of plant and equipments are reviewed, and adjusted as appropriate, at each balance sheet date. Fully depreciated assets are retained in the financial statements until they are no longer in use.

---

**NOTES TO THE FINANCIAL STATEMENTS – 31ST MARCH, 2009 (Contd.)****2. SIGNIFICANT ACCOUNTING POLICIES (Contd.)****(f) Plant and Equipment (Contd.)**

Subsequent expenditure relating to plant and equipment that has already been recognised, is added to the carrying amount of the asset only when it is probable that future economic benefits, in excess of the standard performance of the asset before the expenditure was made, will flow to the Company and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense in the income statement during the financial year in which it is incurred. When assets are retired or otherwise disposed of, their carrying value and the related accumulated depreciation and any impairment values are removed from the financial statements, and any resulting gain or losses are reflected in the income statement for the year.

**(g) Trade and Other Receivables**

Trade and other receivables which are normally settled in 30 days, are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method, less allowance for impairment. An allowance for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance is the difference between the asset's carrying amount and the present value of the estimated cash flows discounted at the original effective interest rate. The amount of the allowance is recognised in the Income statement.

**(h) Impairment of Non-Financial Assets**

The carrying amount of the Company's non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the Income statement.

The recoverable amount is the greater of the asset's net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of the estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment losses recognised for the asset no longer exists or have decreased. 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. All reversals of impairment are recognised in the income statement.

**(i) Trade and Other Payables**

Trade and other payables which are normally settled in 30 days, including the loan from the holding company and advances from a related company, are initially measured at fair value and subsequently measured at amortised cost, using the effective interest method.

**(j) Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, 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.

**(k) Cash and Cash Equivalents**

Cash and cash equivalents consist of cash and bank balances.

**(l) Employee Benefits****(i) Defined contribution plans**

Contributions to defined contribution plans are recognised as an expense in the income statement as incurred.

**(ii) Employee leave entitlement**

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

**FORBES CONTAINER LINE PTE. LTD.**  
(Incorporated in Singapore)

**NOTES TO THE FINANCIAL STATEMENTS – 31ST MARCH, 2009 (Contd.)**

**2. SIGNIFICANT ACCOUNTING POLICIES (Contd.)**

**(m) Operating Leases**

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to the income statement on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the year in which termination takes place.

**3. REVENUE**

	01.04.2008 to 31.03.2009		01.04.2007 to 31.03.2008	
	S\$	Rs.	S\$	Rs.
Freight Service Income	22,910,942	729,348,509	14,602,234	399,238,463
Charter Hire Income	–	–	–	–
	<u>22,910,942</u>	<u>729,348,509</u>	<u>14,602,234</u>	<u>399,238,463</u>

**4. PROFIT/LOSS BEFORE INCOME TAX**

Net Loss for the period has been arrived at after charging:

Depreciation of plant and equipment (Note 8)	46,069	1,466,609	41,812	1,208,659
Rental – operating lease expense	74,160	2,360,887	46,080	1,259,869
Exchange gain	231,297	7,363,350	–	–

**5. STAFF COSTS**

Staff salaries and related costs	424,421	13,511,460	326,500	8,926,809
Staff Welfare Benefits	9,910	315,485	29,178	797,563
	<u>434,331</u>	<u>13,826,945</u>	<u>355,678</u>	<u>9,724,563</u>

**6. DIRECTOR'S REMUNERATION**

Salaries and other costs	170,000	5,411,957	129,500	3,540,649
Contributions to defined contribution plans	10,851	345,442	5,445	148,871
Consulation Fee	–	–	–	–
	<u>180,851</u>	<u>5,757,399</u>	<u>134,945</u>	<u>3,689,520</u>

**7. INCOME TAX**

	2008 S\$	2008 Rs.
Current year Income Tax	<u>206,704</u>	<u>5,639,692</u>

The income tax expense varied from the amount of Income Tax expense determined by applying the Singapore Income Tax rate of 17% (2008: 18%) to profit before tax as a result of the following differences:



## NOTES TO THE FINANCIAL STATEMENTS – 31ST MARCH, 2009 (Contd.)

## 7. INCOME TAX (Contd.)

	01.04.2008 to 31.03.2009		01.04.2007 to 31.03.2008	
	S\$	Rs.	S\$	Rs.
(Loss) / Profit before Income Tax	(397,362)	(12,650,035)	1,471,228	40,159,242
Income Tax (benefit) at statutory rate of 17% : 2008 (2007: 18%)	(67,552)	(2,277,006)	264,821	7,228,664
Partial Tax Exemption	–	–	(27,450)	(750,508)
Non - allowable expenses	–	–	–	–
Tax loss	–	–	(13,841)	(378,426)
Capital allowances	–	–	(16,826)	(460,038)
Deferred tax asset not recognised	67,552	2,277,006	–	–
Withholding tax expenses	–	–	–	–
	<u>0</u>	<u>–</u>	<u>206,704</u>	<u>5,639,692</u>

As at the balance sheet, unutilised tax losses amounting to approximately S\$ 420,820 (2008: Nil) are available for off-setting against future taxable income subject to there being no substantial charges in shareholdings and other requirements as provided in the Income Tax Act.

## 8. PLANT &amp; EQUIPMENT – 01.04.2008 TO 31.3.2009

	Software System		Computers		Office Equipment		Furniture & Fittings		Totals	
	S\$	Rs.	S\$	Rs.	S\$	Rs.	S\$	Rs.	S\$	Rs.
<b>2009</b>										
<b>Cost</b>										
At 1 <sup>st</sup> April 2008	73,265	2,117,871	51,506	1,488,884	1,948	56,311	17,800	514,545	144,519	4,177,611
Additions	–	–	2,337	74,398	0	–	1,106	35,210	3,443	109,608
Additions and at 31 <sup>st</sup> March 2009	<u>73,265</u>	<u>2,514,455</u>	<u>53,843</u>	<u>1,847,892</u>	<u>1,948</u>	<u>66,855</u>	<u>18,906</u>	<u>648,854</u>	<u>147,962</u>	<u>5,078,056</u>
<b>Accumulated depreciation</b>										
At 1 <sup>st</sup> April 2008	36,244	1,047,705	23,067	666,798	558	16,130	3,372	97,474	63,241	1,828,108
Depreciation on additions	24,422	777,475	17,621	560,965	389	12,384	3,637	115,784	46,069	1,466,609
Depreciation for the period and at 31 <sup>st</sup> March 2009	<u>60,666</u>	<u>2,082,057</u>	<u>40,688</u>	<u>1,396,412</u>	<u>947</u>	<u>32,501</u>	<u>7,009</u>	<u>240,549</u>	<u>109,310</u>	<u>3,751,519</u>
Net book value At 31 <sup>st</sup> March 2009	<u>12,599</u>	<u>432,398</u>	<u>13,155</u>	<u>451,480</u>	<u>1,001</u>	<u>34,354</u>	<u>11,897</u>	<u>408,305</u>	<u>38,652</u>	<u>1,326,537</u>
<b>2008</b>										
<b>Cost</b>										
Additions and at 31 <sup>st</sup> March 2008	73,265	2,117,871	51,506	1,488,884	1,948	56,311	17,800	514,545	144,519	4,177,611
<b>Accumulated depreciation</b>										
Depreciation for the period and at 31 <sup>st</sup> March 2008	36,244	1,047,705	23,067	666,798	558	16,130	3,372	97,474	63,241	1,828,108
Net book value At 31 <sup>st</sup> March 2008	37,021	1,070,166	28,439	822,086	1,390	40,181	14,428	417,070	81,278	2,349,503

**FORBES CONTAINER LINE PTE. LTD.**  
(Incorporated in Singapore)

**NOTES TO THE FINANCIAL STATEMENTS – 31ST MARCH, 2009 (Contd.)**

**9. TRADE RECEIVABLES**

	2009 S\$	2009 Rs.	2008 S\$	2008 Rs.
Receivables form Customers	124,778	4,282,381	53,204	1,537,968
Receivables from Agents				
Related Parties	903,050	30,992,676	1,088,109	31,453,967
Third Parties	367,684	12,618,915	196,559	5,681,931
GST Receivable	2,285	78,421	3,560	102,909
	<u>1,397,797</u>	<u>47,972,393</u>	<u>1,341,432</u>	<u>38,776,775</u>
Singapore Dollar	127,064	4,360,836	60,527	1,749,654
United States Dollar	1,270,733	43,611,557	1,280,905	37,027,121
	<u>1,397,797</u>	<u>47,972,393</u>	<u>1,341,432</u>	<u>38,776,775</u>

**10. OTHER RECEIVABLES**

	01.04.2008 to 31.03.2009		01.04.2007 to 31.03.2008	
	S\$	Rs.	S\$	Rs.
Deposits	210,894	7,237,882	202,273	5,847,106
Prepayments	–	–	31,707	916,554
Amount due from holding company	3,494	119,914	3,494	101,001
Amount due from a director	7,000	240,240	19,000	549,233
Others	10,667	366,091	–	–
	<u>232,055</u>	<u>7,964,128</u>	<u>256,474</u>	<u>7,413,894</u>

**11. CASH AND BANK BALANCES**

Singapore Dollar	36,821	1,263,697	206,167	5,959,669
United States Dollar	263,531	9,044,384	151,396	4,376,404
	<u>300,352</u>	<u>10,308,081</u>	<u>357,563</u>	<u>10,336,074</u>

**12. SHARE CAPITAL**

Issued and fully paid :

380,000 Ordinary Shares	<u>380,000</u>	<u>13,041,600</u>	<u>380,000</u>	<u>10,984,660</u>
-------------------------	----------------	-------------------	----------------	-------------------

Ordinary Shares have no par value.

**NOTES TO THE FINANCIAL STATEMENTS – 31ST MARCH, 2009 (Contd.)**

**13. TRADE PAYABLES**

	2009 S\$	2008 S\$
Payables to:		
– A related Company	579,787	–
– Third parties	655,734	312,489
	1,235,521	312,489
Trade payables are denominated in the following currencies:		
Singapore dollar	170,653	4,250
United States dollar	1,064,868	308,239
	1,235,521	312,489

**14. OTHER PAYABLES**

	2009 S\$	2009 Rs.	2008 S\$	2008 Rs.
Accrued expenses	10,013	343,646	1,805	52,177
Other payables are denominated in Singapore dollars.				

**15. ADVANCES FROM A RELATED COMPANY**

The advances from a related company are interest free, unsecured and repayable on demand and denominated in United States dollars.

**16. DIVIDENDS**

During the current financial year, the Company declared and paid an interim tax-exempt dividend of S\$ 1.775 per share amounting to S\$ 447,450, Rs.14,244,589.

**17. RELATED PARTY TRANSACTIONS**

In addition to the related party transactions referred to in Note 9, 10, 13 and 15, the Company had the following significant transactions with related companies during the year at terms agreed between the parties :

	2009 S\$	2009 Rs.	2008 S\$	2008 Rs.
Agent Commission Payable	344,509	10,967,458	237,246	6,486,523
Reimbursement of expenses	19,026	605,694	–	–
Dividend paid	447,450	14,244,589	–	–
	810,985	25,817,741	237,246	6,486,523

Related companies refer to other members of the holding company's group of companies.

Remuneration of the directors, who are the key management of the Company, is disclosed in Note 6.

**18. LEASE COMMITMENTS**

The company leased its office premises from 1 August 2006 to 31st July 2009 renewable for such terms and conditions as may be agreed upon with the lessor. At the balance sheet date, the Company was committed to make the following payments in respect of operating leases:

	2009 S\$	2009 Rs.	2008 S\$	2008 Rs.
Payable:				
Within 1 year	89,280	2,842,233	15,360	419,956
After 1 year but within 5 years	29,760	947,411	–	–
	119,040	3,789,643	15,360	419,956

**FORBES CONTAINER LINE PTE. LTD.**  
(Incorporated in Singapore)

**NOTES TO THE FINANCIAL STATEMENTS – 31ST MARCH, 2009 (Contd.)**

**19. FINANCIAL INSTRUMENTS**

**(a) Financial Risk Management Policies**

The Company does not have specific risk management policies and guidelines. Generally, the Company adopts conservative strategies on its risk management. The Company continually monitors the risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The directors believe that the Company's exposure associated with these risks is minimal.

**(i) Capital risk**

The Company's objectives when managing capital are to safeguard the Company's ability to operate as a going concern in order to provide adequate returns to shareholder, to support the Company's stability and growth; and to provide capital for the purpose of strengthening the Company's financial management capability.

The Company actively and regularly reviews and manages its capital structure to ensure an optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Company and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. As part of the capital risk management process, the Board monitors regularly the Company's ratio of net debt to shareholder's equity as shown below:

	2009 S\$	2009 Rs.	2008 S\$	2008 Rs.
Net debt	1,080,394	37,079,122	230,625	6,666,677
Shareholder's equity	588,110	20,183,935	1,448,559	41,873,495
Net debt to shareholder's equity ratio	1.84	1.84	0.16	0.16

The above ratio is calculated as net debt divided by shareholder's equity. Net debt is calculated as total liabilities less cash and cash equivalents.

**(ii) Interest rate risk**

Except for the loan from the holding company which is charged at a fixed interest rate of 4% per annum, the Company has no external borrowing obligations and it therefore not exposed to any significant market risk for changes in interest rates. The Company has no significant interest-earning financial assets.

**(iii) Foreign currency risk**

Foreign currency risk refers to the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchanges rates. The Company mainly operates in Singapore and its functional currency is in United States dollar. The Company is exposed to foreign currency risk when transactions such as sales and purchases are denominated in currencies other than Singapore dollar. The currency giving rise to this risk is primarily Singapore dollar (S\$).

The Company has not entered into any forward currency contracts or any hedging instruments to manage the foreign currency risk. This exposure is managed as far as possible by natural hedges of matching assets and liabilities.

The Company's foreign currency exposure based on the information provided by key management are as follows:

	<b>Denominated in the following currencies</b>			
	Singapore Dollar S\$	United States Dollar S\$	Total S\$	Total Rs.
<b>2009</b>				
Financial assets				
Trade receivables	127,064	1,270,733	1,397,797	47,972,393
Other receivables	17,667	210,894	228,561	7,844,214
Due from immediate holding company	3,494	–	3,494	119,914
Cash and cash equivalents	36,821	263,531	300,352	10,308,081
	<u>185,046</u>	<u>1,745,158</u>	<u>1,930,204</u>	<u>66,244,601</u>

## NOTES TO THE FINANCIAL STATEMENTS – 31ST MARCH, 2009 (Contd.)

## 19. FINANCIAL INSTRUMENTS (Contd.)

## (a) Financial Risk Management Policies (Contd.)

## (iii) Foreign currency risk (Contd.)

	Denominated in the following currencies			
	Singapore Dollar S\$	United States Dollar S\$	Total S\$	Total Rs.
<b>Financial liabilities</b>				
Trade payables	170,653	1,064,868	1,235,521	42,403,080
Other payables	10,013	–	10,013	343,646
Due to immediate holding company	–	–	–	–
Due to related companies	–	–	–	–
	<u>180,666</u>	<u>1,064,868</u>	<u>1,245,534</u>	<u>42,746,726</u>
Net financial assets / (liabilities)	<b>4,380</b>	<b>680,290</b>	<b>684,670</b>	<b>23,497,875</b>
<b>2008</b>				
<u>Financial assets</u>				
Trade receivables	53,204	1,288,228	1,341,432	38,776,775
Other receivables	46,407	202,207	248,614	7,186,685
Due from immediate holding company	7,860	–	7,860	227,209
Cash and cash equivalents	<u>206,167</u>	<u>151,396</u>	<u>357,563</u>	<u>10,336,074</u>
	<u>313,638</u>	<u>1,641,831</u>	<u>1,955,469</u>	<u>56,526,742</u>
<u>Financial liabilities</u>				
Trade payables	4,250	308,239	312,489	9,033,120
Other payables	1,805	–	1,805	52,177
Due to immediate holding company	–	–	–	–
Due to related companies	<u>67,190</u>	<u>–</u>	<u>67,190</u>	<u>1,942,260</u>
	<u>73,245</u>	<u>308,239</u>	<u>381,484</u>	<u>11,027,557</u>
Net financial assets / (liabilities)	<u>240,393</u>	<u>1,333,592</u>	<u>1,573,985</u>	<u>45,499,185</u>
Sensitivity Analysis				

A change of 5% (2008:5%) (taking into consideration both strengthening and weakening aspect) of US\$ against the following currencies at the year end date would increase / (decrease) the Company's profit after income tax and equity by the amounts as shown below. This analysis assumes that all other variables, in particular interest and tax rates, remain constant.

	Income Statement		Equity	
	S\$	Rs.	S\$	Rs.
<b>2009</b>				
US\$ against S\$				
– strengthened	(182)	(6,246)	34,014	1,167,360
– weakened	<u>182</u>	<u>6,246</u>	<u>(34,014)</u>	<u>(1,167,360)</u>
<b>2008</b>				
US\$ against S\$				
– strengthened	(9,976)	(288,376)	66,679	1,927,490
– weakened	<u>9,976</u>	<u>288,376</u>	<u>(66,679)</u>	<u>(19,27,490)</u>

---

**FORBES CONTAINER LINE PTE. LTD.**  
**(Incorporated in Singapore)**

---

**NOTES TO THE FINANCIAL STATEMENTS – 31ST MARCH, 2009 (Contd.)**

**19. FINANCIAL INSTRUMENTS (Contd.)**

**(a) Financial Risk Management Policies (Contd.)**

**(iv) Credit risk**

The Company's exposure to credit risk arises primarily from its trade receivables. Trade receivables mainly relate to balances due from agents, including 4 agents (2008: 4 agents) that individually represented more than 10% of the receivables from agents.

The maximum exposure to credit risk in the event that counterparties fail to perform their obligations as at the end of the financial year in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the balance sheet.

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The age analysis of trade receivables past due but not impaired is as follows:

	2009 S\$	2009 Rs.	2008 S\$	2008 Rs.
Past due 0 to 3 months	928,050	31,850,676	53,204	1,537,968
Past due 3 to 6 months	–		–	
	<u>928,050</u>	<u>31,850,676</u>	<u>53,204</u>	<u>1,537,968</u>

**(v) Liquidity risk**

The Company's policy on liquidity risk management is to maintain sufficient cash and the availability of funding through adequate amounts of committed credit facilities.

**(b) Fair value of financial assets and liabilities**

The carrying amount of current receivables and payables are assumed to approximate their fair values.

---

# FORBES DORIS & NAESS MARITIME LIMITED

---

(Subsidiary Company – Applied to ROC under Section 560 of the Companies Act, 1956 for striking the name off the Register)

Annual Report and Accounts for the period ended 21<sup>st</sup> January, 2009

**DIRECTORS:**

P.N. Jahagirdar	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

---

# FORBES DORIS & NAESS MARITIME LIMITED

---

## REPORT OF THE DIRECTORS OF FORBES DORIS & NAESS MARITIME LIMITED

To,  
The Shareholders,

1. Your Directors submit their Report and the Audited Accounts of the Company for the period ended 21st January, 2009.

The Board of Directors after careful consideration of the prospects for the Company, has decided to submit an application to the Registrar of Companies, Maharashtra, Mumbai for under Section 560 of the Companies Act, 1956 for striking off the name of the Company from the Register.

Hence the financial statements are prepared for the period 1st April, 2008 to 21st January, 2009.

2. **FINANCIAL RESULTS :**

	1.4.2008 to 21.01.2009 (Rupees)	Rupees in lakhs 1.4.2007 to 31.03.2008 (Rupees)
(a) Operating Profit before Depreciation	(1.19)	(0.23)
(b) Less: Depreciation	0.35	0.44
(c) Profit / (Loss) before Tax	(1.54)	(0.67)
(d) Less: Provision for Taxation	—	—
Provision for earlier Period	1.39	—
(e) Add/Less: Prior Period Items		
Credit Balance not payable written back	7.52	—
Prior Period Expenses	—	(0.18)
(f) Profit / (Loss) after Tax	4.58	(0.84)
(g) Add: Balance brought forward from Previous Year	(26.33)	(25.48)
(h) Balance carried to Balance Sheet	(21.75)	(26.33)

**Note:** The financial results provided above are not comparable as the financial results of current period are for the period from 01.04.2008 to 21.01.2009.

3. **OPERATIONS :**

The Company did not have any business operations during the period under review.

4. **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.

For and on behalf of  
the Board of Directors

Mumbai, 12th February, 2009

**P. N. Jahagirdar**  
Chairman



**SECRETARIAL COMPLIANCE CERTIFICATE FOR THE PERIOD ENDED 21<sup>ST</sup> JANUARY 2009 IN  
RESPECT OF FORBES DORIS AND NAESS MARITIME LIMITED.**

CIN No. of the Company : U63090MH2002PLC134998  
Nominal Capital : Rs. 2,500,000  
Paid up Capital : Rs. 2,174,000

**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 period ended on **21<sup>st</sup> January 2009** (financial period). 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 period:

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 **30<sup>th</sup> June, 2008, 24<sup>th</sup> September, 2008, 22<sup>nd</sup> November, 2008 and 21<sup>st</sup> January, 2009** 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 had not closed its Register of Members during the financial period.
6. The Annual General Meeting for the financial year ended on **31<sup>st</sup> March, 2008** was held on **28<sup>th</sup> July, 2008** 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 period.
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 period.
13. (i) There was no allotment/transfer/transmission of securities during the financial period.  
(ii) The Company was not required to deposit any amount in a separate Bank Account as no dividend was declared during the financial period.  
(iii) The Company was not required to post warrants to any member of the Company as no dividend was declared during the financial period.

---

## FORBES DORIS & NAESS MARITIME LIMITED

---

- (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. There was an appointment of an additional director during the financial period however there was no appointment of director, director to fill casual vacancy and alternate director.
15. The Company has not appointed any Managing Director/ Whole time Director/ Manager during the financial period.
16. The Company has not appointed any sole selling agents during the financial period.
17. The Company was not required to obtain any approvals of the Central Government, Regional Director, Company Law Board or Registrar of Companies, under the various provisions of the Act.
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 period.
20. The Company has not bought back any shares during the financial period.
21. There were no outstanding debentures or preference shares and hence there was no redemption of preference shares/debentures during the financial period.
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 from public falling within the purview of Section 58A and Rules framed there under during the financial period.
24. The Company has not made any borrowings during the financial period ended 21<sup>st</sup> January, 2009.
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 period under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the period under scrutiny.
28. The Company has not altered the provisions of Memorandum with respect to name of the Company during the period under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the period under scrutiny.
30. The Company has not altered its Articles of Association during the financial period.
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 period, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial period.
33. The Company has not deducted any contribution towards Provident Fund during the financial period.

For **RATHI & ASSOCIATES**  
*Company Secretaries*

**(NARAYAN RATHI)**  
*Partner*

Place : Mumbai  
Date : 12<sup>th</sup> February, 2009

C P No.:1104  
FCS No.:1433

## “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. Register of Application and Allotment
6. Register of Contracts u/s 301

**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 period ended 21<sup>st</sup> January 2009.

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. 23AC	220	Balance sheet as at 31st March, 2008	26.08.2008	Yes	N.A
2.	Form No. 23ACA	220	Profit & Loss Account for the year ended 31st March, 2008	26.08.2008	Yes	N.A
3.	Form No. 66	383A	Secretarial Compliance Certificate for the year ended 31st March, 2008	26.08.2008	Yes	N.A
4.	Form No: 20B	159	Annual Return upto 28th July, 2008	09.09.2008	Yes	N.A
5.	Form 32	303 (2)	Appointment of Mr. Prasad Jahagirdar	24.10.2008	Yes	N.A
6.	Form 32	303 (2)	Cessation of Mr. Surya Rao	07.11.2008	No	Yes

---

## FORBES DORIS & NAESS MARITIME LIMITED

---

### 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 21st January 2009 and also the Profit & Loss Account and Cash flow statement for the period 1<sup>st</sup> April 2008 to 21<sup>st</sup> January 2009, 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. Board have passed resolution dated 22nd November, 2008 that looking to current scenario, company is not intended to carry out its business operations in any alternative lines relating to Shipping industries and accordingly board proposed to make application to Company Law Board for winding up the company. Accounts have been accordingly prepared based upon the same.
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 21<sup>st</sup> January, 2009;
    - (ii) In the case of 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 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 21<sup>st</sup> January 2009 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*

Membership No. 35626

Place : Mumbai

Dated : 12<sup>th</sup> February, 2009

### 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 revalued 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 21<sup>st</sup> January, 2009 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; and 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*

Place : Mumbai

Dated : 12<sup>th</sup> February, 2009

Membership No. 35626

# FORBES DORIS & NAESS MARITIME LIMITED

## BALANCE SHEET AS AT 21ST JANUARY, 2009

	Schedule	Rupees	Rupees	As at 21.01.2009 Rupees	As at 31.03.2008 Rupees
<b>FUNDS EMPLOYED :</b>					
1	“1”			2,174,500	2,174,500
3				2,174,500	2,174,500
<b>APPLICATION OF FUNDS :</b>					
4	“3”				
(a)	Gross Block		—		306,907
(b)	Less: Total Depreciation		—		175,295
(c)	Net Block			—	131,612
5	INVESTMENTS			—	—
6	DEFERRED TAX ASSET (NET )			—	—
7	“4”				
(a)	Sundry Debtors		—		—
(b)	Cash & Bank Balances		(0)		81,705
(c)	Other Current Assets		—		—
(d)	Loans and Advances		—		136,805
			(0)		218,509
8	“5”				
(a)	Current Liabilities		—		833,086
(b)	Provisions		—		—
			—		833,086
9				(0)	(614,578)
10				—	24,552
11					
	Debit balance per account annexed	“2”		2,174,500	2,632,915
12				2,174,500	2,174,500

### 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

P.N. Jahagirdar

Chairman

**(UDAY V. SHAH)**  
Proprietor

Ashok Menon

Director

Membership No. 35626

P.K. Pradhan

Secretary

Mumbai, Dated: 12<sup>th</sup> February, 2009

**PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 21ST JANUARY, 2009**

	Schedule	Rupees	For the Period 01.04.2008 to 21.01.2009 Rupees	For the year ended 01.04.2007 to 31.03.2008 Rupees
1 SERVICES & OTHER INCOME	"6"	—	—	
2 OTHER EXPENSES	"7"		118,806	22,822
			(118,806)	(22,822)
3 DEPRECIATION			35,418	43,794
6 PROFIT BEFORE TAXATION			(154,224)	(66,616)
7 Less: PROVISION FOR TAXATION				
— for Income-tax Current		—		—
— for Income-tax Deferred		—		—
— for Fringe Benefit Tax		—		—
— for Provision for earlier period		139,007		—
			139,007	—
8 PRIOR PERIOD ITEMS:				
credit balance not payable written back			751,645	—
Prior Period Expenses			—	17,817
9 PROFIT AFTER TAX AVAILABLE FOR APPROPRIATION			458,414	(84,433)
10 BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR			(2,632,915)	(2,548,482)
11 BALANCE CARRIED TO BALANCE SHEET			(2,174,500)	(2,632,915)

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

P.N. Jahagirdar

Chairman

**(UDAY V. SHAH)**  
Proprietor

Ashok Menon

Director

Membership No. 35626

P.K. Pradhan

Secretary

Mumbai, Dated: 12<sup>th</sup> February, 2009

# FORBES DORIS & NAESS MARITIME LIMITED

## SCHEDULES “1” TO “8” ANNEXED TO & FORMING PART OF THE ACCOUNTS

### SCHEDULE “1” – SHARE CAPITAL

	As at 21.01.2009 Rupees	As at 31.03.2008 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 ( <i>previous year 1,30,470</i> ) shares are held by the holding company Forbes and Company Limited and its nominees.	2,174,500	2,174,500
<b>TOTAL</b>	<b>2,174,500</b>	<b>2,174,500</b>

### SCHEDULE “2” – RESERVES AND SURPLUS

	As at 21.01.2009 Rupees	As at 31.03.2008 Rupees
<b>1 GENERAL RESERVE</b>	—	—
<b>2 BALANCE IN PROFIT AND LOSS ACCOUNT</b>	(2,174,500)	(2,632,915)
<b>TOTAL</b>	<b>(2,174,500)</b>	<b>(2,632,915)</b>

### 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, 2008	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 21st Jan, 2009	Cumulative Depreciation as at 1st April 2008 (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 21st Jan, 2009	Balance as at 21st Jan, 2009	Balance as at 31st March, 2008
Data Processing Equipments	288,407	—	288,407	—	166,669	34,778	201,447	0	(0)	121,738
Furniture, Fixtures and Office Equipments	18,500	—	18,500	—	8,626	640	9,266	(0)	0	9,874
<b>TOTAL RUPEES</b>	<b>306,907</b>	<b>—</b>	<b>306,907</b>	<b>—</b>	<b>175,295</b>	<b>35,418</b>	<b>210,713</b>	<b>0</b>	<b>(0)</b>	<b>131,612</b>
<i>As at 31-3-2008</i>	<i>306,907</i>	<i>—</i>	<i>—</i>	<i>306,907</i>	<i>131,501</i>	<i>43,794</i>	<i>—</i>	<i>175,295</i>	<i>131,612</i>	

Depreciation for the year is net of excess depreciation charged in respect of earlier years Rs. Nil; (Previous Year Rs. Nil.)



**SCHEDULE “4” – CURRENT ASSETS, LOANS AND ADVANCES**

	Rupees	Rupees	As at 21.01.2009 Rupees	As at 31.03.2008 Rupees
<b>1 CURRENT ASSETS</b>				
(a) <b>SUNDRY DEBTORS (UNSECURED, CONSIDERED GOOD)</b>				
(i) Debts outstanding for a period exceeding six months				
Less: Provision for Doubtful Debts	—	—		—
(ii) Debts outstanding for a period less than six months		—		—
(b) <b>CASH AND BANK BALANCES</b>				
(i) Cash on hand		—		—
(ii) With Scheduled Banks -				
On Current Accounts	(0)			81,705
On Deposit Accounts		(0)		
<b>TOTAL</b>			(0)	81,705
<b>2 LOANS AND ADVANCES</b>				
(Unsecured, considered Good unless otherwise stated)				
(a) Advances recoverable in cash or in kind or for value to be received		—		136,805
(b) Advance payments of Income tax less provisions		—		—
<b>TOTAL</b>			(0)	136,805
			(0)	218,509

**SCHEDULE “5” – CURRENT LIABILITIES AND PROVISIONS**

	As at 21.01.2009 Rupees	As at 31.03.2008 Rupees
<b>1 CURRENT LIABILITIES</b>		
(a) Sundry Creditors (Other than to Small Scale Industrial undertakings)	—	89,210
(b) Other Liabilities *	—	—
(c) Amount payable to Holding Company (Includes Amount Payable to Forbes & Company Ltd. – Patvolk Division Rs. 7,43,877)	—	743,877
		833,086
<b>2 PROVISIONS</b>		
Provision for Expenses	—	—
Provision for Fringe Benefit Tax	—	—
<b>TOTAL</b>	—	833,086

\* 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 ended 21.01.2009 Rupees	<i>For the year ended 31.03.2008 Rupees</i>
<b>SERVICES &amp; OTHER INCOME</b>		
(a) Management Fees	—	—
(b) Miscellaneous Income	—	—
(c) Profit on Sale of Fixed Asset	—	—
<b>TOTAL</b>	<u>—</u>	<u>—</u>

### SCHEDULE “7”- OTHER EXPENSES

	Rupees	Rupees	For the year ended 21.01.2009 Rupees	<i>For the year ended 31.03.2008 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) Loss/discarded on sale of Fixed Assets		74,289		—
(c) Professional Fees		—		—
(d) Conveyance/travelling expenses		—		—
(e) Office working expenses		—		—
(f) Entertainment expenses		—		—
(g) Miscellaneous Expenses		19,854		7,258
(h) Stamps, Telegrams, Stationery Printing and Telephones		—		—
(i) Legal and Professional charges		10,674		7,137
(j) Claim		—		—
(k) Directors’ Fees		—		—
(l) Profession Tax		5,000		—
(m) Insurance		—		—
(n) Auditors’ Remuneration –				
i) As Statutory Auditors	8,000			7,500
ii) Company Law Matters	—			—
iii) Service tax	989			927
iv) Out of Pocket expenses	—			—
		<u>8,989</u>		<u>8,427</u>
<b>TOTAL</b>			<u>118,806</u>	<u>22,822</u>
			<u>118,806</u>	<u>22,822</u>

**SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 21ST JANUARY, 2009 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.

2 Board have passed resolution dated 22nd November, 2008 that looking to current scenario, company is not intended to carry out its business operations in any alternative lines relating to Shipping industries and accordingly board proposed to wind up the company. Accounts have been accordingly prepared based upon the winding up of the company business.

3 Balance payable to holding company amounting to Rs.Nil/- (P.Y Rs.743,877/-) included in current liabilities. Adjustments,if any will be recorded as and when on completion of such reconciliations.

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

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 collectively having more than one half of voting power of Forbes Doris & Naess Maritime Ltd. -

**As on 21-1-2009**

**As on 31-3-2008**

1. Forbes and Company Limited  
(Formerly known as Forbes Gokak Limited)

1. Forbes and Company Limited  
(Formerly known as Forbes Gokak Limited)

B. Enterprises that are under common control:

**As on 21-1-2009**

**As on 31-3-2008**

1. Aquamall Water Solutions Ltd.  
2. Eureka Forbes Ltd  
3. Euro Forbes International Pte.Ltd.  
4. Forbes Aquamall Limited  
5. Forbes Container Lines Pte Ltd

1. Aquamall Water Solutions Ltd.  
2. Eureka Forbes Ltd  
3. Euro Forbes International Pte.Ltd.  
4. Forbes Aquamall Limited  
5. Forbes Container Lines Pte Ltd

# FORBES DORIS & NAESS MARITIME LIMITED

- |   |   |
|---|---|
| 6. Forbes Smart Data Ltd  | 6. Forbes Smart Data Ltd  |
| 7. Forbes Facility Services Pvt. Ltd.<br>(Formerly known as Forbes Abans<br>Cleaning Solutions Pvt. Ltd.) | 7. Forbes Facility Services Pvt. Ltd.<br>(Formerly known as Forbes Abans<br>Cleaning Solutions Pvt. Ltd.) |
| 8. Forbes Finance Ltd   | 8. Forbes Finance Ltd   |
| 9. Forbes Campbell Services Ltd   | 9. Forbes Campbell Services Ltd   |
| 10. Forbes Sterling Star Ltd.   | 10. Forbes Sterling Star Ltd.   |
| 11. Forbes Technosys Ltd.   | 11. Forbes Technosys Ltd.   |
| 12. Forbes Tinsley Co. Ltd  | 12. Forbes Tinsley Co. Ltd  |
| 13. Gokak Textiles Ltd  | 13. Gokak Textiles Ltd  |
| 14. Latham India Ltd  | 14. Latham India Ltd  |
| 15. Next Gen Publishing Ltd.  | 15. Next Gen Publishing Ltd.  |
| 16. Pro Handyman India Ltd.   | 16. Pro Handyman India Ltd.   |
| 17. Volkart Fleming Shipping & Services Ltd   | 17. Volkart Fleming Shipping & Services Ltd   |

C. Associate Companies -

**As on 21-1-2009**

—

**As on 31-3-2008**

—

D. Key Management Personnel

**As on 21-1-2009**

1. Mr. P. N. Jahagirdar
2. Mr. Ashok Menon

**As on 31-3-2008**

1. Capt. S.P.Rao
2. Mr. Ashok Menon

II. Transactions with related parties :

Nature of Transactions	Referred to in A above 21.01.2009	Referred to in A above 31.03.2008
<b>Income</b>		
1. Management Services **	—	—
2. Credit Balance Written back	716,895	
3. Sale of Assets	21,905	
<b>Expenses</b>		
4. Recovery of Expenses	—	—
<b>Outstandings</b>		
5. Payables	—	743,877

\*\* Does not include amounts received from related party in lieu of reimbursement 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

P.N. Jahagirdar *Chairman*

**(UDAY SHAH)**  
Proprietor

Ashok Menon *Director*

M.No 35626

P.K. Pradhan *Secretary*

Dated: 12<sup>th</sup> February, 2009

## 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	21/01/2009		

**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**

Paid-up Capital	2,175
Reserves and Surplus	—
Unsecured Loans	—
Deferred Tax Liability	—

**Application of Funds**

Fixed Assets	—
Net Current Assets	(0)
Miscellaneous Expenditure	—
Profit & Loss Account	2,175

\* Net of Current Liabilities and Provisions

**IV. Performance of the Company** (Amount in Rs. '000)

Turnover	—
Total Expenditure	119
Profit before Tax	(154)
Profit after Tax	458
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
---------------	-----	---------------------	-----------------

P.N. Jahagirdar *Chairman*Ashok Menon *Director*P.K. Pradhan *Secretary*Mumbai, Dated: 12<sup>th</sup> February, 2009

---

**FORBES DORIS & NAESS MARITIME LIMITED**

---

**CASH FLOW STATEMENT FOR THE YEAR ENDED 21ST JANUARY, 2009**

	Rupees	2008-2009 Rupees	2007-2008 Rupees
<b>PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS</b>		(154,224)	(84,433)
Adjusted for.: Loss on Sale Of Asset		74,289	—
Adjusted for.: Closing Entries		637,189	—
Adjusted for.: Depreciation		35,418	43,794
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS</b>		592,672	(40,639)
Changes in			
Trade and other receivables	136,805		1,300
Trade payables and others	(833,086)	(696,282)	(6,765)
<b>CASH GENERATED FROM OPERATIONS</b>		(103,610)	(46,103)
Add:- Income Tax Refund		—	—
Less:- Direct Taxes paid (Net)		—	—
<b>(A) NET CASH FLOW FROM OPERATING ACTIVITIES</b>		<b>(103,610)</b>	<b>(46,103)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of assets		21,905	—
Purchase of Fixed Assets		—	—
<b>(B) NET CASH FLOW FROM INVESTING ACTIVITIES</b>		<b>21,905</b>	<b>—</b>
<b>(C) NET CASH FLOW FROM FINANCING ACTIVITIES</b>		<b>—</b>	<b>—</b>
<b>NET DECREASE/INCREASE IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)</b>		<b>(81,705)</b>	<b>(46,103)</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	81,705	<b>81,705</b>	127,808
			<b>127,808</b>
<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	(0)		81,705
		<b>(0)</b>	<b>81,705</b>
		(81,705)	(46,103)
		—	(0.00)

---

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

P.N. Jahagirdar

Chairman

**(UDAY V. SHAH)**

Proprietor

Membership No. 35626

Ashok Menon

Director

P.K. Pradhan

Secretary

Mumbai, Dated: 12<sup>th</sup> February, 2009

---

**FORBES FACILITY SERVICES PVT. LTD.**  
**(Formerly known as Forbes Abans Cleaning Solutions Pvt. Ltd.)**

---

(a wholly owned Subsidiary Company of Eureka Forbes Limited)

Annual Report and Accounts  
for the year ended 31st March, 2009

**DIRECTORS:**

S.L. Goklaney

*Chairman*

C.A. Karnik

J.N. Ichhaporia

Marzin Shroff

S.K. Palekar

A.V. Suresh

**PRINCIPAL BANKERS:**

HDFC Bank Ltd.

ICICI Bank Ltd.

**AUDITORS:**

Batliboi & Purohit

**REGISTERED OFFICE:**

81/83, Shalini Palace,

2nd Floor,

Bhawani Shanker Road,

Dadar (West),

Mumbai - 400 028.

---

**FORBES FACILITY SERVICES PVT. LTD.**  
**(Formerly known as Forbes Abans Cleaning Solutions Pvt. Ltd.)**

---

**REPORT OF THE DIRECTORS**

To,  
The Members,  
Forbes Facility Services Pvt Ltd.

The Board is pleased to submit their Report and the Audited Accounts of the Company for the Financial Year ended 31<sup>ST</sup> MARCH, 2009.

**1. FINANCIAL RESULTS**

	<i>Rs. in Lacs</i>
	<i>Year ended</i>
	<i>31<sup>st</sup> March, 2009</i>
	<i>Year ended</i>
	<i>31<sup>st</sup> March, 2008</i>
Income From Operation & Other Income	1871.57
Profit / (Loss) before Depreciation	95.21
Less : Depreciation	45.19
Profit / (Loss) before Tax	50.02
Less: Provision for Taxation	15.32
Profit / (Loss) after Tax	34.70
Profit / (Loss) b/fd of previous year	(5.99)
Balance carried to Balance Sheet	28.71
	(5.99)

**2. OPERATIONS**

During the year 2008-2009, in line with the Global economic condition, Indian economy has also observed slow down and undergone difficult time. The liquidity and availability of funds at a reasonable rate of interest was an issue, resulting into lower investments and expenditures from target customers of the company. For certain clients the company had to restructure the contract arrangements. This has impacted growth of the company to certain extent but in spite of this, the company has been able to show a growth of 57% in Turnover and 33% in Profits.

During the year under review, the Company recorded a turnover of Rs.1871.57 Lacs, a growth of 57% over the previous year and has made a profit of Rs.50.02 Lacs, a growth of 33% over the previous year.

Your directors are happy to inform you that through sustained growth, operational efficiency and improved margins, the company has carried forward a profit of Rs.28.71 Lacs to the next year after accounting for brought forward accumulated loss.

The highlights of current year being :

- Through the regular auditing of customers satisfaction index it has been observed that the company has maintained a customer satisfaction index of more than 90% through out the year.

- The company has achieved an organic growth of 60% during this year through its existing satisfied customers.
- The Bureau Veritas (BVQI) Auditors for ISO standards have placed on record their appreciation for your company's performance on various sites and process of implementation of ISO standards.
- During the initial period the company restricted its operations to western region and portions of northern region to help us establish the systems and procedures and exceed customer expectations. With the experiences and knowledge gained over the last four years, the company has now commenced operations in southern region with presence in Bangalore and Chennai. It is anticipating a good growth of business in southern region from the year 2009-2010.
- The company has been focusing on recruitment and retention of talent from the industry and other professional organization thereby creating a sound infrastructure for the future and also further improvement in customer satisfaction.
- Through efficient management of operations and follow up of payments, the company has managed to retain a healthy cash flow and thereby restraining itself from further loans and advances in commensurate to the size of business.



- The company realized its over dependence on industrial customers and has changed the customer profile in a focused manner to have 30% of customers from the commercial sector with a long term plan to move towards the equal dependency on both industrial and commercial sectors

### 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.

### 4. DIRECTORS

Mr. A.V. Suresh was appointed as an Additional Director of the Company pursuant to section 260 of the Companies Act, 1956, and accordingly, he retires at the forthcoming AGM, being eligible offers himself for reappointment.

Pursuant to Article 17 of the Articles of Association of the Company and the provisions of section 256 of the Companies Act, 1956, Mr. S.L. Goklaney and Mr. S.K. Palekar 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 June 26, 2008, 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, 2009, 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, 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 behalf of the Board of Directors

**A.V. Suresh**  
Chairman

Mumbai, May 27, 2009

---

**FORBES FACILITY SERVICES PVT. LTD.**  
**(Formerly known as Forbes Abans Cleaning Solutions Pvt. Ltd.)**

---

**COMPLIANCE CERTIFICATE UNDER SECTION 383A OF THE COMPANIES ACT, 1956**

To,

The Members,  
Forbes Facility Services Private Limited,  
81/83, Shalini Palace, 2<sup>nd</sup> 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 31<sup>st</sup> March, 2009. 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. Hence, the Company during the year under review complied with the requirements of a public company under the Act.
4. The Board of Directors duly met four times during the period April 1, 2008 to March 31, 2009 as under:
  - (i) May 23, 2008
  - (ii) September 29, 2008
  - (iii) December 12, 2008
  - (iv) January 27, 2009

For the above meetings proper notices were given and the minutes were properly recorded and signed and proper minutes book has been maintained.

5. During the financial year there was no meeting of the Remuneration Committee as no Remuneration Committee was constituted.
6. Since the Company is not a listed company and is a closely held company, they did not close the Register of Members.
7. The annual general meeting for the financial year ended on March 31, 2008, was held on June 26, 2008, and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
8. During the financial year no extra-ordinary general meeting of the company was held.
9. The Company has not advanced any loans to its Directors or persons or firms or companies referred in the section 295 of the Act.
10. The Company has duly complied with the provisions of section 297 of the Act in respect of contracts specified in that section.
11. The Company has complied with the requirement of maintaining register under Section 301 of the Act.
12. The conduct of the company during the financial year did not attract provisions of section 314 of the Act.
13. 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.

14. 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.
15. 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.
16. During the financial year there has been no change or reappointment of Managing Director or Executive Director of the Company.
17. There was no appointment of sole-selling agent during the financial year, which attracted the provisions of the Act.
18. 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.
19. 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.
20. The company has not issued any shares during the financial year.
21. There was no buy-back of shares during the financial year.
22. The Company has not issued any preference shares/debentures and hence there was no redemption of such shares.
23. 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
24. The Company has not borrowed any money, which breached the borrowing limit of the company or attracted Section 293(1)(d) of the Act.
25. 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.
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.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the company during the year.
28. The Company has not altered the provisions of the Memorandum with respect to share capital of the company during the year under scrutiny.
29. The Company has not altered its Articles of Association during the year.
30. 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.
31. No money or security received from its employees during the year under certification, which attracted the provisions of section 417(1) of the Act.
32. 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.: **3439**

Place : MUMBAI

Date : May 23, 2009

**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 31<sup>st</sup> March, 2009.

- (i) Form No. 23AC and Form No. 23ACA (Annual Accounts for the year ending March 31, 2008)
- (ii) Form No. 20B (Annual Return for the year ending March 31, 2008).
- (iii) Form 66 for filing Compliance Report of M/s R.R. Mallar & Associates.
- (iv) Form 32 for appointment of Director (Mr. A.V. Suresh).

**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 2009, 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, 2009, 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, 2009 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, 2009;
    - (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*  
M.No.15935

Place : Mumbai  
Date : 27.05.2009

---

**FORBES FACILITY SERVICES PVT. LTD.**  
**(Formerly known as Forbes Abans Cleaning Solutions Pvt. Ltd.)**

---

**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 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 during the year.
- (b) The 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) The Company is maintaining proper records of inventory and no material discrepancies were noticed on 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.1.15 crores and the year end balance of loan taken from the above company was Rs.1.15 crores.
- (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, *except for Profession tax of Rs.16,300 as the registration is applied for.*
- (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 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 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 : 27.05.2009

**FORBES FACILITY SERVICES PVT. LTD.**  
**(Formerly known as Forbes Abans Cleaning Solutions Pvt. Ltd.)**

**BALANCE SHEET AS AT 31ST MARCH, 2009**

	Schedule	31st March, 2009		31st March, 2008	
		Rupees	Rupees	Rupees	Rupees
<b>FUNDS EMPLOYED :</b>					
SHARE CAPITAL	<b>A</b>		1,00,00,000		1,00,00,000
RESERVES AND SURPLUS	<b>B</b>		28,71,533		—
<b>TOTAL SHAREHOLDERS' FUNDS</b>			1,28,71,533		1,00,00,000
SECURED LOANS	<b>C</b>		50,52,555		73,38,958
UNSECURED LOANS	<b>D</b>		118,38,473		42,33,831
DEFERRED TAX LIABILITY (Net)			1,79,878		5,00,030
<b>TOTAL FUNDS EMPLOYED</b>			<b>2,99,42,439</b>		<b>2,20,72,819</b>
<b>APPLICATION OF FUNDS :</b>					
FIXED ASSETS :	<b>E</b>				
Gross Block			3,85,48,418		3,28,73,114
Less : Depreciation			1,16,32,416		72,58,563
Net Block			2,69,16,002		2,56,14,551
CURRENT ASSETS, LOANS AND ADVANCES	<b>F</b>		6,36,07,207		4,39,94,619
Less : CURRENT LIABILITIES AND PROVISIONS	<b>G</b>		6,05,80,770		4,83,44,708
NET CURRENT ASSETS			30,26,437		(43,50,089)
MISCELLANEOUS EXPENDITURE	<b>H</b>		—		2,09,578
(To the extent not written off or adjusted)					
DEBIT BALANCE IN PROFIT AND LOSS ACCOUNT			—		5,98,779
<b>TOTAL ASSETS (NET)</b>			<b>2,99,42,439</b>		<b>2,20,72,819</b>
<b>NOTES TO THE ACCOUNTS</b>	<b>M</b>				

Per our report attached

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

**ATUL MEHTA**  
*Partner*

C A KARNIK	}	<i>Directors</i>
A V SURESH		
J N ICHHAPORIA		
S K PALEKAR		

Mumbai, Dated : 27th May 2009

Mumbai, Dated : 27th May 2009



**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009**

	Schedule	31st March, 2009		31st March, 2008	
		Rupees	Rupees	Rupees	Rupees
INCOME	I				
INCOME FROM SERVICES RENDERED		18,61,20,551		11,80,08,292	
OTHER INCOME		10,36,859	18,71,57,410	9,76,511	11,89,84,803
EXPENDITURE					
COST OF SERVICE RENDERED	J	10,38,36,268		6,84,56,976	
EMPLOYEES COSTS	K	4,72,00,805		2,59,52,452	
ADMINISTRATIVE AND OTHER CHARGES	L	2,40,47,126		1,61,59,276	
DEPRECIATION		45,18,913		34,64,079	
INTEREST		25,51,970		11,84,105	
			18,21,55,080		11,52,16,888
<b>PROFIT/(LOSS) BEFORE TAX</b>			50,02,330		37,67,915
PROVISION FOR TAXATION –					
CURRENT YEAR TAX PROVISION - NET		14,22,169		3,59,000	
ADD: FRINGE BENEFIT TAX		4,30,000		4,50,000	
ADD: DEFERRED TAX (Refer Note 12)		(3,20,152)	15,32,017	1,37,155	9,46,155
<b>PROFIT/(LOSS) AFTER TAX</b>			34,70,313		28,21,760
<b>PROFIT/(LOSS) BALANCE BROUGHT FORWARD OF PREVIOUS YEAR</b>			(5,98,779)		(34,20,539)
BALANCE CARRIED TO BALANCE SHEET			28,71,533		(5,98,779)
NO. OF EQUITY SHARES			10,00,000		10,00,000
FACE VALUE PER SHARE			10.00		10.00
BASIC EARNING PER SHARE			3.47		2.82
NOTES TO THE ACCOUNTS	M				

Per our report attached

For **BATLIBOI & PUROHIT**  
Chartered Accountants

**ATUL MEHTA**  
Partner

C A KARNIK  
A V SURESH  
J N ICHHAPORIA  
S K PALEKAR } Directors

Mumbai, Dated : 27th May 2009

Mumbai, Dated : 27th May 2009

**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, 2009**

	31st March, 2009		31st March, 2008	
	Rupees	Rupees	Rupees	Rupees
<b>SCHEDULE 'A' : SHARE CAPITAL</b>				
<b>AUTHORISED:</b>				
20,00,000 (Previous Year 20,00,000) Equity Shares of Rs.10 each		<u>2,00,00,000</u>		<u>2,00,00,000</u>
<b>ISSUED, SUBSCRIBED AND PAID-UP:</b>				
10,00,000 (Previous Year 10,00,000) Equity Shares of Rs.10 each fully paid-up.....		<u>1,00,00,000</u>		<u>1,00,00,000</u>
[10,00,000 Shares are held by the Holding Company Eureka Forbes Limited including 4 shares held jointly with nominees; (P.Y. 10,00,000 shares were held by Eureka Forbes Limited including 4 shares held jointly with nominees)]				
<b>SCHEDULE "B" – RESERVES AND SURPLUS</b>				
PROFIT AND LOSS ACCOUNT		<u>28,71,533</u>		—
<b>SCHEDULE "C" – SECURED LOANS</b>				
Term Loan From Bank (Secured by Hypothecation of Fixed Assets, Stock and Receivables)		12,07,214		25,67,856
Cash Credit From Bank (Secured by Hypothecation of Current Assets)		38,45,341		47,71,102
		<u>50,52,555</u>		<u>73,38,958</u>
<b>SCHEDULE "D" – UNSECURED LOANS</b>				
INTER-CORPORATE DEPOSIT	1,15,00,000		40,00,000	
INTEREST ACCRUED AND DUE	<u>3,38,473</u>		<u>2,33,831</u>	
		<u>1,18,38,473</u>		<u>42,33,831</u>
		<u>1,18,38,473</u>		<u>42,33,831</u>

**SCHEDULE 'E' : FIXED ASSETS**

Description of Assets	GROSS BLOCK				DEPRECIATION				NET VALUE	
	As on 01-04-2008	ADDITION	DELETION	As on 31-03-2009	As on 01-04-2008	Depreciation for the year	Depreciation on deductions during the year	As on 31-03-2009	As on 31-03-2009	AS AT 31-03-2008
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
1 Plant & Machinery	3,03,91,429	51,44,564	—	3,55,35,993	62,66,935	38,57,849	—	1,01,24,784	2,54,11,209	2,41,24,494
2 Furniture & Fixtures	3,13,907	3,10,000	—	6,23,907	44,221	1,00,131	—	1,44,352	4,79,555	2,69,686
3 Electrical Fittings	31,735	—	—	31,735	10,887	2,901	—	13,788	17,947	20,848
4 Computers	9,92,266	3,13,291	50,300	12,55,257	4,20,895	2,79,889	8,998	6,91,786	5,63,471	5,71,371
5 Vehicles	11,43,777	5,18,682	5,60,933	11,01,526	5,15,625	2,78,143	1,36,062	6,57,706	4,43,820	6,28,152
<b>Total</b>	<u>3,28,73,115</u>	<u>62,86,537</u>	<u>6,11,233</u>	<u>3,85,48,418</u>	<u>72,58,563</u>	<u>45,18,913</u>	<u>1,45,060</u>	<u>1,16,32,416</u>	<u>2,69,16,002</u>	<u>2,56,14,552</u>
Previous Year	2,20,08,007	1,22,12,956	13,47,849	3,28,73,114	39,86,747	34,64,079	1,92,263	72,58,563	2,56,14,551	1,80,21,260

## SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009

	31st March, 2009		31st March, 2008	
	Rupees	Rupees	Rupees	Rupees
<b>SCHEDULE "F" – CURRENT ASSETS, LOANS AND ADVANCES</b>				
CURRENT ASSETS :				
[i] Stock-in-trade *				
Stores and other consumables	13,50,768		14,93,287	
* (As valued and certified by the Management)		13,50,768		14,93,287
[ii] Sundry Debtors (Unsecured)				
[a] Debts outstanding for a period exceeding six months				
(i) Considered Good	74,34,636		17,95,806	
(ii) Considered Doubtful	6,49,837		—	
[b] Other debts, Considered Good	3,72,68,261		3,01,52,981	
	4,53,52,734		3,19,48,787	
Less : Provision for Doubtful Debts	6,49,837	4,47,02,897	—	3,19,48,787
[iii] Cash and Bank Balances :				
[a] Cash, cheques on hand	1,63,670		3,81,057	
[b] With Scheduled Banks :				
In Current Accounts	33,28,699		67,512	
Margin Money FD	75,000		—	
In Deposit Accounts*	20,000	35,87,369	20,000	4,68,569
* (lodged with Sales Tax department)				
<b>LOANS AND ADVANCES</b>				
(Unsecured, Considered Good unless otherwise stated) :				
[i] Advances recoverable in cash or in kind or for value to be received	28,89,123		38,96,323	
[ii] Advance Payment of Tax	1,00,51,729		52,60,581	
[iii] Other Deposits :				
With Government authorities	37,500		37,500	
With Others	9,87,822		8,89,572	
		1,39,66,173		1,00,83,976
		6,36,07,207		4,39,94,619
<b>SCHEDULE "G" – CURRENT LIABILITIES AND PROVISIONS</b>				
CURRENT LIABILITIES				
Sundry Creditors :				
Others				
(Including Rs.2,57,47,479/- (Previous Year Rs.2,56,21,393/- due to Holding Company)	4,25,59,991		3,75,76,253	
		4,25,59,991		3,75,76,253
Other Liabilities		97,75,337		80,42,713
PROVISIONS :				
For Taxation :				
Income Tax	18,11,669		3,89,500	
Fringe Benefit Tax	14,80,000	32,91,669	10,50,000	14,39,500
For Expenses		38,85,824		7,58,796
For Retirement and other employee benefits		9,08,447		5,27,445
For Leave Encashment		1,59,502		—
		6,05,80,770		4,83,44,708

**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, 2009**

	31st March, 2009		31st March, 2008	
	Rupees	Rupees	Rupees	Rupees
<b>SCHEDULE "H" – MISCELLANEOUS EXPENDITURE</b> (TO THE EXTENT NOT WRITTEN-OFF OR ADJUSTED)				
Preliminary Expenses				
Total Expenses incurred	2,09,578		4,19,155	
Less : written -off during the year	2,09,578		2,09,577	
		—		2,09,578
		—		2,09,578

**SCHEDULES ANNEXED TO AND FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009**

	31st March, 2009		31st March, 2008	
	Rupees	Rupees	Rupees	Rupees
<b>SCHEDULE "I" – INCOME</b>				
Cleaning Services Rendered		18,61,20,551		11,80,08,292
Other Income :				
Sales- Food and Beverages		6,84,104		—
Other Income		3,52,755		7,84,249
Profit on sale of Assets		—		1,92,262
		18,71,57,410		11,89,84,803

**SCHEDULE "J" – COST OF SERVICES RENDERED**

Service Charges	8,49,83,307	5,57,80,608
Consumables	1,88,52,961	1,26,76,369
	10,38,36,268	6,84,56,976

**SCHEDULE "K" – PAYMENTS TO AND PROVISION FOR EMPLOYEES :**

Salaries, Wages and Bonus	3,96,12,283	1,89,78,184
Company's Contribution to Provident and Other Funds	30,37,522	16,69,684
Gratuity	2,16,634	2,72,352
Staff Welfare Expenses	43,34,366	50,32,232
	4,72,00,805	2,59,52,452

**SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009**

	31st March, 2009		31st March, 2008	
	Rupees	Rupees	Rupees	Rupees
<b>SCHEDULE "L" – ADMINISTRATIVE AND OTHER EXPENSES</b>				
Rent		33,79,687		22,55,363
Administrative Services		23,42,280		22,83,947
Repairs and Maintenance -				
Office premises	96,350	2,66,465		
Machinery	23,71,387	8,66,953		
Others	12,711	24,80,448	1,64,782	12,98,200
Auditors Remuneration :				
Audit Fees	1,00,000		84,270	
Out of Pocket expenses	2,500		—	
Tax Audit Fee	30,000	1,32,500	33,708	1,17,978
Postage, Telegrams, Telephones		15,79,713		11,36,476
Power and Fuel		10,03,564		5,46,373
Travelling and Conveyance		23,95,822		13,79,559
Loss on Sale of Assets		1,92,786		—
Printing and Stationery		8,21,798		5,59,835
Legal and Professional Fees		20,05,831		13,30,622
Transportation charges		20,00,388		12,02,055
Vehicles expenses		9,24,323		7,38,713
Miscellaneous expenditure written-off		2,09,578		2,09,577
Provision for Doubtful Debts		6,49,837		—
Sundry Debtors/ Balances Written-off		1,64,903		1,18,472
Director's sitting Fees		51,000		57,000
Insurance		9,45,927		4,21,883
Other Establishment Expenses		27,66,741		25,03,223
		<u>2,40,47,126</u>		<u>1,61,59,276</u>

---

**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, 2009**

**SCHEDULE 'M' – 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 and Leave Enchashment 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.

(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.

2. Estimated amount of contracts remaining to be executed on capital account and not provided for – Rs. Nil (*previous year Rs.6.12 Lakhs*).
3. Contingent Liabilities not provided for on account of Bank Guarantees issued on behalf of the company Rs. 2.5 Lacs (*Previous Year Rs. Nil*).

**SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED  
31ST MARCH, 2009**

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

	2008-09 Rupees	2007-08 Rupees
4. (a) Remittance in Foreign Currency :		
On account of –		
Reimbursement of expatriate's expenses	Nil	Nil
5. Value of Imports on C.I.F basis :		
Finished goods, Components & Spare parts	Nil	Nil
6. Earnings in Foreign Exchange :	Nil	Nil
7. (a) Information in regard to Service activity of the Company :		
i) Value (Rs.)		
Value of Services rendered	18,61,20,551	11,80,08,292
8. <u>Employee Benefits</u>		
<b>Defined contribution plan</b>		
The total contribution to Provident fund & Pension Fund	18,31,870	
Defined benefit plan		
The net value of the defined benefit commitment is detailed below:		
	<b>Gratuity (non funded)</b>	<b>Leave Encashment (non funded)</b>
Present value of commitments	5,50,165	1,59,502
Fair value of the plans	—	—
Net liability in the balance sheet	<u>5,50,165</u>	<u>1,59,502</u>
9. <u>Related Party Disclosures</u>		
(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 & Company Ltd. (Formerly known as Forbes Gokak Ltd.)		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.
E4 Development & Coaching Limited		Forbes Aquamall Limited
Aquadiagnostics Water Research & Technology Centre Limited		
<b>D Enterprises that are under common control</b>		
Forbes Concept Hospitality Services Pvt. Ltd.		Infinite Water Solutions Pvt. Ltd.
Forbes Finance Ltd.		Latham India Ltd.
Forbes Sterling Star Ltd.		Volkart Fleming Shipping & Services Ltd.
Forbes Doris & Naess Maritime Ltd.		

**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, 2009**

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

**(ii) Transactions with related parties**

Nature of Transactions	Related Party			
	Referred to in A above Rs.	Referred to in B above Rs.	Referred to in C above Rs.	Referred to in D above Rs.
<b>Purchases</b>				
Goods and Materials	38,23,530	—	—	—
Services	23,28,156	—	—	5,46,344
Fixed Assets	46,77,178	—	—	—
<b>Sales</b>				
Goods and Materials	—	—	—	—
Services Rendered	2,04,945	—	2,125,593	1,75,902
<b>Expenses</b>				
Rent	7,50,000	—	3,60,000	—
Share of common expenses	10,15,142	—	—	—
Administrative Services	23,42,280	—	—	—
Interest	20,77,682	—	—	—
<b>Financing</b>				
Inter-Corporate Deposit (net of Repaid)	75,00,000	—	—	—
<b>Outstanding</b>				
Receivable	3,05,931	—	419,984	—
Inter-Corporate Deposit Accepted	1,15,00,000	—	—	—
Payable	2,64,24,231	—	69,606	596,472

10. The Company's business consist of a single segment only.
11. The company has not received the required information from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. Hence discosure, if any, relating to amounts unpaid at the year end together with interest paid/ payable as required under the said act have not been made.
12. 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.



**SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED  
31ST MARCH, 2009**

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

The movement of provision for deferred tax is given below :

Provision for Deferred Tax	Opening As at 01.04.08	Charge / (Credit) during the year	Closing As at 31.03.09
Depreciation	5,00,030	25,190	5,25,220
Others	—	(3,45,343)	(3,45,343)
Total	5,00,030	(3,20,152)	1,79,878

13. 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*

Mumbai, Dated : 27th May 2009

C A KARNIK  
A V SURESH  
J N ICHHAPORIA  
S K PALEKAR } *Directors*

Mumbai, Dated : 27th May 2009

**FORBES FACILITY SERVICES PVT. LTD.**  
**(Formerly known as Forbes Abans Cleaning Solutions Pvt. Ltd.)**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009**

	2008-2009		2007-2008	
	Rupees	Rupees	Rupees	Rupees
NET PROFIT BEFORE TAX		<b>50,02,330</b>		<b>37,67,915</b>
Add / (Less) :				
Depreciation	45,18,913		34,64,079	
Miscellaneous expenditure written-off	2,09,578		2,09,577	
Loss/(profit) on sale of fixed Assets	1,92,786		(1,92,262)	
Interest on Term loan / others	25,51,970		11,84,105	
		<b>74,73,247</b>		<b>46,65,499</b>
OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS		1,24,75,577		84,33,414
Changes in –				
Trade and Other Receivables	(1,18,45,160)		(1,49,93,792)	
Inventories	1,42,519		(14,93,287)	
Trade Payables and others	1,03,83,893		2,10,29,454	
CASH GENERATED FROM OPERATIONS		(13,18,748)		45,42,375
		1,11,56,830		1,29,75,789
Direct Taxes Paid		(47,91,148)		(29,47,685)
(A) NET CASH FROM OPERATING ACTIVITIES		<b>63,65,682</b>		<b>1,00,28,104</b>
CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of Fixed Assets	(62,86,537)		(1,22,12,955)	
Sale of Fixed Assets	2,73,385		13,47,849	
Sale of Investments	—		—	
Purchase Of Investments	—		—	
Preliminary Expenditure	—		—	
(B) NET CASH FROM /USED IN INVESTING ACTIVITIES		<b>(60,13,152)</b>		<b>(1,08,65,106)</b>
CASH FLOW FROM FINANCING ACTIVITIES				
Issue of Equity Shares				
Inter-Corporate Deposit	75,00,000		20,00,000	
Increase / (Decrease) in Bank Borrowings	(9,25,761)		11,34,752	
Interest Paid	(24,47,328)		(10,43,972)	
Term Loan Repaid	(13,60,641)		(12,22,413)	
(C) NET CASH FROM/ USED IN FINANCING ACTIVITIES		<b>27,66,270</b>		<b>8,68,367</b>
NET INCREASE IN CASH AND CASH EQUIVALENTS		<b>31,18,800</b>		<b>31,365</b>
CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE YEAR, COMPRISING :				
Cash, Cheques on hand	3,81,057		78,669	
Balances with scheduled banks on current account, Margin accounts and Deposit accounts	87,512		3,58,535	
		4,68,569		4,37,204
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR, COMPRISING :				
Cash, Cheques on hand	1,63,670		3,81,057	
Balances with scheduled banks on current account, Margin accounts and Deposit accounts	34,23,699		87,512	
		35,87,369		4,68,569
NET INCREASE / (DECREASE) AS DISCLOSED ABOVE		<b>31,18,800</b>		<b>31,365</b>

Per our report attached

For **BATLIBOI & PUROHIT**  
Chartered Accountants  
**ATUL MEHTA**  
Partner

C A KARNIK  
A V SURESH  
J N ICHHAPORIA  
S K PALEKAR } Directors

Mumbai, Dated : 27th May 2009

Mumbai, Dated : 27th May 2009

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> <td style="width: 15px; text-align: center;">0</td> <td style="width: 15px; text-align: center;">3</td> <td style="width: 15px; text-align: center;">0</td> <td style="width: 15px; text-align: center;">9</td> </tr> </table>	3	1	0	3	0	9												
3	1	0	3	0	9															
		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; 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; text-align: center;"></td> <td style="width: 15px; text-align: center;"></td> <td style="width: 15px; text-align: center;"></td> </tr> </table>					N	I	L				Rights Issue							
N	I	L																		
	Bonus Issue	<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr> <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; text-align: center;"></td> <td style="width: 15px; text-align: center;"></td> <td style="width: 15px; text-align: center;"></td> </tr> </table>					N	I	L				Private Placement							
N	I	L																		
		<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;">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> <td style="width: 15px; text-align: center;">0</td> </tr> </table>					1	0	0	0	0	0								
1	0	0	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; text-align: center;">9</td> <td style="width: 15px; text-align: center;">0</td> <td style="width: 15px; text-align: center;">5</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;"></td> </tr> </table>					9	0	5	2	3		Total Assets							
9	0	5	2	3																
	Source of Funds																			
	Paid-Up Capital	<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;">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> <td style="width: 15px; text-align: center;">0</td> </tr> </table>					1	0	0	0	0	0	Reserves & Surplus							
1	0	0	0	0	0															
	Secured Loans	<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr> <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;">5</td> <td style="width: 15px; text-align: center;">3</td> <td style="width: 15px; text-align: center;"></td> <td style="width: 15px; text-align: center;"></td> </tr> </table>					5	0	5	3			Unsecured Loans							
5	0	5	3																	
	Deferred Tax Liability	<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;">7</td> <td style="width: 15px; text-align: center;">9</td> <td style="width: 15px; text-align: center;"></td> <td style="width: 15px; text-align: center;"></td> <td style="width: 15px; text-align: center;"></td> </tr> </table>					1	7	9				<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> <td style="width: 15px; text-align: center;">8</td> <td style="width: 15px; text-align: center;">3</td> <td style="width: 15px; text-align: center;">8</td> <td style="width: 15px; text-align: center;"></td> </tr> </table>		1	1	8	3	8	
1	7	9																		
1	1	8	3	8																
	Application of Funds																			
	Net Fixed Assets	<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr> <td style="width: 15px; text-align: center;">2</td> <td style="width: 15px; text-align: center;">6</td> <td style="width: 15px; text-align: center;">9</td> <td style="width: 15px; text-align: center;">1</td> <td style="width: 15px; text-align: center;">6</td> <td style="width: 15px; text-align: center;"></td> </tr> </table>					2	6	9	1	6		Investments							
2	6	9	1	6																
	Net Current Assets	<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;">0</td> <td style="width: 15px; text-align: center;">2</td> <td style="width: 15px; text-align: center;">6</td> <td style="width: 15px; text-align: center;"></td> <td style="width: 15px; text-align: center;"></td> </tr> </table>					3	0	2	6			Misc. Expenditure							
3	0	2	6																	
	Accumulated Losses	<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr> <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; text-align: center;"></td> <td style="width: 15px; text-align: center;"></td> <td style="width: 15px; text-align: center;"></td> </tr> </table>					N	I	L				<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr> <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; text-align: center;"></td> <td style="width: 15px; text-align: center;"></td> <td style="width: 15px; text-align: center;"></td> </tr> </table>		N	I	L			
N	I	L																		
N	I	L																		
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; text-align: center;">1</td> <td style="width: 15px; text-align: center;">8</td> <td style="width: 15px; text-align: center;">7</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> </tr> </table>					1	8	7	1	5	7	Total Expenditure							
1	8	7	1	5	7															
	Profit/Loss Before Tax	<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr> <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> <td style="width: 15px; text-align: center;">2</td> <td style="width: 15px; text-align: center;"></td> <td style="width: 15px; text-align: center;"></td> </tr> </table>					5	0	0	2			Profit/Loss After Tax							
5	0	0	2																	
	Earnings Per Share In Rs.	<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;">.</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;"></td> <td style="width: 15px; text-align: center;"></td> </tr> </table>					3	.	4	7			Dividend Rate %							
3	.	4	7																	
		<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; text-align: center;"></td> <td style="width: 15px; text-align: center;"></td> <td style="width: 15px; text-align: center;"></td> <td style="width: 15px; text-align: center;"></td> </tr> </table>					-						<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;">4</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;"></td> <td style="width: 15px; text-align: center;"></td> </tr> </table>		3	4	7	0		
-																				
3	4	7	0																	
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; 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; text-align: center;"></td> <td style="width: 15px; text-align: center;"></td> </tr> </table>					—	N	A	—										
—	N	A	—																	
	Product Description	<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; text-align: center;"></td> <td style="width: 15px; text-align: center;"></td> <td style="width: 15px; text-align: center;"></td> <td style="width: 15px; text-align: center;"></td> </tr> </table>																		
	Item code No. (ITC Code)	<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;">N</td> <td style="width: 15px; text-align: center;">A</td> <td style="width: 15px; text-align: center;">—</td> <td style="width: 15px; text-align: center;"></td> <td style="width: 15px; text-align: center;"></td> </tr> </table>					—	N	A	—										
—	N	A	—																	
	Product Description	<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; text-align: center;"></td> <td style="width: 15px; text-align: center;"></td> <td style="width: 15px; text-align: center;"></td> <td style="width: 15px; text-align: center;"></td> </tr> </table>																		
	Item code No. (ITC Code)	<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;">N</td> <td style="width: 15px; text-align: center;">A</td> <td style="width: 15px; text-align: center;">—</td> <td style="width: 15px; text-align: center;"></td> <td style="width: 15px; text-align: center;"></td> </tr> </table>					—	N	A	—										
—	N	A	—																	
	Product Description	<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; text-align: center;"></td> <td style="width: 15px; text-align: center;"></td> <td style="width: 15px; text-align: center;"></td> <td style="width: 15px; text-align: center;"></td> </tr> </table>																		

C A KARNIK A V SURESH J N ICHHAPORIA S K PALEKAR	}	Directors
---	---	-----------

Mumbai, Dated : 27th May 2009

---

# FORBES FINANCE LIMITED

---

(a wholly owned Subsidiary Company)

Annual Report and Accounts  
for the year ended 31<sup>st</sup> March, 2009

**DIRECTORS:**

Ashok Barat

*Chairman*

Mr. Amit Mittal

Mr. R.T. Doshi

Mr. C.A. Karnik

*Directors*

Mr. A.T. Shah

Mr. S.P. Kadakia

**BANKERS:**

Union Bank of India

Standard Chartered Bank

**AUDITORS:**

Deloitte Haskins & Sells

**REGISTERED OFFICE:**

Forbes Building

Charanjit Rai Marg

Fort, Mumbai - 400 021

**REPORT OF THE DIRECTORS OF FORBES FINANCE LIMITED**

The Shareholders,

The Directors submit their Report and the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2009.

**1. FINANCIAL RESULTS:**

	Current Year Rupees	(Rs. in Lakhs) Previous Year Rupees
<b>PROFIT / (LOSS) BEFORE TAXATION</b>	(333.36)	25.87
Less: Provision for Taxation		
Current Year	3.59	1.75
Earlier Year	(0.01)	Nil
Fringe Benefit Tax	Nil	0.01
<b>PROFIT / (LOSS) AFTER TAX</b>	(336.94)	24.11
Add : Amount brought forward from Last Year	453.07	428.96
<b>Balance carried to Balance Sheet</b>	<b>116.13</b>	<b>453.07</b>

**2. AMALGAMATION:**

A petition for approval of the Scheme of Amalgamation of the Company with Latham India Limited under section 391 and 394 of the Companies Act, 1956 is pending before the High Courts in Mumbai and Chennai.

**3. INCREASE IN THE SHARE CAPITAL:**

During the year the Company issued 33,34,130 shares at a premium of Rs.90 per share and raised Rs.3.33 Crores to finance investment in the shares of the group companies. The holding company has subscribed to all the shares issued by the Company. With the above issue of shares the paid up share capital of the Company has increased to Rs.3.82 Crores from Rs.0.49 Crores.

**4. INVESTMENTS:**

The Company acquired shares held by Forbes & Company Limited the holding Company, in the following group companies.

Sr. No.		No. of Shares	Cost Rs.	%of share capital
1.	Forbes Technosys Ltd.	13,92,020	1,39,54,918	31%
2.	Forbes Smart Data Ltd.	50,000	5,01,270	100%
3.	Forbes Bumi Armada Ltd.	2,55,000	25,56,395	51%
4.	Nypro Forbes Products Pvt. Ltd.	83,80,000	8,39,34,956	50%
5.	Nypro Forbes Moulds Pvt. Ltd.	29,75,000	2,98,12,084	50%
6.	Forbes EduMetry Ltd.	14,40,000	1,44,36,122	50%
	<b>Total</b>		<b>14,51,95,745</b>	

**5. DIRECTORATE:**

Mr. M. L. Khetan and Mr. C. G. Shah ceased to be the Directors with effect from 18<sup>th</sup> June, 2008 and 1<sup>st</sup> October, 2008 respectively. The Board places on record their appreciation for valuable services rendered by them to the Board and the Company.

Mr. C.A. Karnik and Mr. Amit Mittal were appointed Additional Directors with effect from 8<sup>th</sup> July, 2008 and 22<sup>nd</sup> October, 2008 respectively. In terms of the provisions of Section 260 of the Companies Act, 1956, Mr. C.A. Karnik and Mr. Amit Mittal would hold office upto the date of forthcoming Annual General Meeting, and being eligible, they have offered their services to act as Directors on the Board of the Company. The Board commends their appointment.

Mr. R.T. Doshi, retires from the Board by rotation and is eligible for re-appointment. The Board commends his appointment as a Director of the Company.

**6. AUDITORS AND AUDIT REPORT:**

You are requested to appoint Auditors for the current year, and authorise the Board to fix remuneration. The retiring auditors, Messrs Deloitte Haskin & Sells, Chartered Accountants offer themselves for re-appointment.

Auditors' in their Report have commented that the audited financial statements for the year ended 31<sup>st</sup> March, 2008 did not include the Cash Flow Statement for the said year. The requirement of Accounting Standard (AS-3) was not mandatorily applicable to the Company for the year ended 31<sup>st</sup> March, 2008 and hence the Cash Flow Statement was

---

## FORBES FINANCE LIMITED

---

not included. However for the year ended 31<sup>st</sup> March, 2009 the same has been prepared as per (AS-3) and is included.

### 7. COMPLIANCE REPORT:

Pursuant to Section 383A of the Companies Act, 1956, secretarial compliance certificate from M/s. Rathi & Associates, Practicing Company Secretary is attached.

### 8. 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 if employed throughout the financial year or Rs.2,00,000 or more per month if employed for a part of the financial year.

### 9. 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.

### 10. INFORMATION REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1998.

#### (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 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

**Ashok Barat**  
Chairman

Dated: 29<sup>th</sup> June, 2009

**SECRETARIAL COMPLIANCE CERTIFICATE FOR THE YEAR ENDED  
31<sup>ST</sup> MARCH 2009 IN RESPECT OF FORBES FINANCE LIMITED.**

CIN No. of the Company: U65993MH1981PLC191272

Nominal Capital: Rs.29,99,00000

Paid up Capital: Rs.3, 82,66,300

To,  
The Members,  
Forbes Finance Limited  
Mumbai.

We have examined the registers, records, books and papers of **FORBES FINANCE 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 2009 (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 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 **Seven** times respectively on **6<sup>th</sup> June, 2008, 8<sup>th</sup> July, 2008, 12<sup>th</sup> September, 2008, 15<sup>th</sup> September, 2008, 19<sup>th</sup> November, 2008, 2<sup>nd</sup> March, 2009 and 12<sup>th</sup> March, 2009** 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 had 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, 2008** was held on **9<sup>th</sup> June, 2008** 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. Two extra ordinary general meetings 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 Minutes Book maintained for the purpose.
8. The Company has not advanced any loans to its directors or persons or firms or entities referred to under Section 295 of the Act. The Company has advanced loans to a Joint Venture Company, which is a private limited company, in which the Company holds 50% of the shares of the said Joint Venture Company. One of the directors of the Company represents the Company on the Board of said Joint Venture Company.
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) The Company has delivered all the certificates on allotment of 3334130 equity shares. There was no transfer/transmission of Securities during the financial year.
  - (ii) The Company was not required to deposit 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 members of the Company as no dividend was declared during the financial year.
  - (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.

---

## FORBES FINANCE LIMITED

---

14. The Board of Directors of the Company is duly constituted and the appointment of Additional Director and Director has been made. There was no appointment of alternate directors or directors to fill casual vacancy.
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 has obtained all necessary approvals of the High Court and Company Law Board, under the various provisions of the Act during the financial year as detailed below:
  - (I) Condonation of delay in filing of order of Company Law Board for Shifting of Registered Office from State of Tamilnadu to State of Maharashtra.
  - (II) Amalgamation of Warrior (Investment) Limited & Forbes Campbell Holdings Limited with the Company.The Company was not required to obtain any approval from Central Government, Regional Director and Registrar of Companies under the provisions of the Act.
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 3334130 equity shares during the financial year. The Company has not issued any other securities.
20. The Company has not bought back any shares during the financial year.
21. There were no outstanding preference shares or debentures; hence 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 from public falling within the purview of Section 58A and Rules framed there under during the financial year.
24. The Company has not made any borrowings during the financial year ended 31<sup>st</sup> March, 2009.
25. The Company has made loans and investments, and provided guarantees and 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 and complied with the provisions of the Act.
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 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 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 General Meeting and the amendments to the Articles of Association have been duly filed with the Registrar of Companies, Maharashtra, Mumbai
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 as contemplated under Section 418 of the Act.

For RATHI & ASSOCIATES  
*Company Secretaries*

(NARAYAN RATHI)  
*Partner*  
C P No.:1104  
FCS No.:1433

Place : Mumbai

Date : 26<sup>th</sup> June, 2009



## 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. Register of Application and Allotment
6. Register of Contracts u/s 301
7. Register of Charges u/s 143

## Other Registers

1. Register of Transfers
2. Register of Loans
3. Register of Investments

## “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 2009.

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	394	Order of High Court of judiciary at Madras for amalgamation of Warrior (Investment) Limited and Forbes Campbell Limited with the Company	04.04.2008	Yes	N.A
2.	Form No.32	303 (2)	Appointment of Mr. Ashok Barat as Director	05.07.2008	Yes	N.A
3.	Form No. 23AC	220	Balance Sheet as at 31st March, 2008	07.07.2008	Yes	N.A
4.	Form No. 23ACA	220	Profit & Loss Account for the year ended 31st March, 2008	07.07.2008	Yes	N.A
5.	Form No. 66	383A	Secretarial Compliance Certificate for the year ended 31st March, 2008	07.07.2008	Yes	N.A
6.	Form No. 5	97	Increase in Authorized Share Capital from Rs.5 Crore to Rs.30 Crores	07.07.2008	Yes	N.A
7.	Form No. 23	192	Special Resolution for Increase in Authorized Share Capital & alteration of capital Clause V of the Memorandum of Association and Article 3 of Articles of Association and further issue of shares	07.07.2008	Yes	N.A.
8.	Form No.32	303 (2)	Appointment of Mr. C. A. Karnik as Additional Director and Resignation of Mr. M. C. Khetan as Director of the Company	16.07.2008	Yes	N.A
9.	Form No. 20B	159	Annual Return upto 9th June, 2008	24.07.2008	Yes	N.A
10.	Form No. 23	192	Special Resolution for Alteration of Articles in respect of sitting fees paid to Directors.	14.08.2008	Yes	N.A.
11.	Form No.32	303(2)	Cessation of C. G. Shah	06.10.2008	Yes	N.A.
12.	Form No. 32	303(2)	Appointment of Mr. Amit Mittal as Additional Director of the Company	27.10.2008	Yes	N.A.
13.	Form No. 2	75	Allotment of 3334130 Equity Shares	07.01.2009	Yes	N.A.
14.	Form No.21	17(1)	Order of Company Law Board confirming the alteration in Domicile Clause of Memorandum of Association.	14.03.2009	Yes	N.A.
15.	Form No.18	146	Change in situation of registered office	17.03.2009	Yes	N.A.

---

## FORBES FINANCE LIMITED

---

### AUDITORS' REPORT TO THE MEMBERS OF FORBES FINANCE LIMITED

1. We have audited the attached Balance Sheet of **FORBES FINANCE LIMITED** as at 31<sup>st</sup> March, 2009, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. 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 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, (CARO) issued by the Central Government of India 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, to the extent applicable to the Company.
4. The audited financial statements for the year ended 31<sup>st</sup> March, 2008 did not include the Cash Flow Statement as required by Accounting Standard (AS 3) Cash flow Statements, referred to in Section 211 (3C) of the Companies act 1956; accordingly the Company has not provided comparative figures in the Cash Flow Statement for the year ended 31<sup>st</sup> March, 2008.
5. Further to our comments in the Annexure referred to in paragraph 3 above:
  - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) the Balance Sheet, the 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, and *subject to our comments in paragraph 4 above*, the Balance Sheet, 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) in our opinion and to the best of our information and according to the explanations given to us and *subject to our comments in Paragraph 4 above*, 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, 2009;
    - (ii) In the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date; and
    - (iii) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
6. On the basis of the written representations from the directors as on 31<sup>st</sup> March, 2009, taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2009 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

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

**Z. F. Billimoria**  
*Partner*  
(Membership No. 42791)

Place : MUMBAI,

Date : 26<sup>th</sup> June, 2009

## ANNEXURE TO THE AUDITORS' REPORT

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

- (i) The Company does not hold any fixed assets during the period under consideration. Accordingly, the provisions of paragraph 4(i) of CARO are not applicable to the Company.
- (ii) The Company does not hold any inventory. Accordingly the provisions of paragraph 4(ii) of CARO are not applicable to the Company.
- (iii) In respect of loans, secured or unsecured granted or taken by the Company to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956, according to the information and explanations to us:
- (a) The Company has granted loans aggregating Rs.166,169,000 to five parties. At the year end, the outstanding balances of such loans granted aggregated Rs. 39,121,000 (Number of parties – Four) and the maximum amounts involved during the year were Rs. 111,354,000 (Number of parties – Five).
- (b) in our opinion, the rate of interest and other terms and conditions of such loans are *prima facie*, not prejudicial to the interest of the Company, except for Interest free loans amounting Rs.23,978,000 given to two parties.
- (c) The receipt of principal amounts and interest have during the year been regular / as per stipulations, except in case of one party where interest amounting to Rs.419,319 was overdue as 31<sup>st</sup> March, 2009 and that no repayment schedule has been specified in respect of the interest free loans as per clause (b) above and which have been fully provided for.
- (d) The Company has taken a loan aggregating to Rs.72,643,000. At the year end, the outstanding balance of such loan aggregated Rs.NIL, and the maximum amount involved during the year was Rs.72,643,000.
- (e) According to the information and explanation given to us, the rate of interest and other terms and conditions of such loan, was *prima facie* not prejudicial to the interest of the company; and
- (f) The repayment of principal amount and interest was regular / as per stipulations.
- (iv) There are no transactions of purchase of inventory and fixed assets and sale of goods and services. Accordingly, the provisions of paragraph 4(iv) of CARO are not applicable to the Company.
- (v) According to the information and explanations given to us, there were no contracts or arrangements that were required to be entered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly the provisions of the paragraph 4(v) (a) and (b) of CARO are not applicable to the Company.
- (vi) According to the information and explanations given to us the Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and the nature of its business.
- (viii) The Company does not have any trading or manufacturing activities. Accordingly, the provisions of paragraph 4(viii) of CARO are not applicable to the Company.
- (ix) According to the information and explanations given to us, in respect of statutory dues :
- (a) The Company has been regular in depositing undisputed income tax and other material statutory dues with the appropriate authorities during the year.
- (b) There are no undisputed amounts in respect of the above dues outstanding as on 31<sup>st</sup> March, 2009 for a period of more than six months from the date they became payable.
- (c) The details of disputed Income Tax, which has not been deposited as on 31<sup>st</sup> March, 2009 on account of any dispute are given below:

Name of the Statute	Nature of dues	Amount (Rs.)	Financial year to which it relates	Forum where dispute is pending
Income Tax Act, 1961	Tax Demands	92,421	2004-05	Income Tax Appellate Tribunal.

- (x) The Company does not have any accumulated losses. The Company has not incurred cash losses during the financial year covered by our audit and in the immediate preceding financial year.

---

## FORBES FINANCE LIMITED

---

- (xi) According to the information and explanations given to us, there are no dues to financial institutions and / or banks. Accordingly, the provisions of paragraph 4(xi) of CARO are 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 and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly the provisions of clause 4(xii) of CARO are not applicable to the Company.
- (xiii) In our opinion and according to the information and explanation given to us, the Company is not a chit fund or a nidhi / mutual benefit fund/society. Accordingly, the provisions of paragraph 4(xiii) of CARO are not applicable to the Company.
- (xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures or other investments. Accordingly, the provisions of paragraph 4(xiv) of CARO are not applicable to the Company.
- (xv) According to the information and explanations given to us, the terms of guarantees given for loans taken by others from banks or financial institutions are not, *prima facie*, prejudicial to the interests of the Company.
- (xvi) There are no term loans availed by the Company. Accordingly the provisions of clause 4(xvi) of CARO are not applicable to the Company.
- (xvii) According to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, funds raised on short-term basis have, *prima facie*, not been used during the year for long-term investments.
- (xviii) According to the information and explanations given to us, the Company has made a preferential allotment of shares to its holding Company which is a party covered in the register maintained under Section 301 of the Companies Act, 1956, which is not *prima facie* prejudicial to the interest of the Company.
- (xix) According to the information and explanations given to us, there are no amounts outstanding in respect of secured debentures as at the year end. Therefore, the provisions of clause 4(xix) of CARO are not applicable to the Company.
- (xx) According to the information and explanations given to us, the Company has not raised any money through public issue during the period covered by our audit.
- (xxi) 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 was noticed or reported during the year.

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

**Z. F. Billimoria**  
*Partner*  
(Membership No. 42791)

Place : MUMBAI,

Date : 26<sup>th</sup> June, 2009

**BALANCE SHEET AS AT 31ST MARCH, 2009**

	Schedule No.	Rupees	As at 31st March, 2009 Rupees	As at 31st March, 2008 Rupees
<b>SOURCES OF FUNDS:</b>				
SHARE CAPITAL	1		38,266,300	4,925,000
RESERVES AND SURPLUS	2		319,045,121	52,667,512
<b>TOTAL</b>			<b><u>357,311,421</u></b>	<b><u>57,592,512</u></b>
<b>APPLICATION OF FUNDS:</b>				
<b>INVESTMENTS</b>	3		342,251,018	24,475,837
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>	4			
(a) Cash and Bank Balances		576,106		1,431,294
(b) Other Current Assets		419,319		–
(c) Loans and Advances		14,364,330		32,238,549
		<u>15,359,755</u>		<u>33,669,843</u>
<b>Less: CURRENT LIABILITIES AND PROVISIONS</b>	5			
(a) Liabilities		299,352		491,296
(b) Provisions		–		61,872
		<u>299,352</u>		<u>553,168</u>
<b>NET CURRENT ASSETS</b>			15,060,403	33,116,675
<b>TOTAL</b>			<b><u>357,311,421</u></b>	<b><u>57,592,512</u></b>
Notes to the Accounts	7			

Schedules 1 To 7 above form an integral part of the Balance Sheet and should be read in conjunction therewith.

In terms of our report of even date.

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

**Z. F. Billimoria**  
*Partner*

Mumbai, Date: 26th June, 2009

Mr. Ashok Barat	}	Chairman	
Mr. Amit Mittal		}	Directors
Mr. R.T. Doshi			
Mr. C.A. Karnik			
Mr. A.T. Shah			
Mr. S.P. Kadakia			

# FORBES FINANCE LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009.

	Schedule No	Rupees	For the Year ended 31st March, 2009 Rupees	For the Year ended 31st March, 2008 Rupees
<b>1. INCOME:</b>				
<b>OPERATING INCOME:</b>				
(i) Interest on Deposits (Tax deducted at sources Rs.541,786; Previous Year Rs.454,105)			2,543,140	2,038,849
(ii) Dividend on Long Term Investments:				
– Other than Trade		249,597		1,062,393
– From Subsidiary Companies		480,000	729,597	–
(iii) Profit on sale of long term Investments			26,823	–
(iv) Bad Debts previously written off now recovered			–	1,450,000
(v) Excess provision for expenses written back			61,522	–
			<b>3,361,082</b>	<b>4,551,242</b>
<b>2. EXPENDITURE:</b>				
Operating Expenses	6	1,645,126		1,052,262
Provision for doubtful Loans & Advances		21,626,000		–
Provision for diminution in the value of Investments (Net)		12,335,819		–
Interest on Inter Corporate Deposits		1,090,265		911,873
			<b>36,697,210</b>	<b>1,964,135</b>
<b>PROFIT/(LOSS) BEFORE TAXATION</b>			<b>(33,336,128)</b>	<b>2,587,107</b>
<b>4. Less: PROVISION FOR TAXATION</b>				
– for Income-tax – Current		359,000		174,714
– for Income-tax – For earlier years		(1,037)		–
– for Fringe Benefit Tax		–		850
			<b>357,963</b>	<b>175,564</b>
<b>5. PROFIT/(LOSS) AFTER TAXATION</b>			<b>(33,694,091)</b>	<b>2,411,543</b>
<b>6. Add: BALANCE BROUGHT FORWARD FROM LAST YEAR</b>			<b>45,307,494</b>	<b>42,895,951</b>
<b>7. BALANCE CARRIED TO BALANCE SHEET</b>			<b>11,613,403</b>	<b>45,307,494</b>
Basic and diluted earnings per share of face value of Rs.10 each (See Note 7(5))			<b>(22.48)</b>	10.70
Notes to the Accounts	7			

Schedules refer to above form an integral part of the Profit and Loss Account and should be read in conjunction therewith.

In terms of our report of even date.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants

**Z. F. Billimoria**  
Partner

Mumbai, Date: 26th June, 2009

Mr. Ashok Barat	}	Chairman
Mr. Amit Mittal		Directors
Mr. R.T. Doshi		
Mr. C.A. Karnik		
Mr. A.T. Shah		
Mr. S.P. Kadakia		

## SCHEDULE "1" TO "6" ANNEXED TO AND FORMING PART OF THE ACCOUNTS

	<u>Rupees</u>	<u>As at 31st March, 2009 Rupees</u>	<u>As at 31st March, 2008 Rupees</u>
<b>SCHEDULE "1" – SHARE CAPITAL</b>			
<b>1 AUTHORITY:</b>			
29,990,000 (Previous year 4,990,000) Equity Shares of Rs.10/-		299,900,000	49,900,000
10,000 Preference Shares of Rs.10/- Each		100,000	100,000
<b>TOTAL RUPEES</b>		<b>300,000,000</b>	<b>50,000,000</b>
<b>2 ISSUED, SUBSCRIBED AND PAID-UP :</b>			
3,826,630 (Prev. year 492,500) Equity Shares of Rs.10/- each fully paid up (All shares are held by Forbes & Co. Ltd, the Holding Company and its nominees, Shapoorji Pallonji & Company Ltd is the Ultimate Holding Company)		38,266,300	4,925,000
<b>TOTAL RUPEES</b>		<b>38,266,300</b>	<b>4,925,000</b>

	<u>Rupees</u>	<u>As at 31st March, 2009 Rupees</u>	<u>As at 31st March, 2008 Rupees</u>
<b>SCHEDULE "2" – RESERVES AND SURPLUS</b>			
<b>1. SECURITIES PREMIUM:</b>			
As per last Balance Sheet	–		–
Add: Received during the year	300,071,700		–
		<b>300,071,700</b>	–
<b>2. AMALGAMATION RESERVE:</b>			
As per last Balance Sheet	204,061		2,375,431
Less: Adjustment on amalgamation pursuant to the Court Order (Refer Note 2)	–		(2,171,370)
		204,061	<b>204,061</b>
<b>3. GENERAL RESERVE:</b>			
Per Last Balance Sheet		7,155,957	7,155,957
<b>4. BALANCE IN PROFIT AND LOSS ACCOUNT:</b>		11,613,403	45,307,494
		<b>319,045,121</b>	<b>52,667,512</b>

# FORBES FINANCE LIMITED

## SCHEDULES (Contd.)

SCHEDULE "3" – INVESTMENTS	Number	Face Value Rupees	Rupees	As at 31st March, 2009 Rupees	As at 31st March, 2008 Rupees
<b>A. LONG TERM</b> (Fully Paid up, unless otherwise stated)					
<b>NON TRADE INVESTMENTS</b>					
<b>1 IN SUBSIDIARY / ASSOCIATE COMPANIES:</b>					
<b>Unquoted Equity Shares:</b>					
Sea Speed Shipping Age Ltd.	24,000	10	–		9,383,400
Trident Shipping Age Ltd.	24,000	10	–		4,306,740
Sea Falcon Shipping Ltd.	25,000	10	–		5,042,576
Forbes Tinsley Company Ltd.	74,970	10	375,700		375,700
Forbes Campbell Services Ltd.	48,998	10	493,994		150,050
R.S. Business Machines Ltd.	34	10	–		3,417
Forbes Technosys Ltd.	21,000,000	10	206,117,902		2,100,305
High Point properties Ltd.	25,000	10	–		251,250
Tornado Appliances Ltd	2,400	10	–		24,003
Forbes Bumi Armada Ltd.	255,000	10	2,556,395		–
Forbes Edumetry Ltd	1,440,000	10	14,436,122		–
Nypro Forbes Products Private Ltd	8,380,000	10	83,934,956		–
Nypro Forbes Moulds Private Ltd	2,975,000	10	29,812,084		–
Forbes Smart Data Ltd	50,000	10	501,270		–
				338,228,423	21,637,441
<b>2. OTHER THAN TRADE INVESTMENTS:</b>					
<b>(i) QUOTED EQUITY SHARES:</b>					
Forbes & Company Ltd	166,398	10	3,254,692		3,254,692
Gokak Textiles Ltd	83,199	10	2,086,122		2,086,122
				5,340,814	5,340,814
<b>(ii) UNQUOTED EQUITY SHARES:</b>					
The Swadeshi Mills Co. Ltd.	1,349,260	10	13,492,600		–
P.T. Gokak, Indonesia	1,375	US\$ 1,000	11,288,212		11,288,212
				24,780,812	1,12,88,212
Less: <b>PROVISION FOR DIMINUTION IN THE VALUE OF INVESTMENTS</b>				(26,099,031)	(13,790,630)
<b>TOTAL RUPEES</b>				<b>342,251,018</b>	<b>24,475,837</b>
Quoted Investments				5,340,814	5,340,814
Unquoted Investments				336,910,204	19,135,023
(Cost less Provision for Diminution in the value of Investments)					
				<b>342,251,018</b>	<b>24,475,837</b>
<b>Market Value of Quoted Investments</b>				<b>62,166,293</b>	<b>85,503,612</b>



**SCHEDULES (Contd.)**

	<u>Rupees</u>	<u>As at 31st March, 2009 Rupees</u>	<u>As at 31st March, 2008 Rupees</u>
<b>SCHEDULE “4” CURRENT ASSETS, LOANS AND ADVANCES</b>			
<b>CURRENT ASSETS:</b>			
<b>(a) CASH AND BANK BALANCES:</b>			
(i) Cash on hand	3,369		3,451
(ii) With Scheduled Banks in Current A/c	<u>572,737</u>		<u>1,427,843</u>
		576,106	1,431,294
<b>(b) OTHER CURRENT ASSETS:</b>			
Interest accrued on deposits		<u>419,319</u>	–
		<b><u>995,425</u></b>	<b><u>1,431,294</u></b>
<b>(c) LOANS AND ADVANCES:</b>			
(Unsecured, considered good unless otherwise stated)			
<b>(i) Loans and Advances to Subsidiary Companies</b>			
(a) Unsecured, Considered Good	12,317,000		30,450,000
(b) Considered Doubtful	<u>26,804,000</u>		<u>5,178,000</u>
	39,121,000		35,628,000
Less: Provision for Doubtful Loans and Advances	<u>26,804,000</u>		<u>5,178,000</u>
	12,317,000		30,450,000
(ii) Taxes paid less provisions including Fringe Benefit tax	<u>2,047,330</u>		<u>1,788,549</u>
		<b><u>14,364,330</u></b>	<b><u>32,238,549</u></b>
<b>TOTAL RUPEES</b>		<b><u>15,359,755</u></b>	<b><u>33,669,843</u></b>

**SCHEDULE “5” – CURRENT LIABILITIES AND PROVISIONS**

	<u>Rupees</u>	<u>As at 31st March, 2009 Rupees</u>	<u>As at 31st March, 2008 Rupees</u>
<b>1. CURRENT LIABILITIES:</b>			
<b>(i) Sundry Creditors</b>			
Micro, Small & Medium Enterprises		–	–
Others		284,350	491,296
(ii) Other Liabilities		<u>15,002</u>	–
		299,352	491,296
<b>2. PROVISIONS:</b>			
(i) Provision for Compensated Absences	–		61,522
(i) Fringe Benefit Tax	<u>–</u>		<u>350</u>
		–	61,872
<b>TOTAL RUPEES</b>		<b><u>299,352</u></b>	<b><u>553,168</u></b>

---

**FORBES FINANCE LIMITED**

---

**SCHEDULES (Contd.)**

	<u>Rupees</u>	<u>For the Year ended 31st March, 2009 Rupees</u>	<u>For the Year ended 31st March, 2008 Rupees</u>
<b>SCHEDULE “6” – OPERATING EXPENSES</b>			
<b>OPERATING EXPENSES</b>			
(i) Legal and Professional Charges		202,043	–
(ii) Auditors’ Remuneration:			
(i) Audit Fees	50,000		5,000
(ii) Other Matters	–		5,000
(iii) Service Tax	5,150		1,236
(iv) Out of Pocket Expenses	–		3,985
		55,150	15,221
(iii) Directors Fees		48,000	66,000
(iv) Filing fees for Increase in Authorised Share Capital		1,284,264	375,160
(v) Miscellaneous Charges		55,669	595,881
<b>TOTAL RUPEES</b>		<u><u>1,645,126</u></u>	<u><u>1,052,262</u></u>

**SCHEDULES (Contd.)****SCHEDULE '7' – NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH,2009.****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 under sub-section (3C) of Section 211 of the said Act.

**(b) Use of Estimates**

The presentation of the financial statements in conformity with the generally accepted accounting principles requires the Management to make estimates and assumptions that affect the reported amount of assets and liabilities, revenues and expenses and disclosure of contingent liabilities. Such estimates and assumptions are based on the managements evaluation of relevant facts and circumstances as on the date of financial statements. The actual outcome may diverge from these estimates.

**(c) Investments**

Long Term Investments are valued at cost less provision for diminution other than temporary in value, if any. Current Investments are valued at lower of cost and fair value.

**(d) Financial Income and Borrowing Costs**

Financial Income and borrowing cost include interest income on bank deposits and interest expense on loans. Interest Income is accrued evenly over the period of the instruments. Borrowing Cost are recognised in the period to which they relate, regardless of how the funds have been utilised. Dividend Income is accounted when the right to receive payment is established and well known.

**(e) Taxes on Income**

The Company's Income Taxes include taxes on the Company's taxable profits, fringe benefits, adjustment attributable to earlier periods and changes in deferred taxes. Valuation of all tax liabilities/receivables is conducted at nominal amounts and in accordance with enacted tax regulations and tax rates or in the case of deferred taxes, those that have been substantially enacted. Deferred tax is calculated to correspond to the tax effect arising when final tax is determined. Deferred tax corresponds to the net effect of tax on all timing differences which occur as a result of items being allowed for income tax purposes during a period different from when they were recognised in the financial statements. Deferred tax are recognised with regard to all deductible timing differences to the extent that is probable that taxable profits will be available against which deductible timing differences can be utilised. When the company carries forward unused tax losses and unabsorbed depreciation, deferred tax assets are recognised only to the extent there is virtual certainty backed by convincing evidence that sufficient future taxable income will be available against which deferred tax assets can be realised. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced by the extent that it is no longer probable that sufficient taxable profit will be available to allow all or a part of the aggregate deferred tax asset to be utilised.

**(f) Provisions and Contingencies**

A provision is recognised when the company has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding employee benefits) are not discounted to its present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Reimbursements against a provision is recognised as a separate asset based on the virtual certainty of recovery. Contingent liability are disclosed in the notes to the financial statements. A contingent asset is neither recognised nor disclosed.

**(g) Cash Flow Statements**

Cash Flow statements are prepared in accordance with "Indirect Method" as explained in the Accounting Standard on Cash Flow Statements (AS-3) notified under the Companies (Accounting Standards) Rules, 2006.

**(h) Cash and Cash Equivalents**

Cash and Bank balances and current investments that have insignificant risk of change in value, which have durations upto three months, are included in the Company's cash and cash equivalents in the Cash Flow Statement.

---

# FORBES FINANCE LIMITED

---

## SCHEDULES (Contd.)

### SCHEDULE '7' – NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009 (Contd.)

(i) **Earnings per Share**

Basic Earnings per Share is calculated on dividing the net profit after tax for the year attributable to equity shareholders of the company by the weighted average number of equity shares in issue during the year.

2. (a) The Company has applied to the Reserve Bank of India for obtaining a certificate of Registration as a Non- Banking Financial Company.

(b) The Scheme of Amalgamation of Forbes Campbell Holdings Limited and Warrior (Investment) Limited erstwhile Subsidiary Companies with the Company was approved by the shareholders and High Court of Judicature of Bombay and High Court of Judicature of Chennai on 29th February, 2008 and 26th March, 2008 respectively. Accordingly an amount of Rs.2,171,370 was debited to Amalgamation Reserve account being goodwill arising as a result of the cancellation of equity shares in the transferor Companies with the carrying amount of investment adjusted in the Company and impact on account of synchronisation of accounting policies of the transferor Companies with that of the Company.

3. **Contingent Liabilities :**

	31st March 2009	31st March 2008
	<u>Rupees</u>	<u>Rupees</u>

(A) Corporate Guarantee given in favour of Union Bank of India for the letter of Guarantee limit sanctioned bank to Forbes Technosys Limited	15,000,000	–
(B) Corporate Guarantee in favour of State Bank Of India for the additional credit facility to Nypro Forbes Products Private Limited	196,500,000	–
(C) Income Tax matters in dispute under appeal	813,588	813,588

4. The company is in process of merging itself with Latham India Limited, Chennai. Necessary applications under Section 391 to 394 of the Companies Act, 1956 in terms of "Scheme of arrangement" have been filed with the High Court of Judicature of Bombay and High Court of Judicature of Chennai. The appointed date for the merger as per the Scheme of Arrangement filed with the High Court of Judicature of Bombay and High Court of Judicature of Chennai is 1st April, 2008. The accounts for the year ended 31st March, 2009 have been prepared without giving effect to the said scheme which are pending for approval of the respective High courts.

5. **Earnings Per Share**

	31st March, 2009	31st March, 2008
--	------------------	------------------

Profit After Tax	(33,694,091)	2,411,543
Weighted Average Number of Equity Shares	1,498,656	225,416
Earnings Per Share	(22.48)	10.70

6. The Company is engaged in business of lending short term funds and investing in securities of other Companies and earning return on such investments in India which is the only reportable business segment as per Accounting Standard on "Segment Reporting" (AS) 17.

7. **RELATED PARTY DISCLOSURES**

I. **Name of the Related Party and nature of relationship where control exists are as under :**

(A) **Holding Company / Ultimate Holding Company :**

1. Shapoorji Pallonji & Company Limited (Ultimate Holding Company)
2. Sterling Investments Corporation Private Limited
3. Forbes & Company Limited

(B) **Subsidiary Companies :**

1. Forbes Technosys Limited (w.e.f 12th December, 2008)
2. Forbes Campbell Services Limited (w.e.f 19th March, 2009)
3. Forbes Bumi Armada Limited (w.e.f 2nd June, 2008)

## SCHEDULES (Contd.)

## SCHEDULE '7' – NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009 (Contd.)

4. Forbes Smart Data Limited (w.e.f 19th March, 2009)
5. Sea Speed Shipping Agencies Limited (upto 5th March, 2009)
6. Sea-Falcon Shipping Services Limited (upto 5th March, 2009)
7. Trident Shipping Agencies Limited (upto 5th March, 2009)

## (C) Fellow Subsidiaries (With whom there are transactions) :

1. Eureka Forbes Limited
2. Latham India Limited
3. Volkart Fleming Shipping & Services Limited (VFSSL)

## (D) Joint Ventures:-

1. Forbes Edumetry Limited (w.e.f 29th December, 2008) (FEL)
2. Nypro Forbes Products Private Limited (w.e.f 29th December, 2008)
3. Nypro Forbes Moulds Private Limited (w.e.f 29th December, 2008)

## II. Transactions with related parties

	Referred to in "A" above		Referred to in "B" above		Referred to in "C" above		Referred to in "D" above		Total	
	31.03.2009	31.03.2008	31.03.2009	31.03.2008	31.03.2009	31.03.2008	31.03.2009	31.03.2008	31.03.2009	31.03.2008
<b>Purchases and Sales</b>										
1. Purchase of Investments	130,070,000	–	165,000,000	–	13,492,600	–	35,000,000	–	343,562,600	–
2. Sale of Investments	333,691,073	2,695,000	–	–	18,732,716	–	–	–	352,423,789	2,695,000
<b>Expenses</b>										
3. Recovery of Expenses	–	–	–	–	–	292,136	–	–	–	292,136
4. Interest Paid	968,547	–	110,959	911,873	–	–	–	–	1,079,506	911,873
<b>Income</b>										
5. Interest Received	1,006,630	1,655,465	649,384	383,384	–	–	873,554	–	2,529,568	2,038,849
6. Dividend Received	249,597	582,393	–	–	–	–	–	–	249,597	582,393
<b>Finance</b>										
7. Deposits Given	211,900,000	6,550,000	55,600,000	–	18,800,000	–	18,426,000	–	304,726,000	6,550,000
8. Deposits Taken	72,643,000	–	25,000,000	–	–	–	–	–	97,643,000	–
9. Repayment of Deposit taken	95,376,000	–	25,000,000	–	–	–	–	–	120,376,000	–
10. Repayment of Deposit Given	211,900,000	2,100,000	59,600,000	–	–	–	7,000,000	–	278,500,000	2,100,000
<b>Outstanding</b>										
11. Sundry Creditors	100,462	–	–	–	–	–	–	–	100,462	–
12. Sundry Debtors	–	–	–	–	–	–	419,319	–	419,319	–
13. Loans Receivable	3,717,000	26,450,000	–	4,000,000	23,978,000	5,178,000	11,426,000	–	39,121,000	35,628,000

SCHEDULES (Contd.)

SCHEDULE '7' – NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009 (Contd.)

The above Transactions includes:-

	Forbes & Co. Ltd.-A		S.P. & Co. Ltd.-A		Forbes Tech.-B		Eureka Forbes Ltd.-C		Latham India Ltd.-C		VFFSL-C		Nypro Moulds-D		FEL-D		Nypro Products-D	
	31.03.09	31.03.08	31.03.09	31.03.08	31.03.09	31.03.08	31.03.09	31.03.08	31.03.09	31.03.08	31.03.09	31.03.08	31.03.09	31.03.08	31.03.09	31.03.08	31.03.09	31.03.08
Purchases and Sales																		
1. Purchase of Investments	110,070,000	-	20,000,000	-	165,000,000	-	13,492,600	-	-	-	-	-	5,000,000	-	-	-	30,000,000	-
2. Sale of Investments	333,413,000	2,695,000	278,073	-	-	-	-	-	18,732,716	-	-	-	-	-	-	-	-	-
Expenses																		
3. Recovery of Expenses	-	-	-	-	-	-	-	-	-	-	-	292,136	-	-	-	-	-	-
4. Interest Paid	968,547	-	-	-	110,959	911,873	-	-	-	-	-	-	-	-	-	-	-	-
Income																		
5. Interest Received	1,006,630	1,655,465	-	-	649,384	383,384	-	-	-	-	-	-	-	-	-	-	873,554	-
6. Dividend Received	249,597	582,393	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Finance																		
7. Deposits Given	211,900,000	6,550,000	-	-	55,600,000	-	-	-	18,800,000	-	-	-	-	-	2,826,000	-	15,600,000	-
8. Deposits Taken	72,643,000	-	-	-	25,000,000	-	-	-	-	-	-	-	-	-	-	-	-	-
9. Repayment of Deposit taken	95,376,000	-	-	-	25,000,000	-	-	-	-	-	-	-	-	-	-	-	-	-
10. Repayment of Deposit Given	211,900,000	2,100,000	-	-	59,600,000	-	-	-	-	-	-	-	-	-	-	-	7,000,000	-
Outstanding																		
11. Sundry Creditors	100,462	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12. Sundry Debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	419,319	-
13. Loans Receivable	3,717,000	26,450,000	-	-	-	4,000,000	-	-	23,978,000	5,178,000	-	-	-	-	2,826,000	-	8,600,000	-

## SCHEDULES (Contd.)

## SCHEDULE '7' – NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009 (Contd.)

## 8. Micro, Small and Medium Enterprises

On the basis of responses received against enquires made by the Company, there was no amount outstanding in respect of Micro and Small Enterprises covered under Micro, Small and Medium Enterprises Development Act, 2006 as at the Balance Sheet date. The Company has not defaulted in payment of dues to such entities during the year.

## 9. The Company has not recognised deferred tax asset as per provisions of AS 22, on provision for diminution in value of investments and trade advances on account of absence of virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

## 10. The Company has the following joint Ventures during the year and its proportionate share in the assets, liabilities, contingent liabilities, income and expenditure of the Joint Venture companies is given below:

Name of the Company	Percentage of shareholding	As at 31st March, 2009				For the year ended 31st March, 2009	
		Assets	Liabilities	Contingent Liabilities	Capital Commitment	Income	Expenditure
	%						
Nypro Forbes Moulds Private Limited (NFMPL)	50	45,834,000	35,375,354	2,326,136	–	14,342,521	23,731,633
	–	–	–	–	–	–	–
Nypro Forbes Products Private Limited (NFPPL)	50	168,126,324	122,913,182	617,871	370,751	77,354,889	88,285,721
	–	–	–	–	–	–	–
Forbes Edumetry Ltd.	50	6,322,000	15,183,000	–	–	781,000	12,274,000
	–	–	–	–	–	–	–

## 11. Figures for the previous year have been regrouped wherever necessary.

Mr. Ashok Barat	}	Chairman
Mr. Amit Mittal		Directors
Mr. R.T. Doshi		
Mr. C.A. Karnik		
Mr. A.T. Shah		
Mr. S.P. Kadakia		

Mumbai, Date: 26th June, 2009

---

**FORBES FINANCE LIMITED**

---

**INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956.****I. Registration Details**

Registration No.	9127	State code	11
Balance Sheet Date	3/31/2009		

**II. Capital Raised during the year (Amount in Rs.'000)**

Public Issue	Nil	Right Issue	33341
Bonus Issue	Nil	Private Placement	Nil

**III. Position of Mobilisation and Deployment of Funds (Amount in Rs.'000)**

Total Liabilities	357311	Total Assets*	357311
Sources of Funds		Application of Funds	
Paid-up Capital	38266	Investments	342251
Reserves and Surplus	319045	Net Current Assets	15060
Loans	—		

\* Net of Current Liabilities and Provisions

**IV. Performance of the Company (Amount in Rs.'000)**

Turnover	3361
Total Expenditure	36697
Profit before Tax	-33336
Profit after Tax	-33694
Earning per Share in Rs.	-22.48
Dividend Rate	NIL

**V. Generic names of three principal products/services of Company (as per monetary terms)**

Item Code No.	Nil	Product Description	Finance
---------------	-----	---------------------	---------

---

Mr. Ashok Barat	}	Chairman
Mr. Amit Mittal		
Mr. R.T. Doshi		Directors
Mr. C.A. Karnik		
Mr. A.T. Shah		
Mr. S.P. Kadakia		

Mumbai, Date: 26th June, 2009



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

	RUPEES
<b>PROFIT / (LOSS) BEFORE TAX</b>	<b>(33,336,128)</b>
<b>Adjusted for -</b>	
Dividend Income	(729,597)
Provision for Doubtful Loans	21,626,000
Provision for Diminution of Investments	12,335,819
Profit on sale of Investments	(26,823)
Sundry Balances written back	(61,522)
Interest Paid	1,090,265
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>898,014</b>
<b>Changes in -</b>	
Trade Payables and Others	(191,944)
Trade and Other Receivables	(3,912,319)
<b>CASH GENERATED FROM OPERATIONS</b>	<b>(3,206,249)</b>
Direct Taxes Paid	(617,094)
<b>(A) NET CASH FROM OPERATING ACTIVITIES</b>	<b>(3,823,343)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	
Dividend Received	729,597
Sale of Investments	19,010,791
Purchase of Investments	(349,094,968)
<b>(B) NET CASH FROM INVESTING ACTIVITIES</b>	<b>(329,354,580)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	
Proceeds from Issuance of Share Capital	333,413,000
Proceeds from Borrowings	72,643,000
Repayment of Borrowings	(72,643,000)
Interest Paid	(1,090,265)
<b>(C) NET CASH FROM FINANCING ACTIVITIES</b>	<b>332,322,735</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS (A) + (B) + (C)</b>	<b>(855,188)</b>
Cash and Cash equivalents as at the beginning of the year (As per Schedule "4")	1,431,294
Cash and Cash equivalents as at the end of the year (As per Schedule "4")	<b>576,106</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(855,188)</b>

In terms of our report of even date.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants

**Z. F. Billimoria**  
Partner

Mumbai, Date: 26th June, 2009

Mr. Ashok Barat	}	Chairman	
Mr. Amit Mittal		}	Directors
Mr. R.T. Doshi			
Mr. C.A. Karnik			
Mr. A.T. Shah			
Mr. S.P. Kadakia			

---

# FORBES SMART DATA LIMITED

---

(a wholly owned Subsidiary Company of Forbes Finance Limited w.e.f. 19th March, 2009)

Annual Report and Accounts  
for the year ended 31<sup>st</sup> March, 2009

**DIRECTORS :**

G. Mukherji

*Chairman*

A.T. Shah

R.T. Doshi

**BANKERS :**

IDBI Bank Limited

**AUDITORS :**

Messrs. U.V. Shah & Co.

**REGISTERED OFFICE :**

Forbes Building,

Charanjit Rai Marg,

Fort, Mumbai 400 001

**REPORT OF THE DIRECTORS OF FORBES SMART DATA LIMITED**

To,  
The Shareholders,

1. Your Directors submit their Report and the Audited Accounts of the Company for the year 31<sup>st</sup> March,2009.

**2. OPERATIONS:**

The Company has not commenced commercial activity. There was no activity during the period ended 31<sup>st</sup> March 2009. The Company earned an interest of Rs. 27,000 on an inter corporate deposit placed with the holding Company, Forbes & Company Limited.

**3. DIRECTORATE:**

Mr. R.T. Doshi was appointed as an Additional Director on 21<sup>st</sup> October, 2008. In terms of the provisions of section 260 of the Companies Act, 1956, he holds office upto the date of the forthcoming Annual General Meeting. Mr. M.L. Khetan resigned from the Board on 22<sup>nd</sup> October, 2008. The Board places on record their sincere appreciation for the services rendered by Mr. Khetan to the Company and the Board. Mr. A.T. Shah is due for retirement by rotation. The Board of Directors commends their appointment/re-appointment as Directors 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 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. DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to the provisions of section 217 (2A) 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**

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

(G. MUKHERJI)  
Chairman

Mumbai, 2<sup>nd</sup> June, 2009

---

# FORBES SMART DATA LIMITED

---

## AUDITORS' REPORT

### AUDITORS' REPORT TO THE MEMBERS OF FORBES SMART DATA LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2009.

1. We have audited the attached Balance Sheet of FORBES SMART DATA LIMITED as at 31st March, 2009 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 2009 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, 2009 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*

Membership No. : 35626

Mumbai, 2<sup>nd</sup> June, 2009.

### ANNEXURE TO THE AUDITORS' REPORT

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

- i) The Company does not have any Fixed Assets. Accordingly the provisions of Clause 4(i) of the Companies (Auditors Report) Order 2003 (as amended) is not applicable.
- ii) As explained to us, the Company does not have inventory. Accordingly the provision of Clause 4(ii) of the Companies (Auditors Report) Order 2003 (as amended) is not applicable.
- iii)
  - (a) In our opinion and according to 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.
  - (b) The Company has not taken any loans secured or unsecured, from the 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 (Auditors Report) Order 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 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 and hence Clause 4(vi) of the Companies (Auditors Report) Order 2003 (as amended) is not applicable.
- vii) In our opinion, Clause 4(vii) of Companies (Auditors Report) Order 2003 (as amended) in respect of internal audit is not applicable.
- viii) 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) 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, 2009 for a period of more than six months from the date they became payable.
- x) The Company has not been registered for a period for more than five years and hence Clause 4(x) of the Companies (Auditors Report) Order 2003 (as amended) in respect of accumulated losses is not applicable.
- xi) The Company has no dues to Financial Institutions or Bank or Debenture Holders and hence Clause 4(xi) of the Companies (Auditors Report) Order 2003 (as amended) in respect of default of payment of such dues is not applicable.
- xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities and hence Clause 4(xii) of the Companies (Auditors Report) Order 2003 (as amended) in respect of documentation of such securities is not applicable.
- xiii) The Company is not a Chit Fund or a Nidhi / Mutual Benefit Fund / Society and hence Clause 4(xiii) of the Companies (Auditors Report) Order 2003 (as amended) is not applicable.
- xiv) The Company has no dealings in Shares, Securities, Debentures and other Investments and hence Clause 4(xiv) of the Companies (Auditors Report) Order 2003 (as amended) is not applicable.
- 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 institution and hence Clause 4(xv) of the Companies (Auditors Report) Order 2003 (as amended) is not applicable.
- xvi) According to the information and explanations given to us, the Company has not raised any term loan under review and hence Clause 4(xvi) of the Companies (Auditors Report) Order 2003 (as amended) is not applicable.
- xvii) 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.
- xviii) During the year, the Company has not made any preferential allotment of shares and hence Clause 4(xviii) of the Companies (Auditors Report) Order 2003 (as amended) is not applicable.
- xix) No Debentures have been issued by the Company and hence Clause 4(xix) of the Companies (Auditors Report) Order 2003 (as amended) is not applicable.
- xx) 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.
- xxi) 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

Mumbai, 2<sup>nd</sup> June, 2009

---

**FORBES SMART DATA LIMITED**

---

**BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2009**

	<u>Schedule</u>	<u>Rupees</u>	<u>As at 31<sup>st</sup> March, 2009 Rupees</u>	<u>As at 31<sup>st</sup> March, 2008 Rupees</u>
<b>SOURCES OF FUNDS :</b>				
Share Capital	1		500,000	500,000
Reserves & Surplus			—	—
Total Shareholders Fund			<u>500,000</u>	<u>500,000</u>
<b>Loan:</b>				
Secured	—	—		
Unsecured	—	—		
Total			<u>500,000</u>	<u>500,000</u>
<b>APPLICATION OF FUNDS :</b>				
<b>Current Assets, Loans &amp; Advances</b>				
(a) Sundry Debtors	2		—	—
(b) Cash and Bank Balances		39,378		27,230
(c) Loans and advances		<u>312,610</u>		<u>307,048</u>
		351,988		334,278
<i>Less:</i> Current liabilities & provisions	3	<u>13,557</u>		<u>12,742</u>
Net Current assets			338,431	321,536
Deferred Tax Asset (See Note 1)			16,352	10,080
Miscellaneous Expenditure (to the extent not written off)			111,581	148,775
Profit and Loss Debit Balance			<u>33,636</u>	<u>19,609</u>
Total			<u>500,000</u>	<u>500,000</u>

**NOTES TO THE ACCOUNTS (PER SCHEDULE '4')**

---

As per our report of even date attached

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

G. Mukherji

*Chairman***UDAY V. SHAH**  
*Proprietor*R.T. Doshi  
A.T. Shah

}

*Directors*

(Membership No. 35626)

Mumbai, 2<sup>nd</sup> June, 2009

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2009**

	Schedule	Rupees	31 <sup>st</sup> March, 2009 Rupees	31 <sup>st</sup> March, 2008 Rupees
<b>INCOME</b>				
Interest			27,000	25,500
<b>EXPENDITURE</b>				
Preliminary Expenses		37,194		37,194
Legal & Professional Charges		2,246		3,933
Profession Tax		2,500		2,500
Filing Fees		2,500		1,500
Misc Exp		—		1,346
Bank Charges		50		40
<b>Auditors remuneration</b>				
Audit Fees		2,500		2,500
Service tax		309		309
Certification Fees		—		3,030
			47,299	52,352
Profit / (Loss) before tax			(20,299)	(26,852)
Less: Provision for taxation				
Current Year				
Deferred Tax			(6,272)	(9,125)
Profit / (Loss) after tax			(14,027)	(17,727)
Balance brought forward			(19,609)	(1,882)
Balance carried to Balance Sheet			(33,636)	(19,609)

The accompanying notes are an integral part of this Profit & Loss Account

As per our report of even date attached

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

G. Mukherji

Chairman

**UDAY V. SHAH**  
Proprietor

R.T. Doshi  
A.T. Shah

}

Directors

(Membership No. 35626)

Mumbai, 2<sup>nd</sup> June, 2009

---

**FORBES SMART DATA LIMITED**

---

**SCHEDULES “1” TO “4” ANNEXED TO & FORMING PART OF THE ACCOUNTS**

	As at 31st March, 2009 Rupees	As at 31st March, 2008 Rupees
<b>SCHEDULE ‘1’ - SHARE CAPITAL</b>		
Authorised		
10,00,000 Equity Shares of Rs.10 each	10,000,000	10,000,000
Issued and Subscribed		
50,000 Equity Shares of Rs.10 each fully paid-up	500,000	500,000
	500,000	500,000

(All the shares are held by Forbes Finance 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	—	—
	—	—

**Cash and Bank Balances**

Cash in hand	—	—
With Scheduled Banks :	—	—
on Current Accounts	39,378	27,230

**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)	12,610	7,048
	312,610	307,048
	351,988	334,278

---

**SCHEDULE ‘3’ - CURRENT LIABILITIES AND PROVISIONS****Current liabilities**

Sundry creditors (No outstanding dues of Small Scale Industrial Undertakings)	—	—
---	---	---

**Provisions**

Provision for Expenses	13,557	12,742
	13,557	12,742

---



**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 Companies Act, 1956.

**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. Timing Differences between book profit and taxable profit is accounted as deferred tax. Deferred Tax Asset, if any, is recognized considering prudence.

**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.

2. There are no dues to the Micro, Small and Medium Enterprises which are outstanding as at the Balance Sheet date. During the period there were no delays in payment of dues to such enterprises. This information regarding Micro, Small and Medium Enterprises has been determined on the basis of information available with the Company. This has been relied upon by the Auditors.
3. 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 as on 1st April 2008	Adjustments in Current Year	Deferred Tax (Liability) / Assets as on 31st March 2009
Business Loss	10,080	6,272	16,352

4. 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:**

1. Holding Company : Forbes Finance Limited
2. Ultimate Holding Company : Forbes & Company Limited

**B. Enterprises that are under common control:**

1. Aquamall Water Solutions Ltd.
2. Eureka Forbes Ltd.
3. Euro Forbes International Pte. Ltd.
4. Forbes Aquamall Limited
5. Forbes Container Lines Pte. Ltd.
6. Forbes Doris & Naess Maritime Ltd. (upto 12th February, 2009)
7. Forbes Facility Services Pvt. Ltd. (Formerly known as Forbes Abans Cleaning Solutions Pvt. Ltd.)
8. Forbes Campbell Services Ltd.
9. Forbes Sterling Star Ltd.
10. Forbes Technosys Ltd.
11. Forbes Tinsley Co. Ltd. (upto 23rd March, 2009)

---

## FORBES SMART DATA LIMITED

---

12. Latham India Ltd.
13. Volkart Fleming Shipping & Services Ltd.

**C. Key Managerial Personnel:**

1. Mr. G. Mukherji
2. Mr. A.T. Shah
3. Mr. R.T. Doshi (w.e.f. 21st October, 2008)
4. Mr. M.L. Khetan (upto 22nd October, 2008)

**II. TRANSACTIONS WITH RELATED PARTIES:**

Nature of Transactions	31st March, 2009		31st March, 2008	
	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	27,000	—	25,500	—
2. Finance				
(a) Deposits Placed	—	—	—	—
(b) Reimbursement of Expenses	—	—	—	—
3. Outstanding				
(a) Deposits Given	300,000	—	300,000	—
(b) Interest Receivable	—	—	—	—

All amount referred in above table “A” are with a single party viz., Forbes & Company 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 additional information as required under Schedule VI of the Companies Act, 1956 has not been furnished as the same is not applicable.

---

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

**UDAY V. SHAH**  
*Proprietor*

(Membership No. 35626)

Mumbai, 2<sup>nd</sup> June, 2009

G. Mukherji

*Chairman*

R.T. Doshi  
A.T. Shah

}

*Directors*

**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	31 <sup>st</sup> March, 2009		

**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
<b>Sources of Funds</b>		<b>Application of Funds</b>	
Paid-up Capital	500	Fixed Assets	—
Reserves and Surplus	—	Net Current Assets	338
Unsecured Loans	—	Deferred Tax Assets	16
		Misc. Expenditure	112
		Profit and Loss	34

\* Net of Current Liabilities and Provisions

**IV. Performance of the Company** (Amount in Rs. '000)

Turnover	27
Total Expenditure	47
Profit / Loss before Tax	(20)
Profit/ Loss after Tax	(14)
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
---------------	-----	---------------------	----

Mumbai,  
2<sup>nd</sup> June, 2009

G. Mukherji

*Chairman*

R.T. Doshi  
A.T. Shah

}

*Directors*

# FORBES SMART DATA LIMITED

## CASHFLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2009

	2008-2009		2007-2008	
	Rupees	Rupees	Rupees	Rupees
<b>PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS</b>		(20,299)		(26,852)
Adjusted for: Interest Received	(27,000)		(25,500)	
for preoperative expenses	37,194	10,194	37,194	11,694
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>		(10,105)		(15,158)
<b>AND OTHER ADJUSTMENTS</b>				
Changes in				
Trade and other receivables	—	—	—	—
Trade payables and others	815	815	4,250	4,250
<b>CASH GENERATED FROM OPERATIONS</b>		(9,290)		(10,908)
Less: Direct Taxes paid (Net)		5,562		5,779
<b>(A) NET CASH FLOW FROM OPERATING ACTIVITIES</b>		<b>(14,852)</b>		<b>(16,687)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Interest Received on Loans	27,000		25,500	
Intercompany deposit	—	—	—	—
<b>(B) NET CASH FLOW FROM INVESTING ACTIVITIES</b>		<b>27,000</b>		<b>25,500</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from Issue of Share Capital		—		—
<b>CASH FLOW FROM FINANCING ACTIVITIES BEFORE EXTRA ORDINARY ITEMS</b>		—		—
Less: Pre-operative Expenditure		—		—
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>		—		—
<b>NET DECREASE/INCREASE IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)</b>		<b>12,148</b>		<b>8,813</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	27,230	27,230	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	39,378	39,378	27,230	27,230
		<b>12,148</b>		<b>8,813</b>

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

**UDAY V. SHAH**  
Proprietor  
(Membership No. 35626)  
Mumbai, 2<sup>nd</sup> June, 2009

G. Mukherji  
R.T. Doshi  
A.T. Shah }  
Chairman  
Directors

---

**FORBES STERLING STAR LIMITED**  
**(Incorporated in Vanuatu)**

---

(a wholly owned Subsidiary Company Voluntarily wound up on 9th January, 2009)

Annual Report and Accounts  
for the year ended 9th January, 2009

**DIRECTORS:**

Capt. S.P. Rao  
Timothy A. Hartnoll  
V.K. Shetty

**BANKERS:**

Standard Chartered Bank, Singapore

**AUDITORS:**

Moore Stephens LLP  
Certified Public Accounts  
10, Anson Road,  
# 29-15, International Plaza,  
Singapore - 079 903

**REGISTERED OFFICE:**

C/o. Atlas Corporation Limited  
First Floor,  
International Building,  
Lini Highway,  
Port Vila, Vanuatu.

**STATEMENT BY DIRECTORS**

**9 JANUARY, 2009**

In the opinion of the directors, the financial statements set out on pages 4 to 13 are drawn up so as to give a true and fair view of the state of affairs of Forbes Sterling Star Limited ("the Company") as at 9 January, 2009, 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, the Company has been struck off from the registrar of companies in Vanuatu and all liabilities have been settled on the winding up of the Company.

On behalf of the directors

.....  
Surya Prasad Rao

Singapore

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF**

**FORBES STERLING STAR LIMITED  
(INCORPORATED IN VANUATU)**

**9 JANUARY 2009**

We have audited the accompanying financial statements of Forbes Sterling Star Limited (the "Company") for the period ended 9 January 2009 as set out on pages 4 to 13 which comprise the balance sheet, income statement, statement of changes in equity and a summary of significant accounting policies and other explanatory notes.

We draw attention to note 1 to the financial statements. The Company has been struck off from the Register of Companies in Vanuatu, on 9 January 2009. These financial statements have been prepared for the purposes of their inclusion in the consolidated financial statements of Forbes & Company Limited.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes:

- (a) devising and maintaining a system of internal accounting control 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 a 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 International 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.

Included in the comparative income statement are running costs of US\$101,453 incurred by the Company's ship manager on behalf of the Company. We have been unable to verify the costs incurred by the ship manager to supporting documents. Accordingly we have been unable to satisfy ourselves as to whether these items are true and fair. There is no impact on the current period's income statement.

*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 9 January 2009 and the results, changes in equity and cash flows of the Company for the period ended on that date.

**Moore Stephens LLP**  
Public Accountants and  
Certified Public Accountants

Singapore

**FORBES STERLING STAR LIMITED**  
**(Incorporated in Vanuatu)**

**BALANCE SHEET AS AT 9 JANUARY, 2009**

	Note	09.01.2009		31.03.2008	
		US\$	Indian Rs.	US\$	Indian Rs.
<b>Assets</b>					
<b>Non-Current Assets</b>					
Plant and equipment	8	–	–	–	–
		–	–	–	–
<b>Current Assets</b>					
Other receivables	9	–	–	101,785	4,068,346
Due from a related company	10	–	–	42,680	1,705,920
Cash and bank balances	11	–	–	72,868	2,912,534
		–	–	217,333	8,686,800
Total Assets		–	–	217,333	8,686,800
<b>Share Capital and Reserves</b>					
Share capital	12	–	–	1,000	39,970
Retained earnings		–	–	170,233	6,662,088
Foreign Currency Translation Reserve –		–	–	–	142,125
Total Equity		–	–	171,233	6,844,183
<b>Current Liabilities</b>					
Other Payables	13	–	–	46,100	1,842,617
		–	–	46,100	1,842,617
Total Liabilities		–	–	46,100	1,842,617
<b>Total Equity and Liabilities</b>		–	–	217,333	8,686,800



## PROFIT AND LOSS STATEMENT FOR THE FINANCIAL PERIOD ENDED 9 JANUARY, 2009

	Note	09.01.2009		31.03.2008	
		US\$	Indian Rs.	US\$	Indian Rs.
<b>Revenue</b>	3	–	–	57,092	2,291,102
<i>Add : Other Income</i>	4				
Gain on Disposal of Vessel		–	–	711,824	28,565,497
Interest Income		–	–	3,332	133,713
Sundry Income		696	32,141	–	–
		<u>696</u>	<u>32,141</u>	<u>715,156</u>	<u>28,699,210</u>
<i>Less : Expenses</i>					
Maintenance Cost		–	–	176,485	7,082,343
Insurance		9,741	449,839	72,300	2,901,399
Registration and Statutory Fees		1,275	58,880	798	32,024
Postage & Courier		–	–	301	12,079
Professional Fees		7,206	332,773	5,720	229,544
Bank Charges		127	5,865	769	30,860
Bad Debts Written Off		30,189	1,394,128	–	–
		<u>48,538</u>	<u>2,241,485</u>	<u>256,373</u>	<u>10,288,249</u>
<b>Operating (Loss) / Profit</b>		<u>(47,842)</u>	<u>(2,209,344)</u>	<u>515,875</u>	<u>20,702,063</u>
Finance Charges	6	–	–	(4,156)	(166,780)
<b>(Loss) / Profit before Income Tax</b>		<u>(47,842)</u>	<u>(2,209,344)</u>	<u>511,719</u>	<u>20,535,283</u>
Income Tax	7	–	–	–	–
<b>(Loss) / Profit for the Year / Period</b>		<u>(47,842)</u>	<u>(2,209,344)</u>	<u>511,719</u>	<u>20,535,283</u>
<i>Less : Dividend</i>		<u>122,391</u>	<u>5,401,632</u>	<u>1,400,000</u>	<u>56,182,000</u>
<b>Balance Transfer to Balancesheet</b>		<u>(170,233)</u>	<u>(7,610,976)</u>	<u>(888,281)</u>	<u>(35,646,717)</u>

**FORBES STERLING STAR LIMITED**  
(Incorporated in Vanuatu)

**STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED  
AS ON 9 JANUARY 2009**

	Note	Share Capital		Retained Earnings		Total	
		US\$	Rs.	US\$	Rs.	US\$	Rs.
<b>Balance at 1st April 2007</b>		1,000	39,970	1,058,514	51,258,108	1,059,514	51,298,078
Profit for the year		–	–	511,719	20,535,283	511,719	20,535,283
Dividends	14	–	–	(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
Loss for the year		–	–	(47,842)	(2,209,344)	(47,842)	(2,209,344)
Dividends	14			(122,391)	(5,401,632)	(122,391)	(5,401,632)
Capital distribution on liquidation	12	(1,000)	(48,920)			(1,000)	(48,920)
<b>Balance at 9th January 2009</b>		–	–	–	8,000,415	–	8,000,415

## CASH FLOW STATEMENT FOR THE FINANCIAL YEAR PERIOD ENDED 9 JANUARY 2009

	09.01.2009		31.03.2008	
	US\$	Rs.	US\$	Rs.
<b>Cash Flows from Operating Activities</b>				
(Loss) / Profit before Income Tax	(47,842)	(2,209,344)	511,719	20,535,283
Adjustments for:				
Gain on Sale of Vessel	–	–	(711,824)	(28,565,497)
Bad Debt Written Off	30,189	1,394,128	–	–
Interest Income	–	–	(3,332)	(133,713)
Finance Charges	–	–	4,156	166,780
Foreign Currency Translation Reserve	–	135,008	–	24,63,601
Operating Cash Flows before Working Capital Changes	(17,653)	(680,208)	(199,281)	(5,533,546)
Changes in Working Capital:				
Receivables	71,596	3,502,476	52,504	2,633,968
Payables	(46,100)	(2,255,212)	32,046	1,232,111
Cash (used in) / generated from Operating Activities	7,843	567,056	(114,731)	(1,667,467)
Interest received	–	–	(3,332)	(133,713)
<b>Net Cash generated from Operating Activities</b>	<b>7,843</b>	<b>567,056</b>	<b>(111,399)</b>	<b>(1,801,180)</b>
<b>Cash Flows from Investing Activities</b>				
Proceeds from Sale of Vessel	–	–	2,398,369	96,246,548
<b>Net Cash generated from Investing Activities</b>	<b>–</b>	<b>–</b>	<b>2,398,369</b>	<b>96,246,548</b>
<b>Cash Flows from Financing Activities</b>				
Dividends Paid	(122,391)	(5,401,632)	(1,400,000)	(56,182,000)
Repayment of Share Capital	–	–	(813,201)	(35,325,451)
Repayment of Share Capital to the Holding Company	(1,000)	(48,920)	–	–
Interest Paid	–	–	(4,156)	(166,780)
Repayment from a Related Company	42,680	1,970,962	–	–
<b>Net Cash (used in) / generated from Financing Activities</b>	<b>(80,711)</b>	<b>(3,479,590)</b>	<b>(2,217,357)</b>	<b>(91,674,231)</b>
<b>(Decrease) / Increase in Cash and Cash Equivalents</b>	<b>(72,868)</b>	<b>(2,912,534)</b>	<b>69,613</b>	<b>2,771,137</b>
<b>Cash and Cash Equivalents at the beginning of the Year / Period</b>	<b>72,868</b>	<b>2,912,534</b>	<b>3,255</b>	<b>141,397</b>
<b>Cash and Cash Equivalents at the end of the Year / Period (Note 11)</b>	<b>–</b>	<b>–</b>	<b>72,868</b>	<b>2,912,534</b>

---

**FORBES STERLING STAR LIMITED**  
**(Incorporated in Vanuatu)**

---

**NOTES TO THE FINANCIAL STATEMENTS - 9 JANUARY 2009**

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

**1. GENERAL**

Forbes Sterling Star Limited is a limited liability company domiciled and incorporated in Vanuatu. The registered address of the Company is 1<sup>st</sup> floor, International Building, Line Highway, Port Villa.

The principal activities of the Company was that of vessel ownership and chartering. Following the sale of its vessel during the last financial year, the Company has ceased to trade. The Company has been struck off from the Company register of Vanuatu, on 9 January 2009.

The Company was a 100% owned subsidiary of Forbes & Company Ltd, a public listed company incorporated in India, which was also regarded by the directors as the ultimate holding company.

The Directors have authorised the issue of these financial statements on the date of the Statement by Directors.

**2. SIGNIFICANT ACCOUNTING POLICY**

**(a) Basis of Preparation**

The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from these estimates.

In preparation of these financial statements, there were no critical judgements that management made in the process of applying the Company's accounting policies that have a significant effect on the amounts recognised in financial statements, nor 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.

*New and revised standards, amendments and interpretations*

The Company has adopted all the new and revised IFRS that are mandatory for application in the current financial year which are relevant to the Company. The adoption of these new and revised IFRS has had no impact on the financial statements.

*IFRS and Interpretations to IFRS issued but not yet effective*

There will be no impact from these standards as the Company is no longer in existence at the date of authorisation of the financial statements.

**(b) Revenue Recognition**

Revenue relating to time charters was recognised at invoice value, and accounted for on a time apportioned basis.

**(c) Receivables**

Receivables, including amounts due from a related company, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance is recognised in the income statement.

**(d) Other Payables**

Other payables are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method.

**(e) Currency Translation****(i) Functional and presentation currency**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the “functional currency”). The financial statements are presented in United States Dollar, which is the Company’s functional and presentation currency.

**(ii) Transactions and balances**

Transactions in a currency other than the functional currency (“foreign currency”) are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

**(f) Cash and Cash Equivalents**

Cash and cash equivalents consist of bank balances, including short term fixed deposits.

**(g) Related Parties**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

3. REVENUE	2009	2009	2008	2008
	US\$	Rs.	US\$	Rs.
Charter hire Income	–	–	57,092	2,291,102
4. OTHER INCOME	2009	2009	2008	2008
	US\$	Rs.	US\$	Rs.
Gain on Disposal of Fixed assets	–	–	711,824	28,565,497
Interest Income	–	–	3,332	133,713
Sundry Income	696	32,141	–	–
	696	32,141	715,156	28,699,210

Interest income related to the interest earned on short-term deposits placed with financial institutions at interest rates ranging from 4.8% to 5.0% per annum during the previous year.

**5. STAFF COSTS**

The Company had no staff costs during the period (2008: Nil).

6. FINANCE CHARGES	2009	2009	2008	2008
	US\$	Rs.	US\$	Rs.
Interest payable on Loan from holding Company	–	–	4,156	166,780

**7. INCOME TAX**

The directors are of the opinion that the Company’s income is not subject to tax in the jurisdiction in which it was derived.

**FORBES STERLING STAR LIMITED**  
(Incorporated in Vanuatu)

**8. PLANT & EQUIPMENT**

	Vessel		Vessel Equipment		Total	Total
	US\$	Rs.	US\$	Rs.	US\$	Rs.
<b>2009</b>						
<b>Cost</b>						
At 1st april 2008						
Disposals during the year						
<b>As at 9 January 2009</b>	-	-	-	-	-	-
<b>Accumulated depreciation</b>						
At 1st April 2008						
Charge for the year						
Deletion / adjustment for the year						
<b>At 9 January 2009</b>	-	-	-	-	-	-
<b>Net book value</b>						
<b>At 9 January 2009</b>	-	-	-	-	-	-
<b>2008</b>						
<b>Cost</b>						
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
As at 31st March 2008	-	-	-	-	-	-
<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	-	-	-	-	-	-
<b>Net book value</b>						
At 31st March 2008	-	-	-	-	-	-

**9. OTHER RECEIVABLES**

	2009	2009	2008	2008
	US\$	Rs.	US\$	Rs.
Other Receivables	-	-	101,785	4,068,346

Other receivables referred to a damage and repair compensation claim in the previous financial year. The amount was settled during the current financial period.

**10. DUE FROM A RELATED COMPANY**

The related company referred to a company, which had certain common directors and shareholders as the Company, in the previous financial year.

The amount due from a related company was non-trade in nature, unsecured, interest-free and was repaid during the period.

11. CASH AND BANK BALANCES	2009	2009	2008	2008
	US\$	Rs.	US\$	Rs.
Cash at bank	–	–	72,868	2,912,534

Cash and bank balances were denominated in United States dollars. The bank account has been closed upon winding up of the Company.

12. SHARE CAPITAL	2009			2008		
	No. of Shares	US\$	Rs.	No. of Shares	US\$	Rs.
Issued and fully paid:						
1,000 ordinary shares of US\$ 1 each as at the beginning and end of the year	–	–	–	1,000	1	39.97

During the current financial period, the Company was struck off and repaid its capital to its shareholders.

13. OTHER PAYABLES	2009	2009	2008	2008
	US\$	Rs.	US\$	Rs.
Accrued operating expenses	–	–	46,100	1,842,617

**14. DIVIDENDS**

During the period, the Company declared and paid a dividend of US\$ 122 per share (2008: US\$ 1,400 per share) amounting to US\$ 122,391 (2008: US\$1,400,000) for the financial year ended 9 January 2009 (2008: US\$40,000).

15. RELATED PARTY TRANSACTIONS	2009	2009	2008	2008
	US\$	Rs.	US\$	Rs.
Waiver of debts	30,189	1,394,128	–	–

**16. FINANCIAL RISK MANAGEMENT**

The Company's activities expose it to a variety of financial risks. The company does not have any written risk Management policies and guidelines and generally introduces a conservative strategy on its risk Management and seeks to minimise potential adverse effects on the Company's financial performance. At the date the Company was struck off, there was no exposure to interest rates, foreign currency, credit, liquidity or capital risk.

---

# FORBES TECHNOSYS LIMITED

---

(a wholly owned Subsidiary Company of Forbes Finance Ltd. w.e.f. 12th December, 2008)

Annual Report and Accounts  
for the year ended 31<sup>st</sup> March, 2009

## **DIRECTORS:**

Ashok Barat

*Chairman*

Rahul Jain

C.A. Karnik

Amit Mittal

## **BANKERS:**

Union Bank of India

Development Credit Bank Limited

Vijaya Bank

## **AUDITORS:**

Deloitte Haskins & Sells

## **REGISTERED OFFICE:**

Forbes Building,

Charanjit Rai Marg,

Fort, Mumbai - 400 001.



## REPORT OF THE DIRECTORS OF FORBES TECHNOSYS LIMITED

To,

The Shareholders,

Your Directors submit their Report and the Audited Accounts of the Company for the year ended 31<sup>st</sup> March 2009.

### 1. FINANCIAL RESULTS:

	Current Year Rupees	Rs in Lakhs Previous Year Rupees
Loss before Tax	(840.51)	(440.48)
Less : Provision for Taxation – Current Tax	–	–
Fringe Benefit Tax	4.10	2.61
For Earlier Years	(9.64)	–
For Earlier Years-FBT	(0.39)	–
Loss After Tax	(834.58)	(443.09)
Balance brought forward	(875.70)	(432.61)
Balance carried to Balance Sheet	<b>(1710.28)</b>	<b>(875.70)</b>

### 2. OPERATIONS:

The Company posted a turnover of Rs. 276.15 lakhs during the fiscal year, an increase of 46 % over last year. Loss before tax increased from Rs. 440.47 lakhs to Rs. 840.51 lakhs.

While there was an increase in turnover, overall business growth was not as per expectations due to the following reasons:

- (a) Lower than targeted deployment of Kiosks due to constraints on financing in the initial part of the year; subsequently the company has tied up both working capital and term loan facilities.
- (b) RBI's 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.

Loss has gone up as a result of increase in expenditure due to full year payment for support services to Alogent (the supplier of the software for cheque truncation) without corresponding revenues, increase in manpower and expenses due to setting up of manufacturing operations, investments in software platforms and new product development, deployment of kiosks for PSEB for which revenues will be realised in FY10 and beyond.

All Cheque Truncation customers started operations in the pilot being run by RBI on cheque truncation in NCR. Our cheque processing services also started operations with six customers including Barclays Bank.

During the year the company has moved its head office to Wagle Industrial Estate, Thane where it has also established

and commenced manufacturing operations.

The Company had secured several contracts for deployment of Bill Payment Kiosks from TATA Indicom, PSEB, PGVCL, MPVVKL, Uttarakhand Power, TATA Power etc. The execution and installation of these machines is currently underway.

The Company has developed and launched several new products for the Kiosk Market including- Electronic Cheque Drop Box, Remote Deposit Kiosk, e-Ticketing Kiosk, Recharge Kiosk, Multi-utility Kiosk and built its own Network Operations Software. The services of KPMG were also engaged for preparation of a new business plan along with a go-to-market strategy for setting up a network of Kiosks.

### 3. DIRECTORATE:

Mr. A. T. Shah resigned from the Board on 3<sup>rd</sup> November, 2008. The Board places on record their sincere appreciation of the services rendered by Mr. Shah.

Mr. C.A. Karnik retires from the Board by rotation and is eligible for re-appointment.

Mr. Amit Mittal was appointed as an Additional Director with effect from 11<sup>th</sup> March, 2008 and pursuant to the provisions of Section 260 of the Companies Act, 1956, Mr. Mittal holds office upto the date of forthcoming Annual General Meeting.

The Notice of Annual General Meeting includes proposals for re-appointment of Mr. Karnik and appointment of Mr. Mittal as Directors of the Company.

The Board recommends their appointment.

---

## FORBES TECHNOSYS LIMITED

---

### 4. AUDITORS AND AUDIT REPORT:

M/s Deloitte Haskins & Sells, Chartered Accountants were appointed as the Statutory Auditors of the Company on 30<sup>th</sup> March, 2009 in the casual vacancy caused by the resignation of M/s U V Shah & Co, Chartered Accountants, to hold office until the conclusion of next Annual General Meeting of the Company.

You are requested to appoint Auditors for the current year and to fix their remuneration. The retiring Auditors M/s. Deloitte Haskins & Sells Chartered Accountants, offer themselves for re-appointment as Auditors of the Company.

Auditors comments in their Report are self explanatory. The Auditors have observed certain anomaly in accounting practices. The Company has initiated various steps to correct these anomaly. The Company is engaging the services of a consultant to complete the Fixed Assets Register based on the observation of the auditors.

Undisputed service tax liability of Rs.7,29,257 is since paid.

### 5. PARTICULARS REGARDING EMPLOYEES :

The particulars of employees, as required under Section 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.

### 6. 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.

### 7. 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: 29th June, 2009

---

## 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  | Development of Rural ATM |
| 2. Benefits derived as result of the above R&D             | Low Cost ATM             |
| 3. Future Plan of action                                   |                          |
| 4. Expenditure on R&D                                      |                          |
| (a) Capital  | NIL                      |
| (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.  | Development of Rural ATM which can work on Solar Power     |
| 2. | Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution, etc.                   | Provide a low cost, solar powered ATM to Banking Customers |
| 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  | NA   |
| 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. | NA             |
| 2. | Total Foreign Exchange used and earned.   |                |
|    | Earned  | NIL            |
|    | Used  | Rs.94,53,825/- |

**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, 2009**

Sr. No.	NAME, AGE & 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.	AJAY SINGH (50) M Sc. PGDCS, DIM	VP & CEO 30 YEARS	51,35,583/-	DIRECTOR PRODUCT MANAGEMENT- VISTAAR TECHNOLOGIES INC.
(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.			

**NOTES:**

1. Remuneration as shown above include Salary, Other Allowances, Company's Contribution to Provident Fund, Superannuation Fund and Taxable Perquisites in respect of use of Company's Car, etc. as applicable.
2. Other terms and conditions applicable as per Company's Rules/Schemes:-
  - (i) Company's contribution under Gratuity Scheme.
  - (ii) Reimbursement of medical expenses.
3. The above employee is not related to any of the Directors of the Company.

---

## FORBES TECHNOSYS LIMITED

---

### AUDITORS' REPORT TO THE MEMBERS OF FORBES TECHNOSYS LIMITED

1. We have audited the attached Balance Sheet of FORBES TECHNOSYS LIMITED as at 31st March, 2009, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. 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 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, (CARO) issued by the Central Government of India 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, to the extent applicable to the Company.
4. Further to our comments in the Annexure referred to in paragraph 3 above:
  - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) the Balance Sheet, the 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, 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) 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 31st March, 2009;
    - ii) In the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date; and
    - iii) In case of Cash Flow Statement, the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations from the directors as on 31st March, 2009, taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

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

**Z. F. BILLIMORIA**  
*Partner*  
(Membership No. 42791)

Place : MUMBAI,  
Date : 29th June, 2009

**ANNEXURE TO THE AUDITORS' REPORT**

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

- i) In respect of its fixed assets:
- a) *The Company is in the process of compiling records to show full particulars including quantitative details and situation of its fixed assets.*
  - b) *According to the information and explanations given to us, the Company has carried out the physical verification of its fixed assets except for the assets lying with third parties, from whom no confirmations were obtained. In our opinion, the Company needs to formulate a programme for physical verification of fixed assets so as to cover all fixed assets within a period reasonable period.*
  - c) In our opinion, the fixed assets disposed off during the year did not constitute a substantial part of the fixed assets of the Company.
- ii) In respect of its inventories:
- a) As explained to us, inventories (other than stocks lying with third parties, in respect of which, confirmations have not been obtained) were physically verified during the year by the Management at reasonable intervals.
  - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business except for stocks lying with third parties in respect of which, confirmations have not been obtained.
  - c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and discrepancies noted were appropriately dealt in the books of account on physical verification.
- iii) In respect of loans granted / taken, secured or unsecured:
- a) 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, 1956.  
In view of (a) above, paragraphs 4 (iii) (b), (c) and (d) of the Order are not applicable.
  - 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.  
In view of (b) above, paragraphs 4 (iii) (b), (c) and (d) of the Order are not applicable.
- iv) In our opinion and according to the information and explanations given to us, generally adequate internal controls system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and inventories and for the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal controls.
- v) According to the information and explanations given to us, there were no contracts or arrangements that were required to be entered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly the provisions of the paragraph 4(v) (a) and (b) of CARO are not applicable to the Company.
- vi) According to the information and explanations given to us the Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975. According to the information and explanations given to us, no Order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in this respect in the case of the Company.
- vii) According to the information and explanations given to us, although the Company's internal audit functions have been carried out by a firm of Chartered Accountants appointed by the management, the Company is awaiting their reports. *In the absence of the internal audit reports, we are unable to form an opinion as to whether or not the internal audit system is commensurate with its size and the nature of its business.*
- viii) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company. Accordingly, the provisions of paragraph 4(viii) of CARO are not applicable to the Company.
- ix) According to the information and explanations given to us, in respect of statutory dues :

---

## FORBES TECHNOSYS LIMITED

---

- (a) According to the information and explanations given to us, the Company has been generally regular in depositing the undisputed statutory dues including provident fund, profession tax, income tax, employees state insurance, sales tax, state value added tax, service tax, custom duty, excise duty cess and other material statutory dues with appropriate authorities during the year. According to the information and explanations given to us, there was no dues payable in respect of investor education and protection fund.
- (b) According to the information and explanations given to us, there are no undisputed dues on account of the above items outstanding as on 31<sup>st</sup> March, 2009 for a period of more than six months from the date they became payable, other than an amount of Rs.729,257 in respect of service tax.
- (c) According to the information and explanations given to us, there were no dues in respect of income tax, sales tax, state value added taxes, service tax, customs duty, excise duty and cess which were not deposited on account of disputes.
- x) 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 cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- xi) According to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. There are no dues to financial institutions and debenture holders.
- xii) In our opinion and according to 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. Accordingly, the provisions of clause 4(xii) of CARO are not applicable to the Company.
- xiii) In our opinion and according to the information and explanation given to us, the Company is not a chit fund or a nidhi / mutual benefit fund/society. Accordingly, the provisions of paragraph 4(xiii) of CARO are not applicable to the Company.
- xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures or other investments. Accordingly, the provisions of paragraph 4(xiv) of CARO are not applicable to the Company.
- xv) According to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks and financial institutions.
- xvi) In our opinion and according to the information and explanations given to us, the term loans raised during the year by the Company have been, *prima facie*, applied for the purpose for which the said loans were obtained, where such end use has been stipulated by the lenders.
- xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, funds raised on short term basis have, *prima facie*, not been used during the year for long term investment.
- xviii) According to the information and explanations given to us, during the period covered by the our audit report, 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.
- xix) According to the information and explanations given to us, there are no amounts outstanding in respect of secured debentures as at the year end. Therefore, the provisions of clause 4(xix) of CARO are not applicable to the Company.
- xx) According to the information and explanations given to us, the Company has not raised any money through public issue during the period covered by our audit.
- xxi) 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 was noticed or reported during the year.

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

**Z. F. BILLIMORIA**  
*Partner*  
(Membership No. 42791)

Place : MUMBAI,  
Date : 29th June, 2009

## BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedule No.	Rupees	As at 31st March, 2009 Rupees	As at 31st March, 2008 Rupees
<b>FUNDS EMPLOYED:</b>				
1. SHARE CAPITAL	“1”	210,000,000		45,000,000
2. RESERVES AND SURPLUS		—		—
3. TOTAL SHAREHOLDERS’ FUNDS			210,000,000	45,000,000
4. LOANS:				
(a) Secured	“2”	19,949,333		—
(b) Unsecured	“3”	—		109,000,000
			19,949,333	109,000,000
5. TOTAL FUNDS EMPLOYED			229,949,333	154,000,000
<b>APPLICATION OF FUNDS:</b>				
6. FIXED ASSETS:				
(a) Gross Block		72,065,781		55,460,814
(b) Less: Depreciation/Amortisation		35,805,471		19,340,345
(c) Less: Impairment		12,735,756		—
(c) Net Block	“4”	23,524,553		36,120,469
(e) Capital work-in-progress including Advances for capital expenditure		3,488,233		5,185,134
			27,012,786	41,305,603
7. CURRENT ASSETS, LOANS AND ADVANCES	“5”			
(a) Inventories		11,501,469		11,983,801
(b) Sundry Debtors		10,812,705		9,025,334
(c) Cash and Bank Balances		2,939,298		1,511,502
(d) Other Current Assets		46,508		—
(e) Loans and Advances		27,770,790		8,658,053
		53,070,770		31,178,690
8. Less: CURRENT LIABILITIES AND PROVISIONS	“6”			
(a) Liabilities		20,424,054		5,033,824
(b) Provisions		738,168		1,020,339
		21,162,222		6,054,163
9. NET CURRENT ASSETS			31,908,548	25,124,527
10. MISCELLANEOUS EXPENDITURE TO THE EXTENT NOT WRITTEN OFF				
Profit and loss account Debit Balance			171,028,000	87,569,870
11. TOTAL ASSETS			229,949,333	154,000,000

## NOTES TO THE ACCOUNTS (per Schedule “8”)

As per our report of even date attached.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants**Z. F. BILLIMORIA**  
Partner  
Membership No. 42791

Mumbai, Dated: 29th June, 2009

For and on behalf of Board

Ashok Barat

Chairman

Rahul. Jain

C.A.Karnik

Amit Mittal

Directors

# FORBES TECHNOSYS LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	Rupees	For the year ended 31st March, 2009 Rupees	For the year ended 31st March, 2008 Rupees
<b>1. INCOME:</b>			
(a) (i) GROSS SALES			
<b>(1) From Trading</b>	—	20,262,090	16,572,355
<b>(2) From Manufacturing</b>	296,040	—	
<b>Less: Excise duty paid</b>	22,537	273,503	—
<b>Net Sales</b>		20,535,593	16,572,355
(ii) SERVICES - (Gross)		6,354,032	2,298,725
(b) OTHER INCOME:			
(i) Interest on Inter Corporate Deposit(Tax deducted at source Rs.1,34,210/-, Previous Year Rs NIL)		640,411	—
(ii) Interest on Fixed Deposit (Tax deducted at source Rs.12,067/-, Previous Year Rs NIL)		67,418	—
(iii) Interest on Staff Loan		17,823	8,656
(iv) Profit on Sale of Fixed Assets (net)		—	11,497
		27,615,277	18,891,233
<b>2. EXPENDITURE:</b>			
Manufacturing, Trading and Other Expenses (Per Schedule 7)		71,142,729	44,975,270
Finance Charges (As per Schedule 7) ...		10,801,648	9,069,672
		81,944,377	54,044,942
<b>DEPRECIATION</b> (Per Schedule 4)		(54,329,100)	(35,153,709)
		16,986,616	8,893,967
		(71,315,716)	(44,047,676)
Less: Provision for Impairment		12,735,756	—
<b>3. LOSS BEFORE TAX</b>		(84,051,472)	(44,047,676)
<b>4. PROVISION FOR TAX</b>			
– Current Year			
for Fringe Benefit Tax		409,927	261,029
– Excess provision for tax for Earlier Year			
Income Tax		(964,310)	—
for Fringe Benefit Tax		(38,959)	—
<b>5. LOSS AFTER TAX</b>		(83,458,130)	(44,308,705)
<b>6. BALANCE BROUGHT FORWARD FROM LAST YEAR</b>		(87,569,870)	(43,261,165)
<b>7. BALANCE CARRIED TO BALANCE SHEET</b>		<b>(171,028,000)</b>	<b>(87,569,870)</b>
Basic and diluted earnings per share of face value of Rs.10 each (see Note no. 10 in Schedule 8)		(9.62)	(16.49)

### NOTES TO THE ACCOUNTS (per Schedule "8")

As per our report of even date attached.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants

**Z. F. BILLIMORIA**  
Partner  
Membership No. 42791  
Mumbai, Dated: 29th June, 2009.

For and on behalf of Board

Ashok Barat

Chairman

Rahul. Jain

C.A.Karnik

Amit Mittal

Directors



## SCHEDULE “1” TO “8” ANNEXED TO AND FORMING PART OF THE ACCOUNTS

	As at 31st March, 2009 Rupees	As at 31st March, 2008 Rupees
<b>SCHEDULE “1” – SHARE CAPITAL</b>		
<b>1. AUTHORISED:</b>		
21,000,000 Equity Shares ( <i>Previous Year 10,000,000</i> ) of Rs.10 each	210,000,000	100,000,000
<b>2. ISSUED, SUBSCRIBED AND PAID-UP</b>		
Fully paid up Shares		
21,000,000 ( <i>Previous Year 4,000,000</i> ) Equity Shares of Rs.10 each fully paid up	210,000,000	40,000,000
<b>Partly paid up shares</b>		
NIL ( <i>Previous Year 2,000,000</i> ) Equity Shares of Rs 10 each		
Rs 2.50 per share paid up on call	—	5,000,000
Of the above shares,		
21,000,000 ( <i>Previous Year 607,980</i> ) shares at Rs. 10 each are held by Forbes Finance Limited & it’s nominees		
The Ultimate holding Company is Shapoorji Pallonji and Company Limited		
<b>TOTAL RUPEES</b>	<b>210,000,000</b>	<b>45,000,000</b>

	As at 31st March, 2009 Rupees	As at 31st March, 2008 Rupees
<b>SCHEDULE “2” – SECURED LOANS</b>		
FROM BANKS		
<b>1. Term Loan from Development Credit Bank Limited</b>	15,442,000	—
(Secured by Hypotheciation of Fixed Assets) (Repayable within one year is Rs.6,670,000/-)		
<b>2. Cash Credit From Development Credit Bank Limited</b>	4,507,333	—
(Secured by Hypotheciation of Current Assets)		
<b>TOTAL RUPEES</b>	<b>19,949,333</b>	<b>—</b>

	As at 31st March, 2009 Rupees	As at 31st March, 2008 Rupees
<b>SCHEDULE “3” – UNSECURED LOANS</b>		
Inter-corporate deposits	—	109,000,000
<b>TOTAL RUPEES</b>	<b>—</b>	<b>109,000,000</b>

# FORBES TECHNOSYS LIMITED

## SCHEDULE “1” TO “8” ANNEXED TO AND FORMING PART OF THE ACCOUNTS

### SCHEDULE “4” – FIXED ASSET

(Rupees)

Description of Assets	GROSS BLOCK				DEPRECIATION AND AMORTISATION				Impairment	NET BLOCK	
	Total Cost upto 31st March, 2008	Cost of additions / transfer during the year	Cost of deductions / transfer during the year	Total Cost upto 31st March, 2009	Cumulative Depreciation upto 31st March, 2008	Depreciation for the year	Depreciation on deductions for the year	Total Depreciation as at 31st March, 2009	Balance as at 31st March, 2009	Balance as at 31st March, 2009	Balance as at 31st March, 2008
<b>TANGIBLE ASSETS</b>											
1. Furniture and fittings	15,545	400,588	—	416,133	11,739	19,619	—	31,358	—	384,775	3,806
2. Data Processing Equip	5,812,794	14,229,071	831,819	19,210,046	437,848	1,829,363	231,619	2,035,592	—	17,174,454	5,374,946
3. Vehicle	186,099	—	—	186,099	13,284	17,679	—	30,963	—	155,136	172,815
4. Office Equipment	1,218,447	160,981	894,675	484,753	66,799	38,546	28,770	76,575	—	408,178	1,151,648
<b>Total Tangible Assets</b>	<b>7,232,885</b>	<b>14,790,640</b>	<b>1,726,494</b>	<b>20,297,031</b>	<b>529,670</b>	<b>1,905,207</b>	<b>260,389</b>	<b>2,174,488</b>	<b>—</b>	<b>18,122,543</b>	<b>6,703,215</b>
<b>INTANGIBLE ASSETS</b>											
5. Intellectual Property / Distribution Rights	45,631,929	—	643,890	44,988,039	18,670,910	13,842,474	261,101	32,252,283	12,735,756	—	26,961,019
6. Bill Payment and Cheque Deposit Software	2,596,000	4,184,711	—	6,780,711	139,765	1,238,935	—	1,378,700	—	5,402,011	2,456,235
<b>Total Intangible Assets</b>	<b>48,227,929</b>	<b>4,184,711</b>	<b>643,890</b>	<b>51,768,750</b>	<b>18,810,675</b>	<b>15,081,409</b>	<b>261,101</b>	<b>33,630,983</b>	<b>12,735,756</b>	<b>5,402,011</b>	<b>29,417,254</b>
<b>TOTAL ASSETS</b>	<b>55,460,814</b>	<b>18,975,351</b>	<b>2,370,384</b>	<b>72,065,781</b>	<b>19,340,345</b>	<b>16,986,616</b>	<b>521,490</b>	<b>35,805,471</b>	<b>12,735,756</b>	<b>23,524,554</b>	<b>36,120,469</b>
Previous Year	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

	Rupees	As at 31st March 2009 Rupees	As at 31st March 2008 Rupees
<b>SCHEDULE “5” CURRENT ASSETS, LOANS AND ADVANCES</b>			
<b>CURRENT ASSETS:</b>			
<b>(a) INVENTORIES:</b>			
(i) Raw Materials and Components	2,965,640		—
(ii) Stock-in-Process	3,038,860		—
(iii) Finished Goods	5,496,969		11,983,801
		11,501,469	—
		11,501,470	11,983,801
<b>(b) SUNDRY DEBTORS:</b>			
(i) Debts outstanding for a period exceeding six months:			
(a) Unsecured, Considered Good	5,878,275		6,038,449
(b) Unsecured, Considered Doubtful	653,026		706,919
	6,531,301		6,745,368

## SCHEDULE "1" TO "8" ANNEXED TO AND FORMING PART OF THE ACCOUNTS

## SCHEDULE "5" CURRENT ASSETS, LOANS AND ADVANCES (Contd.)

	Rupees	As at 31st March 2009 Rupees	As at 31st March 2008 Rupees
(ii) Other debts:			
(a) Unsecured, Considered Good	4,934,430		2,986,885
	<u>4,934,430</u>		<u>2,986,885</u>
Less: Provision for doubtful debts .	653,026		706,919
		10,812,705	<u>9,025,334</u>
<b>(c) CASH AND BANK BALANCES:</b>			
(i) Cash on hand	73,108		63,028
(ii) Bank Balances:			
With Scheduled Banks:			
On Current Accounts ...	1,466,147		1,353,474
On Deposit Accounts .	<u>1,400,043</u>		<u>95,000</u>
		2,939,298	<u>1,511,502</u>
<b>(d) OTHER CURRENT ASSETS:</b>			
Interest accrued on deposit with bank		46,508	—
<b>(e) LOANS AND ADVANCES:</b>			
(Unsecured, considered good)			
(i) Advances recoverable in cash or in kind or for value to be received	26,355,260		8,545,487
(ii) Taxes paid less provision including FBT	445,637		86,812
(iii) Balance with central excise and value added tax	<u>969,893</u>		<u>25,754</u>
		27,770,790	<u>8,658,053</u>
<b>TOTAL RUPEES</b>		<u>53,070,770</u>	<u>31,178,690</u>

## SCHEDULE "6" – CURRENT LIABILITIES AND PROVISIONS

## 1. CURRENT LIABILITIES:

(i) Sundry Creditors			
(a) Due to small, micro and medium enterprise		—	—
(b) Others		16,394,212	3,521,720
(ii) Customers'/Security Deposits, credit balances and advances against supplies and services to be rendered		100,432	417,514
(iii) Other Liabilities .		<u>3,929,410</u>	<u>1,094,590</u>
		20,424,054	<u>5,033,824</u>

## 2. PROVISIONS:

(i) Provision for income tax, FBT (net of advance FBT payment of Rs. 288,064/- (Previous Year Rs.205,000/-)	121,863		1,020,339
(ii) Gratuity	265,860		—
(iii) Compensated absences	<u>350,445</u>		—
		738,168	<u>1,020,339</u>
<b>TOTAL RUPEES</b>		<u>21,162,222</u>	<u>6,054,163</u>

---

**FORBES TECHNOSYS LIMITED**

---

**SCHEDULE “1” TO “8” ANNEXED TO AND FORMING PART OF THE ACCOUNTS**

	<u>Rupees</u>	<u>As at 31st March 2009 Rupees</u>	<u>As at 31st March 2008 Rupees</u>
<b>SCHEDULE “7” – MANUFACTURING, TRADING AND OTHER EXPENSES</b>			
<b>1. MATERIALS CONSUMED:</b>			
Raw Materials and Components:			
Opening Stock			
Add: Purchases	5,426,968		—
	<u>5,426,968</u>		—
Less: Closing Stock	2,965,640		—
		2,461,328	—
<b>2. PURCHASES OF TRADING STOCKS</b>		5,545,611	11,437,072
<b>3. SERVICES CHARGES</b>		1,999,428	2,441,727
<b>4. POWER AND FUEL</b>		376,656	383,002
<b>5. PAYMENTS TO AND PROVISIONS FOR EMPLOYEES:</b>			
(a) Salaries, Wages, Bonus and Commission	26,034,463		14,208,360
(b) Company’s Contribution to Provident Fund and Other Funds	657,648		388,957
(c) Workmen and Staff Welfare Expenses	167,836		20,508
(d) Medical reimbursement	217,945		125,415
(e) Refreshment expenses	62,496		117,181
(f) Job Related Expenses	103,110		54,316
(g) Training, Seminar & Other Expenses	182,445		218,348
		27,425,943	15,133,085
<b>6. SELLING AND DISTRIBUTION EXPENSES:</b>			
(a) Commission to Dealers	287,164		246,135
(b) Freight & Octroi Charges	360,129		574,218
(c) Advertisement Expenses .	200,142		177,297
		847,435	997,650
<b>7. OTHER EXPENSES:</b>			
(a) Rent	1,355,360		61,083
(b) Stamps, Telegrams, Stationery, Printing, Telephones and Other Communication	2,763,028		1,399,875
(c) Repairs and Maintenance – others	437,849		203,914
(d) Loss on Foreign Exchange fluctuations	794,987		(214,736)
(e) Legal and Professional Charges	4,423,464		1,223,332
(f) ROC filing fees	735,520		288,000
(g) Bad Debts/Advances written off	62,872		38,398
(h) Fixed Assets written off	819,407		—

**SCHEDULE “1” TO “8” ANNEXED TO AND FORMING PART OF THE ACCOUNTS**

**SCHEDULE “7” – MANUFACTURING, TRADING AND OTHER EXPENSES (Contd.)**

	Rupees	As at 31st March 2009 Rupees	As at 31st March 2008 Rupees
(i) Stock written off	819,381		—
(j) Provision for Doubtful Debts	653,026		706,919
(k) Auditors’ Remuneration:			
(i) Audit Fees	200,000		12,000
(ii) Tax Audit Fees	—		5,000
(iii) Other Matters	—		107,259
(iv) Service Tax (input credit claimed Rs.20,600/-, <i>Previous Year Rs.15,358/-</i> )	—		—
(l) Vehicle Expenses	454,373		517,440
(m) Travel and Conveyance and Hotel	4,142,947		3,627,497
(n) Insurance Premium	60,046		48,798
(o) Annual Maintenance & Service Charges	6,191,079		4,758,300
(p) Business Development expenses	168,319		1,062,271
(q) Research and Development Expenses	77,101		82,857
(r) Managed Assets Service Provider's (MASP) charges	1,860,041		386,615
(s) Other expenses	3,019,556		586,918
		29,038,356	14,901,740
<b>9. ADJUSTMENT OF STOCKS:</b>			
Opening Stocks:			
Finished Goods		11,983,801	11,664,795
Less: Closing Stocks:			
Stock-in-Process	3,038,860		
Finished Goods	5,496,969	8,535,829	11,983,801
(Increase) / Decrease in stocks		3,447,972	(319,006)
		71,142,729	44,975,270
<b>10. FINANCE CHARGES</b>			
Bank Charges	938,204		202,848
Interest on ICDs	9,113,466		—
Interest on Term Loan	438,808		—
Interest on Others	311,170		8,866,824
		10,801,648	9,069,672
<b>TOTAL RUPEES</b>		81,944,377	54,044,942

**SCHEDULE “1” TO “8” ANNEXED TO AND FORMING PART OF THE ACCOUNTS****SCHEDULE “8” – NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009****1. SIGNIFICANT ACCOUNTING POLICIES:****A. Basis of Accounting:**

The Financial Statements are prepared under historical cost convention, on accrual basis of accounting in conformity with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006. All the income and expenditure having material bearing on the financial statements are recognised on accrual basis.

The preparation of financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

**B. Fixed Assets:****Tangible Fixed Assets and Depreciation**

Tangible fixed assets acquired by the Company are reported at acquisition value, with deductions for accumulated depreciation and impairment losses, if any.

The acquisition value includes the purchase price (excluding refundable taxes) and expenses directly attributable to the asset to bring it to the site and in working condition for its intended use. Examples of directly attributable expenses included in the acquisition value are delivery and handling costs, installation etc.

Depreciation is calculated on pro-rata basis. The methods and the rates of depreciation applied are as under:

Sr. No.	Class of Assets	Method of providing Depreciation	Rate of Depreciation
	Data Processing Equipment	Straight Line Method	16.21%
	Office Equipment		4.75%
	Furniture and Fixtures		6.33%
	Vehicles		9.50%

**Intangible Assets and Amortisation**

Intangible assets are valued at cost less amortisation. These generally comprise of costs incurred to acquire computer software licenses

Costs incurred for applying research results or other knowledge to develop new products, are capitalized to the extent that these products are expected to generate future financial benefits.

Other development costs are expensed as and when they arise.

Expenditure on tangible fixed assets for research and development is capitalised in accordance with the policy stated under tangible fixed assets and depreciation above.

Intangible assets are reported at acquisition value with deductions for accumulated amortisation and any impairment losses. Amortisation takes 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 asset is expected to be used and generally does not exceed 5 years. An impairment test of intangible assets is conducted annually or more often if there is an indication of a decrease in value, the impairment loss, if any, is reported in the Profit and Loss Account.

The methods of amortisation applied are as under:

Sr No	Class of Assets	Method of amortising
1.	Intellectual Property / Distribution Rights	Amortised over 20 quarters based on the agreement period
2.	Bill Payment and Cheque Deposit Software	Amortised over a period of 5 years

---

**SCHEDULE “1” TO “8” ANNEXED TO AND FORMING PART OF THE ACCOUNTS**
**SCHEDULE “8” – NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009 (Contd.)**
**C. Impairment Of Assets**

The carrying values of assets of the Company’s cash-generating units are reviewed for impairment annually or more often if there is an indication of decline in value. If any indication of such impairment exists, the recoverable amounts of those assets are estimated and impairment loss is recognised, if the carrying amount of those assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their “Value in use”. “Value in use” is arrived at by discounting the estimated future cash flows to their present value based on appropriate discount factor.

**D. Borrowing Costs:**

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

**E. Inventories:**

Inventories are valued at cost or market value / net realizable value whichever is lower using First In First Out (FIFO) method. 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. The principles of determining costs of various types of inventories are tabulated below :

Sr. No	Type	Basis of determining costs
1.	Raw Materials and Components	Aggregate of Purchase Price (excluding refundable taxes, if any) and directly attributable expenses
2.	Stock In Process	Aggregate of cost of materials, other direct costs and absorbed production overheads
3.	Finished Goods	Aggregate of cost of materials, other direct costs and absorbed production overheads

**F. 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.

**G. Foreign Currency Transactions:**

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 transactions are recognised in the profit and loss account.

**H. Taxation:**

The Company’s income taxes include fringe benefits tax. Valuation of tax liabilities / receivables is conducted at nominal amounts and in accordance with enacted tax regulations and tax rates

Deferred tax is calculated to correspond to the tax effect arising when final tax is determined.

Deferred tax assets are recognised with regard to all deductible timing differences to the extent that it is probable that taxable profit will be available against which deductible timing differences can be utilised. When the Company carries forward unused tax losses and unabsorbed depreciation, deferred tax assets are recognised only to the extent there is virtual certainty backed by convincing evidence that sufficient future taxable income will be available against which deferred tax assets can be realised. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced by the extent that is no longer probable that sufficient taxable profit will be available to allow all or a part of aggregate deferred tax assets to be utilized.

**I. Research And Development Expenses:**

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 above.

**SCHEDULE “1” TO “8” ANNEXED TO AND FORMING PART OF THE ACCOUNTS****SCHEDULE “8” – NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009 (Contd.)****J. Employee Benefits:*****Defined-contribution Plans***

Provident Fund contribution as required by the statute made to Government Provident Fund is debited to the Profit and Loss Account.

***Defined-benefit Plans***

Expense for defined -benefit gratuity payment plan is calculated as at the Balance Sheet date by independent actuaries in a manner that distributes expenses over the employee’s working life. These commitments are valued at the present value of expected future payments, with consideration for calculated future salary increases, utilising a discount rate corresponding to the interest rate estimated by the actuary having regard to the interest rate on government bonds with a remaining term that is almost equivalent to the average balance working period of employees.

***Other-Employee Benefits***

Compensated absences which accrue to employees and which can be carried to future periods but are expected to be encashed or availed in twelve months immediately following the year end are reported as expenses during the year in which the employees perform the services that the benefit covers and the liabilities are reported at the undiscounted amount of benefits after deducting amounts already paid. Where there are restrictions on availment or encashment is otherwise not expected to wholly accrue in next twelve months, the liability on account of benefit is actuarially determined using the projected unit credit method.

**K. Provisions , Contingent Liabilities And Contingent Assets :**

A provision is recognised when enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligations in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimates required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Reimbursement against a provision is recognised as a separate asset based on virtual certainty. Contingent Liabilities are not recognised but are disclosed in the notes to the financial statements. Contingent Assets are neither recognised nor disclosed.

**2. CONTINGENT LIABILITIES NOT PROVIDED FOR:**

	Rupees	
	Current Year	<i>Previous Year</i>
Guarantees issued by bank	12,595,025	<i>94,435</i>

3. Estimated amount of Contracts remaining to be executed on Capital Account and not provided for Rs.5,217,000/- (*Previous Year Rs.3,990,000/-*)

4. Due to Micro, Small and Medium Enterprises

On the basis of responses received against enquires made by the Company, the amount of principal outstanding in respect of the Micro and Small Enterprises as at Balance Sheet date is Rs. Nil (*Previous Year Rs. Nil*).

**5. DISCLOSURES FOR RETIREMENT BENEFITS:****(a) Defined Contribution Plans**

The Company offers its employees defined contribution plan in the form of provident fund. Provident fund cover substantially all regular employees. Contributions are paid during the year into a fund managed by independent agencies. While both the employees and the Company pay predetermined contributions into the provident fund. The contributions are based on a certain proportion of the employee’s salary.

The Company recognised a charge of Rs.657,648 (*Previous year Rs.388,957*) for Provident Fund contribution in the Profit and Loss Account.



## SCHEDULE “1” TO “8” ANNEXED TO AND FORMING PART OF THE ACCOUNTS

## SCHEDULE “8” – NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009 (Contd.)

Rupees

## (b) Defined Benefit Plans

	Current Year	Previous Year (Refer Note 2 below)
	NON FUNDED – GRATUITY	NON FUNDED – GRATUITY
<b>(I) Change in Benefit Obligation</b>		
Liability at the beginning of the year	105,713	–
Interest Cost	17,009	–
Current Service Cost	106,905	–
Benefit Paid	–	–
Actuarial (gain)/loss on obligations	36,233	–
<b>Liability at the end of the year</b>	<b>265,860</b>	–
<b>(II) Expenses Recognised in the Profit and Loss Account</b>		
Current Service Cost	106,905	–
Interest Cost	17,009	–
Expected Return on Plan Assets	–	–
Net Actuarial (Gain)/loss to be recognized	36,233	–
<b>Expenses Recognised in Profit and Loss Account</b>	<b>160,147</b>	–
<b>(III) Balance Sheet Reconciliation</b>		
Opening Net Liability/(Asset)	105,713	–
Expense as above	160,147	–
Employers Contribution	–	–
<b>Amount Recognised in Balance Sheet</b>	<b>265,860</b>	–
<b>(IV) Actuarial Assumptions : For the year</b>		
Discount Rate Current	8%	–
Salary Escalation Current	5%	–

\* Notes :

- 1 The estimates of future salary increases, considered in the actuarial valuation, taken into account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.
- 2 Since the Company had not done an actuarial valuation in the previous year, the disclosures have not been given.
- 3 The above information is as certified by the actuary and relied upon by the auditors.

6. The Company has a single business segment (namely Transaction Processing) as per Accounting Standard 17 dealing with ‘Segment Reporting’. Therefore, disclosure requirements as per AS-17 ‘Segment Reporting’ is not applicable. The Company does not have any customer outside India.

# FORBES TECHNOSYS LIMITED

## SCHEDULE "1" TO "8" ANNEXED TO AND FORMING PART OF THE ACCOUNTS

### SCHEDULE "8" – NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009 (Contd.)

#### 7. EARNINGS PER SHARE IS COMPUTED AS UNDER:

Rupees

Sr. No.	Particulars	Current Year	Previous Year
1.	Loss after tax	(83,458,130)	(44,308,705)
2.	Weighted average number of equity shares outstanding during the year	8,673,973	2,686,612
3.	<b>Earning per share (Face value being Rs.10 per share) – (Basic &amp; Diluted)</b>	(9.62)	(16.49)

#### 8 DEFERRED TAXATION:

In view of the accumulated losses, the Company has not recognised deferred tax assets due to lack of virtual certainty backed by convincing evidence, of sufficient future taxable income against which such credit could be availed.

#### 9 (i) Value of Imports calculated on C.I.F. basis (Excluding items in transit and value of items locally purchased):

	Current Year Rupees	Previous Year Rupees
(a) Raw Materials & Components	4,559,836	–
(b) Purchases for resale	2,177,288	2,047,965
	<u>6,737,124</u>	<u>2,047,965</u>
(ii) Expenditure in Foreign Currencies for:		
(a) Licenses / Service Charges	2,713,066	9,244,276
(b) Foreign Travel	3,634	91,443
	<u>2,716,700</u>	<u>9,335,719</u>

#### 10 (a) Raw Materials and Components consumed:

	Current Year		Previous Year	
	Quantity (In Nos.)	Value Rupees	Quantity (In Nos.)	Value Rupees
(i) <b>Raw Materials:</b>				
Capacity Cashbox	4	33,705	–	–
Touch Screen	8	166,360	–	–
TFT Monitor	5	31,792	–	–
Cash Acceptor	10	418,572	–	–
Processor	5	16,750	–	–
Kiosks Encloser	21	314,397	–	–
Personal Computer	12	173,075	–	–
Barcode Scanner	11	102,400	–	–
OEM MICR Module	14	93,500	–	–
Thermal Printer	25	217,060	–	–
Others		893,717	–	–
	<u>115</u>	<u>2,461,328</u>	<u>–</u>	<u>–</u>

## SCHEDULE "1" TO "8" ANNEXED TO AND FORMING PART OF THE ACCOUNTS

## SCHEDULE "8" – NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009 (Contd.)

Consumption is arrived at on the basis of opening stock plus purchases less closing stock and includes the adjustments of excess and shortage as ascertained on physical count.

(b) **Composition of Raw Materials and Components consumed:**

	Current Year		Previous Year	
	% to Total Consumption	Value Rupees	% to Total Consumption	Value Rupees
<b>Raw Materials and Components:</b>				
(i) Direct Imports at landed cost	21%	505,175	–	–
(ii) Others – Including value of imported items locally purchased	79%	1,956,153	–	–
	100	2,461,328	–	–

11 (a) **Related Party Disclosures (current year)**(i) **Names of related parties and nature of related party relationship.**(A) **Holding Company/ Ultimate Holding Company:**

- 1 Shapoorji Pallonji & Company Limited (Ultimate Holding Company)
- 2 Sterling Investment Corporation Private Limited (Holding Company)
- 3 Forbes & Company Limited (Holding Company)
- 4 Forbes Finance Limited (Holding Company)

(B) **Fellow Subsidiaries (with whom there are transactions):**

- 1 Eureka Forbes Limited
- 2 Gokak Textiles Limited

(ii) **Transactions with related parties for the year ended 31st March, 2009:**

(Rupees)

Nature of Transactions	Referred to in A above	Referred to in B above	Total
<b>Purchases</b>			
1 Goods and Materials	86,736	–	86,736
<b>Sales</b>			
2 Goods and Materials	2,444,240	–	2,444,240
<b>Expenses</b>			
3 Rent and other Service Charges	1,506,000	–	1,506,000
4 Interest Paid	9,113,466	–	9,113,466
5 Other Service Charges	218,015	42,000	260,015
<b>Income</b>			
6 Interest Received	640,411	–	640,411
<b>Finance</b>			
7 Deposits Given	50,000,000	–	50,000,000
8 Deposits Taken	61,800,000	–	61,800,000
9 Repayment of Deposits Taken	170,800,000	–	170,800,000
10 Repayment of Deposits Given	50,000,000	–	50,000,000
11 Capital Purchase	20,000,000	–	20,000,000
12 Equity Contribution	165,000,000	–	165,000,000
<b>Outstandings</b>			
13 Sundry Creditors	–	192,744	192,744

---

# FORBES TECHNOSYS LIMITED

---

## SCHEDULE “1” TO “8” ANNEXED TO AND FORMING PART OF THE ACCOUNTS

### SCHEDULE “8” – NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009 (Contd.)

**(iii) The above Transactions include:-**

- 1 All the amount referred in table ‘A’ are with single party viz, Forbes & Company Limited, except:
- 2 Item no 4A includes transaction of interest paid to Shapoorji Pallonji & Company Limited Rs.2,294,794/-
- 3 Item no 4A includes transaction of interest paid to Forbes Finance Limited Rs.649,384/-
- 4 Item no 6A includes transaction of interest income from Forbes Finance Limited Rs.110,959/-
- 5 Item no 7A includes transaction of deposit given to Forbes Finance Limited Rs.25,000,000/-
- 6 Item no 8A includes transaction of deposit taken from Forbes Finance Limited Rs.55,600,000/-
- 7 Item no 9A includes transaction of repayment of deposit taken from Forbes Finance Limited Rs.59,600,000/-
- 8 Item no 9A includes transaction of repayment of deposit taken from Shapoorji Pallonji & Company Limited Rs.20,000,000/-
- 9 Item no 10A includes transaction of repayment of deposit given to Forbes Finance Limited Rs.25,000,000/-
- 10 Item no 10A refers to Forbes Finance Limited

**11 (b) Related Party Disclosures (Previous Year)**

**(i) Names of related parties and nature of related party relationship.**

**(A) Holding Company / Ultimate Holding Company**

- 1 Shapoorji Pallonji & Company Limited (Ultimate Holding Company)
- 2 Sterling Investment Corporation Private Limited (Holding Company)
- 3 Forbes and Company Limited (Holding Company)

**(B) Subsidiary Companies of Forbes and Company Limited (with whom there are transactions):**

- 1 Aquamall Water Solutions Limited
- 2 Eureka Forbes Limited
- 3 Euro Forbes International Pte. Limited
- 4 Forbes Abans Cleaning Solutions Private Limited
- 5 Forbes Aquamall Limited
- 6 Forbes Doris & Naess Maritime Limited
- 7 Forbes Finance Limited
- 8 Forbes Sterling Star Limited
- 9 Latham India Limited
- 10 Next Gen Publishing Limited
- 11 Volkart Fleming Shipping & Services Limited
- 12 Forbes Services Ltd.
- 13 Forbes Tinsley Co. Ltd.
- 14 Warrior (Investment) Ltd.
- 15 Forbes Campbell Holdings Ltd.

**(C) Fellow Subsidiaries of Forbes and Company Limited (with whom there are transactions):**

- 1 Forvol International Services Limited

## SCHEDULE "1" TO "8" ANNEXED TO AND FORMING PART OF THE ACCOUNTS

## SCHEDULE "8" – NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009 (Contd.)

## (ii) Transactions with related parties for the year ended 31st March, 2008:

(Rupees)

Nature of Transactions	Referred to in A above	Referred to in B above	Referred to in C above	Total
<b>Purchases</b>				
1. Goods and Materials	566,694	–	–	566,694
2. Fixed Assets	442,325	–	–	442,325
<b>Sales</b>				
3. Goods and Materials	3,100,864	–	–	3,100,864
<b>Expenses</b>				
4. Rent and other Service Charges	776,441	–	–	776,441
5. Interest Paid	8,483,440	383,384	–	–
6. Other Service Charges	287,751	56,000	1,135,793	1,479,544
<b>Finance</b>				
7. Deposits Taken	60,500,000	–	–	60,500,000
8. Repayment of Deposits Taken	32,500,000	–	–	32,500,000
<b>Outstanding</b>				
9. Sundry Creditors	282,583	32,000	47,926	362,509
10. Sundry Debtors	531,606	–	–	531,606
11. Deposits Payable	105,000,000	4,000,000	–	109,000,000
<b>Guarantees</b>				
12. Outstanding	1,000,000	–	–	1,000,000

## (iii) The above Transactions include:-

- 1 5A includes transactions of interest paid to Shapoorji Pallonji & Company – Rs.559,588/-
- 2 7A includes transactions of Deposits taken from Shapoorji Pallonji & Company – Rs 20,000,000/-
- 3 11A includes transactions of Deposits payable to Shapoorji Pallonji & Company – Rs 20,000,000/-
- 4 Item 6B and 9B refers to Eureka Forbes Ltd.
- 5 Item 5B and 11B refers to Forbes Finance Ltd.

## 12. (a) Information for each class of goods manufactured and traded during the year ended 31st March, 2009

Product	Unit	Licensed Capacity	Installed Capacity	Actual Production	Quantity Mfg.	Opening Stock		Purchases		Capitalised		Closing Stock		Sales	
						Quantity	Value Rupees	Quantity	Value Rupees	Quantity	Value Rupees	Quantity	Value Rupees	Quantity	Value Rupees
						(Per Annum)									
<b>For Traded goods</b>															
1 Cheque Truncation System (Hardware)	Nos.	-	-	-	-	31	1,880,333	46	1,203,926	-	-	26	1,168,592	51	3,143,280
2 Cheque Truncation System (Software)	Nos.	-	-	-	-	18	1,583,622	137	2,589,396	-	-	6	421,270	149	7,569,809
3 Others *	Nos.	-	-	-	-	-	2,425,680	-	1,752,289	-	-	-	1,345,687	-	3,435,681
4 Kiosk **	Nos.	-	-	-	-	51	6,094,165	-	-	-	-	1	45,000	29	6,113,320
									<b>5,545,611</b>				<b>2,980,548</b>		<b>20,262,090</b>
<b>From Manufactured Finished goods</b>															
5 Kiosks (Finished Goods)	Nos.	-	1,200	75	75	-	-	-	-	52	9,127,437	22	2,516,420	1	273,503
<b>TOTAL RUPEES</b>							<b>11,983,801</b>		<b>5,545,611</b>		<b>9,127,437</b>		<b>5,496,969</b>		<b>20,535,593</b>

\* Compromise of Diverse automation products of different items, Various sizes,etc.

\*\* 21 Numbers of Kiosks Machines were dismantled and utilised in manufacturing activity

## 12. (b) Information for each class of goods traded during the year ended 31st March, 2008

Product	Unit					Opening Stock		Purchases		Capitalised		Closing Stock		Sales	
						Quantity	Value Rupees	Quantity	Value Rupees	Quantity	Value Rupees	Quantity	Value Rupees	Quantity	Value Rupees
1 Cheque Truncation System (Hardware)	Nos.					24	1,519,412	56	2,244,689	1	15,556	31	1,880,333	45	2,619,343
2 Cheque Truncation System (Software)	Nos.					18	1,801,131	6	150,759	1	594,000	18	1,583,623	7	1,464,927
3 Kiosks (Finished Goods)	Nos.					16	2,321,420	51	6,047,244	16	2,321,420	51	6,094,165	-	-
4 Others *	Nos.					-	6,022,832	-	6,800,956	-	875,600	-	2,425,680	-	12,488,085
<b>TOTAL RUPEES</b>							<b>11,664,795</b>		<b>15,243,648</b>		<b>3,806,576</b>		<b>11,983,801</b>		<b>16,572,355</b>

\* Compromise of Diverse automation products of different items, Various sizes,etc.

## 13. Amounts Payable in Foreign Currency

Import Goods &amp; Services

EURO

US \$

Current Year

Previous Year

6,612

-

103,308

30,000

## 14. Figures of previous years have been regrouped wherever necessary.

For and on behalf of Board

Ashok Barat

Chairman

Rahul. Jain

C.A.Karnik

Amit Mittal

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	31.03.2009		

**II. Capital Raised during the year** (Amount in Rs.'000)

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	165,000

**III. Position of Mobilisation and Deployment of Funds** (Amount in Rs.'000)

Total Liabilities	229,949	Total Assets*	229,949
-------------------	---------	---------------	---------

**Sources of Funds**

Paid-up Capital	210,000
Reserves and Surplus	—
Secured Loans	19,949

**Application of Funds**

Fixed Assets	27,013
Net Current Assets	31,908
Accumulated Loss	171,028

\* Net of Current Liabilities and Provisions

**IV. Performance of the Company** (Amount in Rs.'000)

Turnover	27,615
Total Expenditure	81,944
Profit before Tax	(84,051)
Profit after Tax	(83,458)
Earning per Share in Rs.	(9.62)
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 Office Automation
---------------	-----	---------------------	--

ASHOK BARAT *Chairman*

RAHUL JAIN	}	<i>Directors</i>
C.A. KARNIK		
AMIT MITTAL		

Mumbai, Dated : 29th June, 2009

# FORBES TECHNOSYS LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED

	For the year ended 31st March, 2009		For the year ended 31st March, 2008	
	Rupees		Rupees	
<b>NET PROFIT BEFORE TAX</b>		(84,051,472)		(44,047,676)
<b>Adjusted for –</b>				
Depreciation	16,986,616		8,893,967	
Prior period adjustment (in Fixed Assets)	—		202,936	
Interest Income	(725,652)		—	
Provision for Impairment	12,735,756		—	
Profit on Sale of Fixed Assets(Net)	—		(11,497)	
Interest and Other Finance Charges	10,801,648		8,866,824	
Provision for Doubtful Debts	653,026		706,919	
Foreign Exchange Fluctuation Loss	794,987		—	
Bad Debts written off	62,872		—	
Assets written off	819,407		—	
Stock written off	819,381		—	
Provision for Employee Benefits	616,305		—	
		43,564,346		18,659,149
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>		(40,487,126)		(25,388,527)
<b>Changes in –</b>				
Trade and Other Receivables	(1,796,356)		3,413,479	
Loans and Advances	(18,753,911)		(2,993,466)	
Inventories	(337,050)		(319,006)	
Trade Payables and Others	13,888,332		(8,528,491)	
		(6,998,985)		(8,427,484)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>		(47,486,111)		(33,816,011)
Less:- Taxes Paid		517,682		205,000
<b>(a) NET CASH USED IN OPERATING ACTIVITIES</b>		(48,003,793)		(34,021,011)
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>				
Purchase of Fixed Assets(including adjustments on account of capital, work-in-progress and capital advances)	(16,248,963)		(17,648,085)	
Increase in Bank Deposits (maturity more than three months)	(1,305,043)		(95,000)	
Proceeds from sale of Fixed assets	—		46,152	
Inter Corporate Deposits Placed	(50,000,000)		—	
Inter Corporate Deposits Refunded	50,000,000		—	
Interest Received	532,867		—	
<b>(b) NET CASH USED IN INVESTING ACTIVITIES</b>		(17,021,139)		(17,696,933)



## CASH FLOW STATEMENT FOR THE YEAR ENDED (Contd.)

	For the year ended 31st March, 2009 Rupees		For the year ended 31st March, 2008 Rupees	
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>				
Proceeds from Long Term Borrowings	19,949,333		28,000,000	
Proceeds from issue of Shares	165,000,000		32,000,000	
Proceeds from Short Term Borrowings	61,800,000		—	
Repayment of Short Term Borrowings	(170,800,000)		(8,866,824)	
Interest Paid	(10,801,648)			
<b>(c) NET CASH FLOW FROM FINANCING ACTIVITIES</b>		65,147,685		51,133,176
<b>(d) NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (a)+(b)+(c)</b>		122,753		(584,768)
<b>CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE YEAR, COMPRISING OF:</b>				
Cash, Cheques on hand and remittances in transit	63,028		—	
Balances with scheduled banks on current accounts and deposit accounts	1,353,474		—	
		1,416,502		2,001,270
<b>CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR, COMPRISING OF:</b>				
Cash, Cheques on hand and remittances in transit	73,108		—	
Balances with scheduled banks on current accounts and deposit accounts	1,466,147		1,416,502	
		1,539,255		1,416,502
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		122,753		(584,768)

As per our report of even date attached.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants**Z. F. BILLIMORIA**

Partner

Membership No. 42791

Mumbai, Dated: 29th June, 2009

For and on behalf of Board

Mr. Ashok Barat

Chairman

Mr. Rahul Jain

Mr. C.A.Karnik

Mr. Amit Mittal

Directors

---

# FORBES TINSLEY COMPANY LIMITED

---

(a wholly owned Subsidiary Company – Applied to ROC under Section 560 of the Companies Act, 1956 for striking the name off the Register)

Annual Report and  
Accounts for the period  
ended 28<sup>th</sup> February, 2009

**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.

**REPORT OF THE DIRECTORS OF FORBES TINSLEY COMPANY LIMITED**

To,  
The Shareholders,

1. Your Directors submit their Report and the Audited Accounts of the Company for the period ended 28th February, 2009.

The Board of Directors after careful consideration of the prospects for the Company, has decided to submit an application to the Registrar of Companies, Maharashtra, Mumbai for under Section 560 of the Companies Act, 1956 for striking off the name of the Company from the Register.

Hence the financial statements are prepared for the period 1st April, 2008 to 28th February, 2009.

2. **FINANCIAL RESULTS :**

	1.4.2008 to 28.02.2009 (Rupees)	Rupees in lakhs 1.4.2007 to 31.03.2008 (Rupees)
(a) Operating Profit before Depreciation	(0.06)	(0.28)
(b) Less: Depreciation	—	—
(c) Balance	(0.06)	(0.28)
(d) Add: Prior period Adjustment	6.59	—
(e) Profit / (Loss) before Tax	6.52	(0.28)
(f) Less: Provision for Tax	—	—
(g) Profit / (Loss) after Tax	6.52	(0.28)
(h) Debit balance bought forward	(31.52)	(31.24)
(i) Debit balance carried to Balance Sheet	(25.00)	(31.52)

**Note:** The financial results provided above are not comparable as the financial results of current period are for the period from 01.04.2008 to 28.02.2009.

3. **OPERATIONS :**

The Company did not have any business operations during the period under review.

4. **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.

For and on behalf of  
the Board of Directors

Mumbai, 5th March, 2009

**G. Mukharji**  
Chairman

---

## FORBES TINSLEY COMPANY LIMITED

---

### SECRETARIAL COMPLIANCE CERTIFICATE FOR THE PERIOD ENDED 28<sup>TH</sup> FEBRUARY 2009 IN RESPECT OF FORBES TINSLEY COMPANY LIMITED

CIN No. of the Company : U32200MH1990PLC057265  
Nominal Capital : Rs. 2,500,000  
Paid up Capital : Rs. 2,500,000

To,  
The Members,  
**FORBES TINSLEY COMPANY LIMITED**  
Mumbai .

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 thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial period ended on **28<sup>TH</sup> February 2009** (financial period). 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 period:

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 **30<sup>th</sup> May, 2008, 25<sup>th</sup> August, 2008, 3<sup>rd</sup> November, 2008 and 28<sup>th</sup> February, 2009** 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 had not closed its Register of Members during the financial period.
6. The Annual General Meeting for the financial year ended on **31<sup>st</sup> March, 2008** was held on **27<sup>th</sup> June, 2008** 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 period.
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 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 period.
13. (i) There was no allotment/transfer/transmission of securities during the financial period.  
(ii) The Company was not required to deposit any amount in a separate Bank Account as no dividend was declared during the financial period.  
(iii) The Company was not required to post warrants to any member of the Company as no dividend was declared during the financial period.  
(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. There was no appointment of additional directors, alternate directors and directors to fill casual vacancy during the financial period.
15. The Company has not appointed any Managing Director/ Whole time Director/ Manager during the financial period.
16. The Company has not appointed any sole selling agents during the financial period.
17. The Company was not required to obtain any approvals of the Registrar of Companies, Regional Director, Company Law Board, Central Government as prescribed under the provisions of the Act during the financial period.
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 period.
20. The Company has not bought back any shares during the financial period.
21. There were no outstanding preference shares or debentures and hence there was no redemption of preference shares/debentures during the financial period.
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 from public falling within the purview of Section 58A and Rules framed there under during the financial period.
24. The Company has not made any borrowings for the financial period ended 28<sup>th</sup> February, 2009.
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 period under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the period under scrutiny.
28. The Company has not altered the provisions of Memorandum with respect to name of the Company during the period under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the period under scrutiny.
30. The Company has not altered its Articles of Association during the financial period.
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 period, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial period.
33. The Company has not deducted any contribution towards Provident Fund during the financial period.

For **RATHI & ASSOCIATES**  
*Company Secretaries*

**(NARAYAN RATHI)**  
*Partner*

Place : Mumbai  
Date : 5<sup>th</sup> March, 2009

C P No.:1104  
FCS No.:1433

---

## FORBES TINSLEY COMPANY LIMITED

---

### “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. Register of Application and Allotment
6. Register of Contracts u/s 301

#### 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 period ended 28th February 2009.

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. 23AC	220	Balance sheet as at 31st March, 2008	15.07.2008	Yes	N.A
2.	Form No. 23ACA	220	Profit & Loss Account for the year ended 31st March, 2008	15.07.2008	Yes	N.A
3.	Form No. 66	383A	Secretarial Compliance Certificate for the year ended 31st March, 2008	15.07.2008	Yes	N.A
4.	Form No: 20B	159	Annual Return upto 27 <sup>th</sup> June, 2008	30.07.2008	Yes	N.A

**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 28<sup>TH</sup> FEBRUARY, 2009.**

We have audited the attached balance sheet of FORBES TINSLEY COMPANY LIMITED as at 28<sup>th</sup> February, 2009 and also the profit and loss account of the company for the period 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. 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. 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 28<sup>th</sup> February, 2009 and taken on record by the Board of Directors, we report that none of the director is disqualified as on 28<sup>th</sup> February, 2009 from being appointed as a director in term 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.
    - (a) In the case of the Balance Sheet, of the state of affairs of the Company, as at 28<sup>th</sup> February, 2009, and
    - (b) In the case of Profit and Loss Account, of the Loss for the period ended on that date.

For **SHIRISH KARNIK & CO.**  
*Chartered Accountants*

Place : Mumbai  
Date : 5<sup>th</sup> March, 2009.

**(SHIRISH KARNIK)**  
*(Proprietor)*

---

## FORBES TINSLEY COMPANY LIMITED

---

### 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 PERIOD ENDED 28<sup>TH</sup> FEBRUARY, 2009.

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 not taken any loan.
- (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 28<sup>th</sup> February, 2009 for a period of more than six months from the date they became payable.
- (vi) The company has incurred cash losses of Rs.6361/- in the financial period under review, namely 1st April 2008 to 28<sup>th</sup> February, 2009. The cash loss incurred in the previous year ended on 31<sup>st</sup> March 2008 was Rs.28027/-.

For **SHIRISH KARNIK & CO.**  
*Chartered Accountants*

Place : Mumbai  
Date : 5<sup>th</sup> March, 2009.

**(SHIRISH KARNIK)**  
*(Proprietor)*



## BALANCE SHEET AS AT 28TH FEBRUARY, 2009

	Schedule	Rupees	As at 28.02.2009 Rupees	As at 31.03.2008 Rupees
<b>SOURCE OF FUNDS</b>				
Shareholders' funds				
Share capital	1		25,00,000	25,00,000
Loan funds				
Unsecured loans	2		–	7,00,000
<b>TOTAL</b>			<b>25,00,000</b>	<b>32,00,000</b>
<b>APPLICATION OF FUNDS</b>				
Fixed assets				
Gross block	3	–	–	–
Less: Accumulated depreciation		–	–	–
Net block			–	–
<b>Investments</b>	4		–	–
<b>Current assets, loans and advances :</b>	5			
Current assets				
Interest accrued on deposits		–	–	–
Inventories		–	–	–
Sundry debtors		–	–	12,375
Cash and bank balances		–	–	65,889
				78,264
<b>Loans and advances</b>		–	–	51,000
		–	–	1,29,264
<b>Less :</b>				
<b>Current liabilities and provisions</b>	6			
Current liabilities		–	–	32,328
Provisions		–	–	49,408
		–	–	81,736
Net current assets			–	47,528
Profit and loss account				
Debit balance as per account annexed			25,00,000	31,52,472
<b>TOTAL</b>			<b>25,00,000</b>	<b>32,00,000</b>
Notes to the accounts	9			

Per our report attached

For **SHIRISH KARNIK & CO.**  
Chartered Accountants

G. Mukharji

Chairman

R. T. Doshi  
A. T. Shah

}

Directors

**SHIRISH KARNIK**  
ProprietorMumbai, Dated : 5<sup>th</sup> March, 2009

---

**FORBES TINSLEY COMPANY LIMITED**

---

**PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM 1<sup>ST</sup> APRIL, 2008 TO 28<sup>TH</sup> FEBRUARY, 2009**

	<u>Schedule</u>	<u>Rupees</u>	<u>For the period ended 28.02.2009 Rupees</u>	<u>For the year ended 31.03.2008 Rupees</u>
<b>INCOME</b>				
Sales and other income	7	—	—	11,000
<b>EXPENDITURE</b>				
Manufacturing, Trading and other expenses	8	6,361		39,027
Interest on fixed loans		—		—
Depreciation		—		—
			6,361	39,027
Balance - Profit before Tax			(6,361)	(28,027)
Less : Provision for Taxation			—	—
Profit / (Loss) after Tax			(6,361)	(28,027)
Add : Prior Year adjustment			658,833	—
Balance:			652,472	(28,027)
Debit balance brought forward			(31,52,472)	(31,24,445)
<b>Debit balance carried to balance sheet</b>			<b>(25,00,000)</b>	<b>(31,52,472)</b>
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 : 5<sup>th</sup> March, 2009

**SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 28TH FEBRUARY, 2009**

	<u>As at 28.02.2009 Rupees</u>	<u>As at 31.03.2008 Rupees</u>
<b>SCHEDULE 1 – SHARE CAPITAL</b>		
AUTHORISED :		
2,50,000 Equity Shares of Rs.10 each	25,00,000	25,00,000
Issued and subscribed:		
2,50,000 Equity shares of Rs.10 each fully paid – up	25,00,000	25,00,000
	<u>25,00,000</u>	<u>25,00,000</u>

**SCHEDULE 2 – UNSECURED LOANS**

Short term deposit from a company	–	7,00,000
	–	7,00,000
	<u>–</u>	<u>7,00,000</u>

**SCHEDULE 3 - FIXED ASSETS**

(Amount in RS.)

Description of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2008	Additions during the year	Deductions during the year	As at 28.02.2009	As at 01.04.2008	For the year	On Deductions	As at 28.02.2009	As at 28.02.2009	As at 31.03.2008
Leasehold improves	–	–	–	–	–	–	–	–	–	–
Plant and Machinery	–	–	–	–	–	–	–	–	–	–
Furniture, fixture and office equipments	–	–	–	–	–	–	–	–	–	–
<b>Total</b>	–	–	–	–	–	–	–	–	–	–
Previous year	–	–	–	–	–	–	–	–	–	–

**SCHEDULE 4 - INVESTMENTS :**

	No.of Shares	Face Value Rupees	As at 28.02.2009 Rupees	As at 31.03.2008 Rupees
	–	–	–	–
TOTAL			<u>–</u>	<u>–</u>

# FORBES TINSLEY COMPANY LIMITED

## SCHEDULE ANNEXED FORMING PART OF THE BALANCE SHEET AS AT 28TH FEBRUARY, 2009

	Rupees	As at 28.02.2009 Rupees	As at 31.03.2008 Rupees
<b>SCHEDULE 5 – CURRENT ASSETS, LOANS AND ADVANCES</b>			
<b>Current assets :</b>			
Interest accrued on deposits		–	–
<b>Inventories</b>			
(at lower of cost and net realisable value, as certified by the directors)			
Stock - in- trade:			
Components	–		–
(including good in transit Nil; as at 31st March 2008 : Nil)			
Work - in - progress	–		–
Finished goods	–		–
		–	–
<b>Sundry debtors:</b>			
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
<b>Cash &amp; bank balances:</b>			
Cash on hand	–		–
with schedule banks:			
on current accounts	–		65,889
on margin account	–		–
		–	65,889
<b>Loans and advances:</b>			
(Unsecured, considered good)			
Advance recoverable in cash or in kind for value to be received	–	–	
Advance Tax paid	–		51,000
Balance with Central Excise	–		–
		–	51,000
TOTAL		–	1,29,264

## SCHEDULE 6 – CURRENT LIABILITIES AND PROVISIONS

	Rupees	As at 28.02.2009 Rupees	As at 31.03.2008 Rupees
<b>CURRENT LIABILITIES :</b>			
Sundry creditors		–	32,328
<b>PROVISIONS:</b>			
Provision for Income Tax		–	49,408
TOTAL		–	81,736

**SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT  
FOR THE PERIOD FROM 1ST APRIL, 2008 TO 28TH FEBRUARY, 2009**

	For the period ended 28.02.2009 Rupees	<i>For the year ended 31.03.2008 Rupees</i>
<b>SCHEDULE 7 – SALES AND OTHER INCOME</b>		
Sales (net of excise duty Rs.0/- Previous year Rs.11,000/-)	–	–
Trading Sale	–	11,000
Services charges	–	–
Interest on fixed deposit	–	–
Miscellaneous Income	–	–
Profit on Sale of Longterm Investment	–	–
	<u>–</u>	<u>11,000</u>

**SCHEDULE 8 – MANUFACTURING, TRADING AND OTHER EXPENSES**

	Rupees	For the period ended 28.02.2009 Rupees	<i>For the year ended 31.03.2008 Rupees</i>
<b>(a) Components consumed :</b>			
Opening stock	–		–
Add: Purchases	–		–
Less: Closing stock	–		–
		–	–
Trading Purchases		–	11,475
Power		–	–
		<u>–</u>	<u>11,475</u>
<b>(b) Other expenses:</b>			
Employee cost :			
Salary, Wages, Bonus and other allowances (including employee settlement cost Rs.Nil. Previous year : Rs. Nil)		–	–
Staff welfare		–	–
Repairs to :			
Plant and machinery	–		–
Others	–		–
	<u>–</u>		<u>–</u>
Freight		–	–
Rent		–	–
Rates and taxes		1,700	1,700
Insurance		–	–
Auditors remuneration:			
Audit fees	–		6,000
Service tax thereon	–		742
Out of pocket expenses	–		–

---

**FORBES TINSLEY COMPANY LIMITED**

---

**SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT  
FOR THE PERIOD FROM 1ST APRIL, 2008 TO 28TH FEBRUARY, 2009****SCHEDULE 8 - MANUFACTURING, TRADING AND OTHER EXPENSES**

	Rupees	For the period ended 28.02.2009 Rupees	For the year ended 31.03.2008 Rupees
Certification charges	—		—
		—	6,742
Bad Debts Write off	—		—
Less : Provision held	—		—
		—	—
Postage and telephone		—	—
Printing & stationery		—	—
Professional fees		1,920	13,993
Bank charges		174	91
Filing fees and stamp charges		—	4,182
Refreshment & entertainment		—	337
Travelling and conveyance		—	—
Provision for doubtful debts		—	—
Workshop charges		—	—
Commission, Brokerage & Discount		—	—
Miscellaneous expenses		3	507
Loss on Sale of Assets		—	—
Income Tax		2564	
Decrease in stock of work-in-progress and finished goods			
Opening stock :			
Work-in-progress	—		—
Finished goods	—		—
		—	—
<i>Less :</i>			
Closing stock			
Work - in - progress	—		—
Finished goods	—		—
		—	—
		—	—
<b>TOTAL</b>		<b>6,361</b>	<b>39,027</b>

**SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 28TH FEBRUARY, 2009 AND THE PROFIT AND LOSS ACCOUNT FOR THE PERIOD 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 :

(a)	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 28TH FEBRUARY, 2009 AND THE PROFIT AND LOSS ACCOUNT FOR THE PERIOD 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	
<u>Trading Products:</u>						
Opening Stock	0			0		
Add : Purchases	5			0		
Less Closing Stock	0			0		
Trading Sale	5			0		

- Installed capacity has been certified by the management and accepted by the auditors without verification, this being a technical matter.
- Sales quantity has been arrived at by adding production to opening stock and deducting therefrom the closing stock determined on physical count.
- 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 Treasury Division Rs.
<u>Expenses</u>	
Rent and other services	—
<u>Finance</u>	
Refund of Loans	41,167.00
Total	<u>41,167.00</u>
2) Nature of Transaction	Forbes Finance Ltd. Rs.
<u>Sale of Investment</u>	
Sale of 1000 Shares of M/s.Sea Falcon Shipping Services Ltd.	—
Total	<u>—</u>

8. Previous year's figures have been regrouped wherever necessary for comparison.

Signatures to Schedules 1 to 8

Mumbai, Dated : 5<sup>th</sup> March, 2009

G. Mukharji  
 R. T. Doshi  
 A. T. Shah

}  
 }  
 }  
*Chairman*  
*Directors*



---

# FORBES WATER LIMITED

---

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

**DIRECTORS:**

S.L. Goklaney

*Chairman*

A.V. Suresh

J.N. Ichhaporia

M.R. Shroff

**AUDITORS:**

Messrs. TAM & Co.

**REGISTERED OFFICE:**

Bhupesh Gupta Bhavan,  
85, Sayani Road,  
Prabhadevi, Dadar (West),  
Mumbai - 400 025.

---

## FORBES WATER LIMITED

---

### REPORT OF THE DIRECTORS OF FORBES WATER LIMITED

To,

The Members,

Your Directors have pleasure in presenting the first Directors' Report for the period ended 31<sup>st</sup> March 2009.

Forbes Water Limited was incorporated on November 26, 2008. Since it is a wholly owned subsidiary of Eureka Forbes Ltd., it was formed as a public limited company. The Company has been formed with main objects of manufacturing, marketing, commissioning and servicing of water treatment plant systems.

After complying with all the formalities, a Certificate of Commencement of Business was obtained from ROC only on May 26, 2009. Allotment of shares to the subscribers of the Memorandum could not be made under the law until the Certificate of Commencement of Business is issued. Business operations are expected to commence in the ensuing year 2009-10.

For and on behalf of the Board

A V. Suresh  
*Director*

Mumbai, Dated : 9th June, 2009

---

# LATHAM INDIA LIMITED

---

(a wholly owned Subsidiary Company)

Annual Report and Accounts  
for the year ended 31<sup>st</sup> March, 2009

## **DIRECTORS:**

M. Singh *Chairman*  
Ashok Barat  
Amit Mittal  
R. T. Doshi  
C. A. Karnik  
A. T. Shah  
S. P. Kadakia  
Sivakumar S  
Ravikumar K

## **BANKERS:**

Canara Bank  
Standard Chartered Bank

## **AUDITORS:**

Messrs. Deloitte Haskins & Sells

## **REGISTERED OFFICE:**

Pallani Center, 2<sup>nd</sup> Floor,  
32 Venkat Narayan Road, T-Nagar,  
Chennai - 600 017.

**DIRECTORS' 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, 2009.

**2. FINANCIAL RESULTS:**

Summarised figures are as under :

	Current year ended 31 <sup>st</sup> March 09 Rs. in lakhs	Previous year ended 31 <sup>st</sup> March 08 Rs. in lakhs
(a) Profit / (Loss) before Depreciation	(12.37)	8.16
(b) <i>Less:</i> Depreciation	—	—
(c) Profit / (Loss) for the year before tax	(12.37)	8.16
(d) <i>Less:</i> Provision for Taxation	25.69	0.91
(e) Profit / (Loss) after Tax	(38.06)	7.25
(f) <i>Add:</i> Balance brought forward from previous year	(935.38)	(942.62)
(g) Loss carried to Balance Sheet	(973.44)	(935.37)

**3. OPERATION:**

The Company did not have any trading or manufacturing activity during the year.

**4. INSURANCE:**

The Company holds no assets during the year. No insurance has been taken against the usual risks, i.e. fire, explosions, riots, strike, malicious and terrorist damage etc.

**5. AMALGAMATION :**

The Company had filed petitions in the High Courts in Mumbai and Chennai seeking approval to the Scheme of Amalgamation of –

- (a) Seaspeed Shipping Agencies Ltd., Sea Falcon Shipping Services Ltd. and Trident Shipping Agencies Ltd. with the Company and
- (b) Forbes Finance Ltd. with the Company.

The High Court of Judicature at Madras passed an Order on both the above petitions on 13<sup>th</sup> June, 2009 approving the Scheme of Amalgamation. The Orders of the High Court, Bombay are awaited.

**6. DIRECTORS:**

Mr. K. C. Raman ceased to be a Director of the Company with effect from 4<sup>th</sup> August, 2008. Mr. M. Singh retires from the Board by rotation and is not seeking re-appointment. The

Board places on record their sincere appreciation for the valuable services rendered by Mr. K. C. Raman and Mr. M. Singh to the Board and the Company.

Mr.S.P.Kadokia was appointed 'Additional Director' with effect from 22<sup>nd</sup> October, 2008. Mr.Ashok Barat, Mr. Amit Mittal, Mr.C.A. Karnik, Mr.R.T.Doshi, Mr.A.T. Shah and Mr.Ravikumar Kooliyat were appointed 'Additional Directors' with effect from 2<sup>nd</sup> March, 2009. In terms of the provisions of Section 260 of the Companies Act, 1956, Mr. S.P. Kadokia, Mr.Ashok Barat, Mr.Amit Mittal, Mr.C.A.Karnik, Mr. R.T. Doshi, Mr. A.T. Shah and Mr. Ravikumar Kooliyat 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.

**7. 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 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. 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.

**9. AUDITORS:**

You are requested to appoint Auditors for the current year and to fix their remuneration. M/s. Deloitte Haskins & Sells, Chartered Accountants were appointed as the Statutory Auditors of the Company on 30<sup>th</sup> March, 2009 in the casual vacancy caused by the resignation of M/s. G. Ravishankar Associates, Chartered Accountants, to hold office until the conclusion of the next Annual General Meeting of the Company.

**10. DIRECTORS' RESPONSIBILITY STATEMENT:**

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

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) that the directors 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 or, loss 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 detecting fraud and other irregularities;

- (iv) that the directors have prepared the annual accounts on a going concern basis".

**11. INFORMATION REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1998.**

**(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 optimise the use of energy through operational methods will continue.

**(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

*Chairman*

Chennai,  
Dated : 29<sup>th</sup> June, 2009

**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. 4,61,42,000/-  
Paid-up Capital as 31/03/2009 : Rs. 1,28,00,000/-

To

The Members of  
LATHAM INDIA LIMITED,  
Palani Centre, II Floor  
32, Venkatanarayana Road  
Chennai - 600017.

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 2009**. 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 5 (Five) times on 19<sup>th</sup> June 2008, 4<sup>th</sup> August 2008, 22<sup>nd</sup> October 2008, 2<sup>nd</sup> March 2009 and 12<sup>th</sup> March 2009 in respect of which meetings, notices were given and the proceedings recorded and signed, including two 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 2008 was held on 23<sup>rd</sup> July 2008 after giving notice to the members of the Company and the resolutions passed thereat recorded in the Minutes Book maintained for the purpose.
7. Two Extra Ordinary General Meetings were held during the financial year on 02/03/2009 and 30/03/2009, in respect of which meetings the Company has obtained consent for shorter notice from the requisite number of members prescribed under the Act, and the resolutions passed thereat are recorded in the minutes book maintained for the purpose.
8. As per the information provided to me, 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) not made any allotment of shares during the year under scrutiny, and in respect of transfers, delivered all share certificates on lodgment thereof for transfer of shares in accordance with the provisions of the Act;

- ii) not declared any dividend during the year under scrutiny and hence the question of depositing the dividend amount in a separate bank account does not arise;
  - 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 Additional Directors made during the year has been duly made. There were no appointments of Alternate Directors and 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 2009.
  - 20. The Company has not bought back any shares during the financial year ended 31<sup>st</sup> March 2009.
  - 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 2<sup>nd</sup> March 2009.
  - 25. The Company has made investments in other bodies corporate in compliance with the provisions of the Act and has made necessary entries in register maintained for the purpose. The Company has not made any loans or given guarantees or provided securities to other bodies corporate during the year.
  - 26. 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.
  - 27. The Company has altered the provisions of the Memorandum of Association with respect to the objects of the Company during the year under scrutiny and complied with the provisions of the Act.
  - 28. 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.
  - 29. The Company has altered the provisions of the Memorandum of Association 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 not altered its articles of association during the year under scrutiny.
  - 31. 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.
  - 32. 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.

---

## LATHAM INDIA LIMITED

---

33. 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 

Place : Chennai

S ESHWAR

Date : 29th June, 2009

ACS. No. 11990, C.P. No. 5280

**Forms part of my certificate dated 29th June, 2009 issued to the Members of Latham India Limited.**

### Annexure A

#### REGISTERS MAINTAINED BY THE COMPANY.

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 Share transfers.
5. Register of Directors' Shareholding.
6. Register of members.
7. Register of Contracts, Companies and Firms in which Directors are interested.

for 

Place : Chennai

S ESHWAR

Date : 29th June, 2009

ACS. No. 11990, C.P. No. 5280



Forms part of my certificate dated 29th June, 2009 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.	Appointment of Mr. Parthasarathy Govindarajan, Mr. Murarilal Chandi Ketan as Directors	15/09/2006	Form 32	303	01/07/2008
2.	Resignation of Mr. MKB Capadia & Mr. S S Rewri as Directors	15/09/2006	Form 32	303	28/07/2008
3.	Appointment of Mr. Mritunjaya Singh as Director & Resignation of Mr. Parthasarathy Govindarajan as Director	22/06/2007	Form 32	303	28/07/2008
4.	Annual Return (2006-2007)	05/09/2007	Schedule V	159	22/07/2008
5.	Intimation of DIN of Mr. MKB Capadia & Mr. S S Rewri	16/06/2008	DIN 3	266E	30/06/2008
6.	Intimation of DIN of Mr. M Singh & Mr. Parthasarathy Govindarajan	21/07/2008	DIN 3	266E	25/07/2008
7.	Annual Return	23/07/2008	Schedule V	159	18/08/2008
8.	Balance Sheet and P&L Account	23/07/2008	Schedule VI	210	18/08/2008
9.	Compliance Certificate	23/07/2008	Form 66	383A	18/08/2008
10.	Resignation of Mr. K C Raman as Director &, Appointment of Mr. S Sivakumar as a Director.	04/08/2008	Form 32	303	10/10/2008
11.	Resignation of Mr. M L Ketan as Director & Appointment of Mr. S P Kadakia as Director.	22/10/2008	Form 32	303	20/01/2009
12.	Appointment of Mr. Ashok Barat, Mr. R.T.Doshi, Mr. A T Shah, Mr. C A Karnik, Mr. Amit Mittal & Mr. RaviKumar as Directors	02/03/2009	Form 32	260	21/03/2009
13.	Increase in Authorised Capital Alteration in Capital Clause V MOA Alteration in objects Clause MOA Ordinary Resolution U/s 293 (1) (d) Special Resolution U/s 372A.	02/03/2009	Form 23	192	31/03/2009
14.	Increase in Authorised Capital from Rs. 3,00,00,000 to Rs. 4,61,42,000.	02/03/2009	Form 5	97	31/03/2009

for 

S ESHWAR

Place : Chennai

Date : 29th June, 2009

ACS. No. 11990, C.P. No. 5280

**AUDITORS' REPORT TO THE MEMBERS OF LATHAM INDIA LIMITED**

1. We have audited the attached Balance Sheet of **LATHAM INDIA LIMITED** as at 31<sup>st</sup> March, 2009, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. 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 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, (CARO) issued by the Central Government of India 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, to the extent applicable to the Company.
4. Without qualifying our opinion we draw attention to Note 4 in Schedule 9 regarding the preparation of the financial statements on a going concern basis in spite of the accumulated losses being in excess of the paid up share capital.
5. Further to our comments in the Annexure referred to in paragraph 3 above:
  - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) the Balance Sheet, the 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, 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) 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 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, 2009;
    - (ii) in the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date; and
    - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
6. On the basis of the written representations from the directors as on 31<sup>st</sup> March, 2009, as taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2009 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For **Deloitte Haskins & Sells**  
*Chartered Accountants*

**Z. F. Billimoria**  
*Partner*

Membership No.42791

Place : Mumbai

Date : 26<sup>th</sup> June, 2009

**ANNEXURE TO THE AUDITORS' REPORT**

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

- i. The Company does not hold any fixed assets during the period under consideration. Accordingly, the provisions of paragraph 4(i) of CARO are not applicable to the Company.
- ii. The Company does not hold any inventory. Accordingly the provisions of paragraph 4(ii) of CARO are not applicable to the Company.
- iii. In respect of loans, secured or unsecured taken or granted by the Company to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956, according to the information and explanations to us:
  - (a) The Company has taken loans aggregating Rs.64,519,820 from three parties. At the year end, the outstanding balances of such loans taken aggregated Rs. 64,519,820 (Number of parties – Three) and the maximum amounts involved during the year were Rs. 64,519,820 (Number of parties – Three).
  - (b) These loans taken by the Company are interest – free loans and there has been no repayment of the principal amounts during the year.
  - (c) The Company has not granted any loans during the year.

- iv. There are no transactions of purchase of inventory and fixed assets and for the sale of goods and services. Accordingly, the provisions of paragraph 4(iv) of CARO are not applicable to the Company.
- v. According to the information and explanations given to us there were no contracts or arrangements that were required to be entered into the register maintained under Section 301 of the Companies Act, 1956. Accordingly paragraph 4(v)(a) and (b) of CARO is not applicable.
- vi. According to the information and explanations given to us the Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975.
- vii. According to the information and explanations given to us, the Company does not have an internal audit system.
- viii. The Company does not have any trading or manufacturing activities during the year. Accordingly, the provisions of paragraph 4(viii) of CARO are not applicable to the Company.
- ix. According to the information and explanations given to us, in respect of statutory dues:
  - (a) The Company has been regular in depositing undisputed Income Tax and other material statutory dues with the appropriate authorities during the year.
  - (b) There is an undisputed amount in respect of Sales Tax dues of Rs 2,616,949 which is outstanding as on 31<sup>st</sup> March, 2009 for a period of more than six months from the date they became payable.
  - (c) The details of disputed Sales Tax which have not been deposited as on 31<sup>st</sup> March, 2009 on account of any dispute are given below:

Name of the Statute	Nature of dues	Amount (Rs.)	Financial Year to which it relates	Forum where dispute is pending
Madhya Pradesh Sales Tax Act	Sales Tax Demands	8,26,148	1997-98	Commercial Tax Officer Bhopal
	Sales Tax Demands	1,00,883	1998-1999	Commercial Tax Officer Bhopal
	Sales Tax Demands	82,046	1999-2000	Commercial Tax Officer Bhopal

- x. The Company has accumulated losses as at the end of the financial year. The Company has incurred cash losses during the financial year covered by our audit. The Company has not incurred cash loss in the immediately preceding financial year.
- xi. According to the information and explanations given to us, there are no dues to financial institutions and / or banks. Accordingly, the provisions of paragraph 4(xi) of CARO are 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 and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly the provisions of clause 4(xii) of CARO are not applicable to the Company.
- xiii. In our opinion and according to the information and explanation given to us, the Company is not a chit fund or a nidhi / mutual benefit fund/society. Accordingly, the provisions of paragraph 4(xiii) of CARO are not applicable to the Company.
- xiv. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures or other investments. Accordingly, the provisions of paragraph 4(xiv) of CARO 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. Therefore, the provisions of paragraph 4(xv) of CARO are not applicable to the Company.
- xvi. There are no term loans availed by the Company. Accordingly the provisions of clause 4(xvi) of CARO are not applicable to the Company.
- xvii. According to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, funds raised on short-term basis amounting to Rs 18,779,616 have, *prima facie*, have been used during the year for long-term investments.
- xviii. According to the information and explanations given to us, 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.
- xix. According to the information and explanations given to us, there are no amounts outstanding in respect of secured debentures as at the year end. Therefore, the provisions of clause 4(xix) of CARO are not applicable to the Company.
- xx. According to the information and explanations given to us, the Company has not raised any money through public issue during the period covered by our audit.
- xxi. 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 was noticed or reported during the year.

For **Deloitte Haskins & Sells**  
Chartered Accountants

**Z. F. Billimoria**  
Partner

Membership No.42791

Place : Mumbai  
Date : 26<sup>th</sup> June, 2009

# LATHAM INDIA LIMITED

## BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedule No.	Rupees	As at 31st March, 2009 Rupees	As at 31st March, 2008 Rupees
<b>SOURCES OF FUNDS :</b>				
Share Capital	1	12,800,000		12,800,000
Reserves and Surplus	2	10,059,935		10,059,935
Total Shareholders' Funds			22,859,935	22,859,935
Loans:				
Unsecured	3		64,519,820	45,233,655
Total			87,379,755	68,093,590
<b>APPLICATION OF FUNDS:</b>				
Investments	4		18,779,616	–
Current Assets, Loans and Advances	5			
(a) Sundry Debtors		–		15,600
(b) Cash and Bank Balances		598,051		120,758
(c) Loans and Advances		324,430		13,127,749
		922,481		13,264,107
Less : CURRENT LIABILITIES AND PROVISIONS	6			
(a) Liabilities		17,475,851		14,784,640
(b) Provisions		97,758		11,830,934
		17,573,609		26,615,574
			(16,651,128)	(13,351,467)
NET CURRENT ASSETS			2,128,488	(13,351,467)
Profit and Loss Account	7		85,251,267	81,445,057
Total			87,379,755	68,093,590
Notes to the Accounts	9			

Schedules 1 to 9 form an integral part of the Balance Sheet and should be read in conjunction therewith.

In terms of our report of even date

For **Deloitte Haskins & Sells**  
Chartered Accountants

**Z. F. BILLIMORIA**  
Partner

Membership No. 25055

Mumbai, Dated: 26<sup>th</sup> June, 2009

M. SINGH	} Chairman
ASHOK BARAT	
AMIT MITTAL	} Directors
R. T. DOSHI	
C. A. KARNIK	
A. T. SHAH	
S. P. KADAKIA	
SIVAKUMAR S	
RAVIKUMAR K	

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009**

	<u>Schedule No</u>	<u>For the Year ended 31st March, 2009 Rupees</u>	<u>For the Year ended 31st March, 2008 Rupees</u>
<b>1. INCOME:</b>			
(a) Sale of Traded Products		–	15,000
(b) Other Income:			
(i) Miscellaneous Income		556,156	1,535,209
(ii) Bad Debts previously written off now recovered		55,978	–
		<u>612,134</u>	<u>1,550,209</u>
<b>2. EXPENDITURE:</b>			
Trade and Other Expenses	8	1,843,559	734,410
Interest - Others		5,753	–
		<u>1,849,312</u>	<u>734,410</u>
<b>PROFIT/(LOSS) BEFORE TAXATION</b>		<u>(1,237,178)</u>	<u>815,799</u>
<b>3. Less : Provision for Taxation</b>			
for Income-tax – Current		–	91,533
for Income-tax-for Earlier Years		2,569,032	–
<b>4. Profit/(Loss) After Taxation</b>		<u>(3,806,210)</u>	<u>724,266</u>
<b>5. Add : Balance Brought Forward from last Year</b>		<u>(93,537,525)</u>	<u>(94,261,791)</u>
<b>6. Balance Carried to Schedule 7</b>		<u><u>(97,343,735)</u></u>	<u><u>(93,537,525)</u></u>
Basic and diluted earnings per share of face value of Rs.10 each (Refer Note No 9 (2)(1))		<u>(2.97)</u>	<u>0.57</u>
Notes to the Accounts	9		

Schedules 1 to 9 form an integral part of the Profit and Loss Account and should be read in conjunction therewith.

In terms of our report of even date

For **Deloitte Haskins & Sells**  
Chartered Accountants

**Z. F. BILLIMORIA**  
Partner  
Membership No. 25055

Mumbai, Dated: 26<sup>th</sup> June, 2009

M. SINGH	}	<i>Chairman</i>
ASHOK BARAT		
AMIT MITTAL	}	<i>Directors</i>
R. T. DOSHI		
C. A. KARNIK		
A. T. SHAH		
S. P. KADAKIA		
SIVAKUMAR S		
RAVIKUMAR K		

---

**LATHAM INDIA LIMITED**

---

**SCHEDULES “1” TO “8” ANNEXED TO AND FORMING PART OF THE ACCOUNTS**

	As at 31st March, 2009 Rupees	As at 31st March, 2008 Rupees
<b>SCHEDULE “1” – SHARE CAPITAL</b>		
<b>1. AUTHORISED:</b>		
4,614,200 Equity Shares (Previous Year-3,000,000) of Rs10 each	46,142,000	30,000,000
<b>2. ISSUED, SUBSCRIBED AND PAID-UP :</b>		
1,280,000 Equity Shares of Rs.10/- each fully paid up.	12,800,000	12,800,000
Total Rupees	12,800,000	12,800,000
(All the Equity shares are held by Forbes & Company Limited, the Holding Company and its nominees)		

---

**SCHEDULE “2” – RESERVES AND SURPLUS**

<b>1. CAPITAL RESERVE</b>		
Per last Balance Sheet	10,059,935	10,059,935
Total Rupees	10,059,935	10,059,935
<b>2. GENERAL RESERVE</b>		
Per last Balance Sheet	12,092,468	12,092,468
Less : Deficit in Profit and Loss Account	(12,092,468)	(12,092,468)
Total Rupees	–	–

---

**SCHEDULE “3” – UNSECURED LOANS**

From Others	30,478,000	33,555,655
From Holding Company	34,041,820	11,678,000
Total Rupees	64,519,820	45,233,655

---

**SCHEDULE “4” – INVESTMENTS [fully paid-up unless otherwise stated]****LONG TERM - NON TRADE****Unquoted Equity Shares:**

(a) 24,000 Equity Shares of Seaspeed Shipping Services Ltd. (FV Rs 10 each)	9,406,880	–
(b) 24,000 Equity Shares of Trident Shipping Agencies Ltd. (FV Rs 10 each)	4,317,530	–
(c) 25,000 Equity Shares of Sea Falcon Shipping Services Ltd. (FV Rs 10 each)	5,055,206	–
Total Rupees	18,779,616	–

---

**SCHEDULES (Continued)**

	<i>As at 31st March, 2009 Rupees</i>	<i>As at 31st March, 2008 Rupees</i>
<b>SCHEDULE "5" CURRENT ASSETS, LOANS AND ADVANCES</b>		
<b>CURRENT ASSETS:</b>		
(a) SUNDRY DEBTORS		
(i) Debts outstanding for exceeding six months :		
(a) Unsecured, Considered Good	–	15,600
(b) Unsecured, Considered Doubtful	6,178,644	6,234,622
	<u>6,178,644</u>	<u>6,250,222</u>
<i>Less</i> : Provision for Doubtful Debts	6,178,644	6,234,622
	<u>–</u>	<u>15,600</u>
(b) CASH AND BANK BALANCES:		
(i) Cash on Hand	–	40
(ii) With Scheduled Banks:		
On Current Accounts	598,051	120,718
	<u>598,051</u>	<u>120,758</u>
(c) LOANS AND ADVANCES:		
(iii) Advances recoverable in cash or in kind or for value to be received		
(a) Unsecured, Considered Good		
Mat Credit Entitlement	95,172	–
Others	229,258	13,127,749
(b) Unsecured, Considered Doubtful	–	64,813
	<u>324,430</u>	<u>13,192,562</u>
<i>Less</i> : Provision for Doubtful Advances	–	(64,813)
	<u>324,430</u>	<u>13,127,749</u>
(iv) Deposits		
Unsecured, Considered Doubtful	1,379,946	1,379,946
<i>Less</i> : Provision for Doubtful balances	1,379,946	1,379,946
	<u>–</u>	<u>–</u>
Total Rupees	<u>922,481</u>	<u>13,264,107</u>

**SCHEDULE "6" – CURRENT LIABILITIES AND PROVISIONS**

**1. CURRENT LIABILITIES:**

(i) Sundry Creditors		
Micro, Small and Medium Enterprises	–	
Others	14,858,902	14,784,640
(ii) Other Liabilities	2,616,949	–
	<u>17,475,851</u>	<u>14,784,640</u>

**2. PROVISIONS:**

(i) Tax provisions less payments including Fringe Benefit Tax	97,758	11,830,934
Total Rupees	<u>17,573,609</u>	<u>26,615,574</u>

---

# LATHAM INDIA LIMITED

---

## SCHEDULES (Continued)

	As at 31st March, 2009 Rupees	As at 31st March, 2008 Rupees
<b>SCHEDULE "7" – PROFIT AND LOSS ACCOUNT</b>		
1. PROFIT AND LOSS ACCOUNT		
Profit and Loss account balance	(97,343,735)	(9,35,37,525)
Add : General Reserve as per Contra	12,092,468	12,092,468
	<u>(85,251,267)</u>	<u>(81,445,057)</u>

---

## SCHEDULE "8" – TRADING & OTHER EXPENSES

1. PURCHASE OF TRADED PRODUCTS	–	13,600
2. PAYMENTS TO AND PROVISIONS FOR EMPLOYEES:		
(a) Salaries, Wages, Bonus and Commission	–	240,955
(b) Gratuity	–	113,516
(c) Company's Contribution to Provident Fund and Other Funds	–	19,264
(d) Workmen and Staff Welfare Expenses	–	7,750
	<u>–</u>	<u>381,485</u>
3. OTHER EXPENSES:		
(a) Repairs - Others	–	32,500
(b) Rates and Taxes	225	17,519
(c) Communication Expenses	12,613	20,848
(d) Legal and Professional Charges	533,152	184,750
(e) Sales Tax	1,047,351	–
(f) Auditors' Remuneration:		
(i) Audit Fees	50,000	22,472
(ii) Service Tax	5,150	–
(g) Filing Fees for increasing the Authorised Share Capital	101,420	–
(h) Miscellaneous Charges	93,648	61,236
	<u>1,843,559</u>	<u>339,325</u>
Total Rupees	<u>1,843,559</u>	<u>734,410</u>

---



**SCHEDULE '9' – NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009****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 under sub-section (3C) of Section 211 of the said Act.

**b) Use of Estimates**

The presentation of the financial statements in conformity with the generally accepted accounting principles requires the Management to make estimates and assumptions that affect the reported amount of assets and liabilities, revenues and expenses and disclosure of contingent liabilities. Such estimates and assumptions are based on the managements evaluation of relevant facts and circumstances as on the date of financial statements. The actual outcome may diverge from these estimates.

**c) Investments**

Long Term Investments are valued at cost less provision for diminution other than temporary in value, if any.

**d) Borrowing Costs**

Borrowing Cost are recognised in the period to which they relate, regardless of how the funds have been utilised.

**e) Taxes on Income**

The Company's Income Taxes include taxes on the Company's taxable profits, fringe benefits, adjustment attributable to earlier periods and changes in deferred taxes. Valuation of all tax liabilities/receivables is conducted at nominal amounts and in accordance with enacted tax regulations and tax rates or in the case of deferred taxes, those that have been substantially enacted. Deferred tax is calculated to correspond to the tax effect arising when final tax is determined. Deferred tax corresponds to the net effect of tax on all timing differences which occur as a result of items being allowed for income tax purposes during a period different from when they were recognised in the financial statements. Deferred tax are recognised with regard to all deductible timing differences to the extent that is probable that taxable profits will be available against which deductible timing differences can be utilised. When the company carries forward unused tax losses and unabsorbed depreciation, deferred tax assets are recognised only to the extent there is virtual certainty backed by convincing evidence that sufficient future taxable income will be available against which deferred tax assets can be realised. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced by the extent that it is no longer probable that sufficient taxable profit will be available to allow all or a part of the aggregate deferred tax asset to be utilised.

**f) Provisions and Contingencies**

A provision is recognised when the company has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding employee benefits) are not discounted to its present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Reimbursements against a provision is recognised as a separate asset based on the virtual certainty of recovery. Contingent liability are disclosed in the notes to the financial statements. A contingent asset is neither recognised nor disclosed.

**g) Cash Flow Statements**

Cash Flow statements are prepared in accordance with "Indirect Method" as explained in the Accounting Standard on Cash Flow Statements (AS-3) notified under the Companies (Accounting Standards) Rules, 2006.

**h) Cash and Cash Equivalents**

Cash and Bank balances and current investments that have insignificant risk of change in value, which have durations upto three months, are included in the Companys cash and cash equivalents in the Cash Flow Statement.

**i) Earnings per Share**

Basic Earnings per Share is calculated on dividing the net profit after tax for the year attributable to equity shareholders of the company by the weighted average number of equity shares in issue during the year.

---

# LATHAM INDIA LIMITED

---

## 2. NOTES FORMING PART OF ACCOUNTS

1. The basic/diluted earnings per share is calculated as follows:

	31st March, 2009	<i>31st March, 2008</i>
Profit After Tax	(3,806,210)	724266
Weighted Average Number of Equity Shares	1,280,000	1,280,000
Basic/ Diluted Earnings Per Share	Rs (2.97)	Rs. 0.57
Nominal Value per Share	Rs. 10	Rs. 10

2. Contingent Liability and other amounts not provided for are as follows:

	31st March, 2009 Rupees	<i>31st March, 2008 Rupees</i>
(A) Claims against the Company not acknowledged as debts	16,400,000	16,400,000
(B) Sales tax Demands by the Madhya Pradesh Sales Tax Authorities for the years 1997-1998, 1998-1999 and 1999-2000	1,009,077	1,009,077

### 3. Micro, Small and Medium Enterprises

On the basis of responses received against enquiries made by the Company, there was no amount outstanding in respect of Micro and Small Enterprises covered under the Micro, Small and Medium Enterprises Development Act, 2006 as at the Balance Sheet date. The Company has not defaulted in payment of dues to such entities during the year.

4. The Company is in the process of merging itself with Sea Speed Shipping Services Ltd, Trident Shipping Agencies Ltd, Sea Falcon Shipping Services Ltd and Forbes Finance Ltd . Necessary applications under Section 391 to 394 of the Companies Act, 1956, in terms of "Scheme of Arrangement" have been filed with the High Court of Judicature of Bombay and High Court of Judicature of Chennai. The appointed date for the merger as per the Scheme of Arrangement filed with the High Court of Judicature of Chennai is 1st April, 2008. The accounts for the year ended 31st March, 2009 have been prepared without giving effect to the said scheme which is pending for approval of the respective High courts. The net worth of the Company after the aforesaid merger is likely to be positive and hence the accounts have been prepared on a going concern basis.

5. Name of the Related Party and nature of relationship where control exists are as under :

(A) Holding Company/ Ultimate Holding Company:

1. Shapoorji Pallonji & Company Limited (Ultimate Holding Company)
2. Sterling Investments Corporation Private Limited
3. Forbes & Company Limited

(B) Fellow Subsidiaries (With whom there are transactions):

Forbes Finance Ltd.

(C) Subsidiaries:

- \* 1. Sea Speed Agencies Ltd. (w.e.f 6th March, 2009)
- \* 2. Sea-Falcon Shipping Services Ltd. (w.e.f 6th March, 2009)
- \* 3. Trident Shipping Agencies Ltd. (w.e.f 6th March, 2009)

\* Considering the effect of cross holding among these companies, these Companies are covered under the meaning of Subsidiary Company, under Accounting Standard (AS) 18 Related Party Disclosures. These companies are not covered under the definition of Subsidiary Company as contained in Section 3 of the Companies Act, 1956.

Related Party Disclosures

Sr.No	Particulars	Forbes & Co. Ltd.		Forbes Finance Ltd		Trident Shipping Agencies Ltd.		Total	
		31.3.2009	31.3.2008	31.3.2009	31.3.2008	31.3.2009	31.3.2008	31.3.2009	31.3.2008
1.	<b>Purchases</b> Investments	–	–	18,732,716	–	–	–	18,732,716	–
2.	<b>Finance</b> Deposits Taken	486,165	899,145	18,800,000	–	–	–	19,286,165	899,145
3.	<b>Outstanding</b> Loans Payable	34,041,820	33,555,655	23,978,000	5,178,000	6,500,000	6,500,000	64,519,820	45,233,655

6. Figures for the previous year have been regrouped wherever necessary.

M. SINGH	}	<i>Chairman</i>
ASHOK BARAT		
AMIT MITTAL	}	<i>Directors</i>
R. T. DOSHI		
C. A. KARNIK		
A. T. SHAH		
S. P. KADAKIA		
SIVAKUMAR S		
RAVIKUMAR K		

Mumbai, Dated: 26<sup>th</sup> June, 2009

---

# LATHAM INDIA LIMITED

---

## SCHEDULES ANNEXED TO AND FORMATING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009

### 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	31.03.2009		

#### 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	87,380	Total Assets *	87380
-------------------	--------	----------------	-------

##### Source of Funds

Paid-up Capital	12,800
Reserves and Surplus	10,060
Secured Loans	0
Unsecured Loans	64,520

##### Application of Funds

Net Fixed Assets	0
Investments	18,780
Net Current Assets	-16651
Accumulated Losses	85,251

##### \* Net of Current Liabilities and Provisions

#### IV. Performance of the company (Amount in Rs.'000)

Total Income	612
Total Expenditure	1849
Profit / Loss before Tax	(1237)
Profit / Loss after Tax	(3806)
Earning per share in Rs.	-2.97
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>

M. SINGH } *Chairman*  
ASHOK BARAT }  
AMIT MITTAL }  
R. T. DOSHI }  
C. A. KARNIK } *Directors*  
A. T. SHAH }  
S. P. KADAKIA }  
SIVAKUMAR S }  
RAVIKUMAR K }

Mumbai, Dated: 26<sup>th</sup> June, 2009

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

	2008-2009		2007-08	
	Rupees	Rupees	Rupees	Rupees
<b>PROFIT/LOSS BEFORE TAX</b>	(1,237,178)		815,799	
<b>Adjusted for -</b>				
Excess Provision for expenses written Back	56,156		–	
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	(1,181,022)		815,799	
<b>Changes in -</b>				
Trade Payables and Others	1,195,924		(142,093)	
Trade and Other Receivables	41,524		(31,438)	
<b>CASH GENERATED FROM OPERATIONS</b>		56,426		642,268
Income Taxes paid		(85,682)		6,022
<b>(A) NET CASH FROM OPERATING ACTIVITIES</b>		(29,256)		648,290
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Investments	(18,779,616)		–	
<b>(B) NET CASH FROM INVESTING ACTIVITIES</b>		(18,779,616)		–
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Intercompany Deposits repaid	–		(1,450,000)	
Intercompany Deposits received	19,286,165		899,145	(550,855)
<b>(C) NET CASH FROM FINANCING ACTIVITIES</b>		19,286,165		(550,855)
<b>NET DECREASE / INCREASE IN CASH AND CASH EQUIVALENTS (A) + (B) + (C)</b>		477,293		97,435
Cash and Cash equivalent as at the commencement of the Year		120,758		23323
Cash and Cash equivalent as at the end of the year (Refer Schedule 5)		598,051		120,758
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		477,293		97,435

In terms of our report of even date

For **Deloitte Haskins & Sells**  
Chartered Accountants

**Z. F. BILLIMORIA**  
Partner  
Membership No. 25055

Mumbai, Dated: 26<sup>th</sup> June, 2009

M. SINGH	}	<i>Chairman</i>
ASHOK BARAT		
AMIT MITTAL	}	<i>Directors</i>
R. T. DOSHI		
C. A. KARNIK		
A. T. SHAH		
S. P. KADAKIA		
SIVAKUMAR S		
RAVIKUMAR K		

---

# VOLKART FLEMING SHIPPING & SERVICES LIMITED

---

(a wholly owned Subsidiary Company)

Annual Report and Accounts  
for the year ended 31<sup>st</sup> March, 2009

## **DIRECTORS:**

Amit Mittal

*Chairman*

C. A. Karnik

Capt. S. K. Panda

## **BANKERS:**

Standard Chartered Bank

Bank of India

## **AUDITORS:**

Batliboi & Purohit

*Chartered Accountants*

## **REGISTERED OFFICE:**

Cassinath Building, A.K. Nayak Marg,

Fort, Mumbai - 400 001

**REPORT OF THE DIRECTORS OF VOLKART FLEMING SHIPPING & SERVICES LIMITED**

To The Shareholders

Gentlemen,

Your Directors submit their Report and the Audited Accounts for the year ended 31<sup>st</sup> March, 2009.**1. FINANCIAL RESULTS:**

	Current Year ended 31 <sup>st</sup> March, 2009 (Rupees)	Rupees in Lakhs Previous Year ended 31 <sup>st</sup> March, 2008 (Rupees)
(a) Operating Profit before Depreciation	336.14	95.55
(b) Less: Depreciation	14.03	1.54
(c) Provision for doubtful debts	0	0.69
(d) Net Profit before tax	<b>322.11</b>	<b>93.31</b>
(e) Profit from continuing operation before tax	63.01	61.88
(f) Less: Provision for taxation		
Income tax (Current)	24.83	5.04
Income tax (Deferred)	(0.17)	0.11
(g) Profit after tax from continuing operations	<b>38.35</b>	<b>56.73</b>
(h) Profit from discontinuing operation before tax	259.09	25.69
(i) Less: Provision for taxation		
Income tax (Current)	74.50	15.13
Income tax (Deferred)	(0.52)	0.32
Fringe benefit tax	0.71	0.88
(j) Profit after tax from discontinuing operations	<b>184.40</b>	<b>9.36</b>
(k) Net Profit for the year after Tax (g + j)	<b>222.75</b>	<b>66.09</b>
(l) Balance brought forward from previous year	260.63	247.13
	<u>483.38</u>	<u>313.22</u>
Less : Appropriations:		
(a) Interim Dividend Paid	90.00	36.00
(b) Tax on dividend paid	15.29	6.12
(c) General Reserves	22.27	10.48
<b>Balance carried to Balance Sheet</b>	<u>355.81</u>	<u>260.63</u>

**2. REVIEW OF OPERATIONS:**

The Company is the sole agent in India for Forbes Container Line Pte Limited, Singapore. The agency activities commenced from February 2007. Besides providing services at all major ports in India, the Company also provide services at all major Inland Container Depot (ICDs) throughout India.

The ongoing global economic recession has particularly hit global trade and shipping. Forbes Container Line Pte. Ltd. is also affected adversely and as a result the Company too is with throughput having decreased significantly September, 2008 onwards. We expect situation to improve by third quarter / end 2009.

**3. SCHEME OF ARRANGEMENT:**

A petition seeking approval of a scheme for the demerger and transfer of the Shipping Agency Division of the Company into Forbes & Company Ltd., was filed on 16<sup>th</sup> June, 2009 and is currently pending before High Court, Bombay. The final hearing on petition is expected in the third or fourth week of August, 2009. The scheme provides for the transfer of the business retrospectively w.e.f. 1<sup>st</sup> April, 2008. Once approved, the results of the company to that extent will need to be revised.

**4. DIRECTORATE:**

Capt. S. P. Rao and Mr. C. G. Shah resigned from the Board

---

# VOLKART FLEMING SHIPPING & SERVICES LIMITED

---

on 30<sup>th</sup> September, 2008 and 1<sup>st</sup> October, 2008 respectively. Mr Ashok Barat resigned from the Board on 22.11.2008. The Board places on record their sincere appreciation to the services rendered by Capt. Rao, Mr. Shah and Mr. Barat.

Mr. Amit Mittal and Capt. S. K. Panda were appointed as Additional Director on the Board with effect from 25<sup>th</sup> September, 2008 and 5<sup>th</sup> November, 2008 respectively.

Pursuant to section 260 of the Companies Act, 1956, Mr. Amit Mittal and Capt. S.K. Panda hold office upto the date of the forthcoming Annual General Meeting and a notice, in writing has been received from a shareholder under section 257 of the Act along with a deposit signifying intention to propose Mr. Mittal and Capt. Panda as candidates for appointment as Director.

Mr. C. A. Karnik retires from the Board of Directors by rotation and is eligible for re-appointment at the ensuing Annual General Meeting.

Directors recommend their appointment.

## 5. 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.

## 6. COMPLIANCE REPORT:

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

## 7. AUDITORS:

You are requested to appoint Auditors for the current year and to fix their remuneration.

The Auditors have observed that fixed assets have not been physically verified by the management. The Company has done the verification of properties and the verification of other assets is in process and will be done in current financial year 2009-2010.

## 8. 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.

## 9. 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

**Amit Mittal**  
Chairman

Mumbai,  
Dated: 26<sup>th</sup> June, 2009



## 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.
3. Benefits derived as result of the above R&D
4. Future Plan of action
5. 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 and derives the benefits of R & D of its principals in its area of operation. It does not undertake any R&D activities on its own.

**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.

The Company endeavours to absorb technological improvements to the extent consistence with the nature of business of the Company.

The Company has not imported technology in the relevant period.

**C. Foreign Exchange Earnings and Outgo:**

- |  |         |
|--|---------|
| 1. Activities relating to exports; initiatives taken to increase exports; markets for products and services; and export plans. | NIL     |
| 2. Total Foreign Exchange used and earned.   |         |
| Earned   | NIL     |
| Used   | USD 410 |

---

# VOLKART FLEMING SHIPPING & SERVICES LIMITED

---

**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, 2009. 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 5 times on 30<sup>th</sup> June, 2008, 24<sup>th</sup> September, 2008, 22<sup>nd</sup> November, 2008, 25<sup>th</sup> February, 2009 and 12<sup>th</sup> March, 2009 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. However the Company has kept 22<sup>nd</sup> November, 2008 as record date for the purpose of payment of Interim Dividend.
6. The annual general meeting for the financial year ended on 31<sup>st</sup> March, 2008 was held on 30<sup>th</sup> June, 2008 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. Two extra ordinary general meetings were held on 20<sup>th</sup> August, 2008 and 6<sup>th</sup> March, 2009 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 allotment/ transfer/transmission of securities during the financial year.
  - (ii) directly paid the amount of Interim Dividend declared during the financial year.
  - (iii) paid cheques/drafts to the members of the Company for interim dividend 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 two appointment of Directors and two resignation 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 not issued any 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 accepted deposits during the financial year.
24. The company has 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 altered the provisions of the memorandum with respect to the objects of the company during the year under scrutiny after complying with the provisions of the Act.
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*

Place : Mumbai

Date : 24<sup>th</sup> June, 2009

#### **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.

---

## VOLKART FLEMING SHIPPING & SERVICES LIMITED

---

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 : 24<sup>th</sup> June, 2009

### **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 31/3/2008 and Form 23ACA for Profit & Loss Account for the year ended 31<sup>st</sup> March, 2008 filed with the Registrar of Companies, Maharashtra on 21<sup>st</sup> August, 2008.
2. Form 20B for Annual Return made up to 30<sup>th</sup> June, 2008, filed with the Registrar of Companies, Maharashtra on 1<sup>st</sup> September, 2008.
3. Form 66 for Compliance Certificate for the year ended 31<sup>st</sup> March, 2008, as required u/s. 383A of the Companies Act, 1956, was filed with the Registrar of Companies, Maharashtra on 21<sup>st</sup> August, 2008.
4. Form 32 in respect of resignation of Mr. Ashok Barat w e f 22<sup>nd</sup> November, 2008 was filed with Registrar of Companies, Maharashtra on 19<sup>th</sup> January, 2009.
5. Form 32 in respect of appointment of Mr. Sukant Panda as Director w e f 5<sup>th</sup> November, 2008 was filed with Registrar of Companies, Maharashtra on 4<sup>th</sup> December, 2008.
6. Form 23 in respect of Special Resolution passed by Members at the Extra Ordinary General Meeting held on 6<sup>th</sup> March, 2009 was filed with Registrar of Companies, Maharashtra on 23<sup>rd</sup> March, 2009.
7. Form 32 in respect of resignation of Mr. C G Shah and MR. S P Rao w. e. f. 1<sup>st</sup> October, 2008 was filed with Registrar of Companies, Maharashtra on 7<sup>th</sup> December, 2008.
8. Form 32 in respect of appointment of Mr. Amit Mittal w e f 25<sup>th</sup> September, 2008 was filed with Registrar of Companies, Maharashtra on 24<sup>th</sup> October, 2008.
9. Form 32 in respect of appointment of Mr. Ashok Barat w e f 31<sup>st</sup> March, 2008 was filed with Registrar of Companies, Maharashtra on 3<sup>rd</sup> July, 2008.
10. Form 32 in respect of regularisation of appointment of Mr. Ashok Barat in the AGM held on 30<sup>th</sup> June, 2008 filed with Registrar of Companies, Maharashtra on 12<sup>th</sup> August, 2008.
11. Form 23 in respect of Special Resolution passed by Members at the Extra Ordinary General Meeting held on 30<sup>th</sup> August, 2008 was filed with Registrar of Companies, Maharashtra on 3<sup>rd</sup> September, 2008.
12. Form 18 in respect of shifting of registered office within the city limits w e f 30<sup>th</sup> April, 2008 was filed with Registrar of Companies, Maharashtra on 7<sup>th</sup> May, 2008.

For **Sanjay Dholakia & Associates**

**(SANJAY R. DHOLAKIA)**

*Practising Company Secretary*

*Proprietor*

Place : Mumbai

Date : 24<sup>th</sup> June, 2009

**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 2009 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, 2009 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 2009 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, 2009;
    - 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*

**ATUL MEHTA**  
*Partner*

Place : Mumbai  
Dated : 26.06.2009

Membership No: 15935

---

# VOLKART FLEMING SHIPPING & SERVICES LIMITED

---

## 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) 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. 361 lakhs and the year- end balance of loans granted to the above party is Rs. 35 lakhs..
- 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) 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 as explained, 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 the products of 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.
- 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*

**ATUL MEHTA**  
*Partner*

Membership No: 15935

Place : Mumbai  
Dated : 26.06.2009

# VOLKART FLEMING SHIPPING & SERVICES LIMITED

## BALANCE SHEET AS AT 31st MARCH, 2009

	Schedule	Rupees	As at 31.03.2009 Rupees	As at 31.03.2008 Rupees
<b>FUNDS EMPLOYED:</b>				
1. SHARE CAPITAL	1	6,000,000		6,000,000
2. RESERVES & SURPLUS	2	76,083,843		64,337,734
3. TOTAL SHAREHOLDERS' FUNDS			82,083,843	70,337,734
4. TOTAL FUNDS EMPLOYED			82,083,843	70,337,734
<b>APPLICATION OF FUNDS :</b>				
5. FIXED ASSETS:	3			
(a) GROSS BLOCK		28,698,295		21,815,104
(b) LESS: ACCUMULATED DEPRECIATION		16,053,482		14,921,153
(c) NET BLOCK			12,644,813	6,893,951
6. INVESTMENTS	4		391,451	454,461
7. DEFERRED TAX ASSETS (NET)			1,219,938	1,150,225
8. CURRENT ASSETS, LOANS & ADVANCES	5			
(a) SUNDRY DEBTORS		5,304,955		1,929,215
(b) CASH & BANK BALANCES		14,760,461		27,891,066
(c) LOANS & ADVANCES		102,803,626		109,936,965
		122,869,042		139,757,246
9. LESS: CURRENT LIABILITIES & PROVISIONS	6			
(a) CURRENT LIABILITIES		53,248,956		70,563,669
(b) PROVISIONS		1,792,445		7,421,898
		55,041,401		77,985,567
10. NET CURRENT ASSETS			67,827,641	61,771,679
11. MISCELLANEOUS EXPENDITURE (TO THE EXTENT NOT WRITTEN-OFF OR ADJUSTED)			–	67,418
Deferred Revenue Expenditure				
Voluntary Retirement Compensation				
12. TOTAL ASSETS (NET)			82,083,843	70,337,734
13. NOTES TO THE ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES	9			

In terms of our report on even date attached

For **BATLIBOI & PUROHIT**  
Chartered Accountants

**ATUL S. MEHTA**  
Partner

Membership No.: 15935

Mumbai, Dated : 26.06.2009

AMIT MITTAL

Chairman

C. A. KARNIK  
Capt. S. K. PANDA

Directors



**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009**

	Schedule	Rupees	For the year ended 31.03.2009 Rupees	For the year ended 31.03.2008 Rupees
1. SERVICES & OTHER INCOME	7		112,430,140	43,370,610
2. OTHER EXPENSES	8		78,748,992	33,613,478
3. VOLUNTARY RETIREMENT COMPENSATION AMORTISED			67,418	202,254
			33,613,730	9,554,878
4. DEPRECIATION			1,402,784	154,316
5. PROVISION FOR DOUBTFUL DEBTS			—	69,001
6. NET PROFIT / (LOSS) BEFORE TAX			32,210,946	9,331,561
7. PROFIT FROM CONTINUING OPERATION BEFORE TAX			6,301,287	6,188,133
8. LESS : PROVISION FOR TAXATION				
INCOME TAX (CURRENT)			2,483,500	504,500
INCOME TAX (DEFERRED)			(17,428)	10,641
FRINGE BENEFIT TAX			—	—
9. PROFIT AFTER TAX FROM CONTINUING OPERATIONS (I)	(I)		3,835,215	5,672,992
10. PROFIT FROM DISCONTINUING OPERATION BEFORE TAX			25,909,659	2,569,500
11. LESS: PROVISION FOR TAXATION				
INCOME TAX (CURRENT)			7,450,500	1,513,500
INCOME TAX (DEFERRED)			(52,285)	31,924
FRINGE BENEFIT TAX			71,000	87,700
12. PROFIT AFTER TAX FROM DISCONTINUING OPERATIONS (II)	(II)		18,440,444	936,376
13. NET PROFIT FOR THE YEAR AFTER TAX (I) + (II)	(I) + (II)		22,275,659	6,609,368
14. BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR			26,062,928	24,713,125
			48,338,587	31,322,493
15. LESS: APPROPRIATIONS:				
(a) INTERIUM DIVIDEND PAID			9,000,000	3,600,000
(b) TAX ON DIVIDEND PAID			1,529,550	611,820
(c) TRANSFERRED TO GENERAL RESERVES			2,227,566	1,047,745
16. BALANCE CARRIED TO BALANCE SHEET			35,581,471	26,062,928
EARNING PER SHARE (Refer Note No. III of Notes on Accounts)			371	110
13. NOTES TO THE ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES	9			

In terms of our report on even date attached

For **BATLIBOI & PUROHIT**  
Chartered Accountants

**ATUL S. MEHTA**  
Partner  
Membership No.: 15935

AMIT MITTAL *Chairman*

C. A. KARNIK }  
Capt. S. K. PANDA } *Directors*

Mumbai, Dated : 26.06.2009

# VOLKART FLEMING SHIPPING & SERVICES LIMITED

## SCHEDULES “1” TO “9” ANNEXED TO & FORMING PART OF THE ACCOUNTS

### SCHEDULE “1” – SHARE CAPITAL

	As at 31.03.2009 Rupees	As at 31.03.2008 Rupees
<b>1. AUTHORISED:</b>		
1,00,000 EQUITY SHARES OF Rs.100 EACH	10,000,000	10,000,000
<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) <u>Of the above Shares :</u>		
(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	6,000,000	6,000,000

### SCHEDULE “2” – RESERVES & SURPLUS

	As at 31.03.2009 Rupees	As at 31.03.2008 Rupees
(A) INVESTMENT ALLOWANCE RESERVES	–	137,710
(B) GENERAL RESERVE		
As per Last Balance Sheet	35,851,163	34,803,418
Add : Transferred from Profit & Loss A/c	2,227,566	1,047,745
Add : Transferred from Investment Allowance Reserves	137,710	–
Add : Transferred from Foreign Project Reserves	285,933	–
	38,502,372	35,851,163
(C) FOREIGN PROJECTS RESERVE	–	285,933
(D) CAPITAL REDEMPTION RESERVE	2,000,000	2,000,000
(E) BALANCE IN PROFIT & LOSS ACCOUNT	35,581,471	26,062,928
TOTAL	76,083,843	64,337,734

## SCHEDULES "1" TO "9" ANNEXED TO &amp; FORMING PART OF THE ACCOUNTS

## SCHEDULE "3" – FIXED ASSETS

Description of Assets	Rate of Depreciation	RATE OF DEPRECIATION GROSS BOLCK				DEPRECIATION BLOCK				NET BLOCK	
		Total Cost (after deducting sale proceeds where the cost is not ascertainable) as at 01.04.2008	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 31.03.2009	Cumulative Depreciation as at 01.04.2008 (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 31.03.2009	Balance as at 31.03.2009	Balance as at 31.03.2008
BUILDINGS	5.00%	14,121,909	–	–	14,121,909	9,275,870	242,302	–	9,518,172	4,603,737	4,846,039
PLANT & MACHINERY	13.91%	2,062,150	–	–	2,062,150	2,041,144	2,922	–	2,044,066	18,084	21,006
DATA PROCESSING											
EQUIPMENTS	40.00%	2,146,032	86,470	–	2,232,502	1,892,268	124,056	–	2,016,324	216,178	253,764
FURNITURE & FIJXTURES	18.10%	1,648,596	6,810,994	166,933	8,292,657	441,843	925,020	114,818	1,252,045	7,040,612	1,206,753
OFFICE EQUIPMENTS	13.91%	1,714,227	322,750	47,900	1,989,077	1,147,838	108,484	33,447	1,222,875	766,202	566,389
T O T A L	—	21,692,914	7,220,214	214,833	28,698,295	14,798,963	1,402,784	148,265	16,053,482	12,644,813	6,893,951
PREVIOUS YEAR 31.03.2008	–	20,294,115	1,520,989	–	21,815,104	14,192,909	728,244	–	14,921,153	6,893,951	6,101,206

**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 31.03.2009 Rupees	As at 31.03.2008 Rupees
<b>LONG TERM (Unquoted Fully Paid)</b>		
<b>1. Equity Shares in Forbes Campbell Services Ltd.</b>		
(i) 1000 Shares of Rs.10/- each	–	10,000
(ii) 4,000 Equity Shares of Rs.10/- each invested during the year 2005-06	–	40,000
(iii) 1,000 Equity Shares @ Rs.13.01/- invested during the year 2005-06	–	13,010
	–	63,010
<b>2. Investment in Immovable Properties:</b>		
(i) 250 4% Non-Cumulative Redeemable Preference Shares of Rs.10/- each in Carmel Properties Pvt.Ltd.	2,500	2,500
(ii) 3,089 1% Debentures of Rs.100/-each of Carmel Properties Pvt.Ltd. purchased @ Rs.125.91 per Debenture	388,951	388,951
	391,451	391,451
T O T A L	391,451	454,461

# VOLKART FLEMING SHIPPING & SERVICES LIMITED

## SCHEDULES "1" TO "9" ANNEXED TO & FORMING PART OF THE ACCOUNTS

### SCHEDULE "5" - CURRENT ASSETS

	Rupees	As at 31.03.2009 Rupees	As at 31.03.2008 Rupees
<b>1. CURRENT ASSETS</b>			
(A) SUNDRY DEBTORS (Unsecured, Considered Good)			
(i) Debts Outstanding for a period exceeding 6 Months	88,415		–
(ii) Other Debts	5,285,541		1,998,216
	<u>5,373,956</u>		<u>1,998,216</u>
<i>Less</i> : Provision for Doubtful Debts	69,001		69,001
		5,304,955	1,929,215
(B) CASH AND BANK BALANCES			
(i) Cash on Hand		57,551	24,710
(ii) With Scheduled Banks –			
On Current Account	14,402,910		27,553,802
On Deposit Account	300,000	14,702,910	312,554
		<u>14,760,461</u>	<u>27,891,066</u>
<b>TOTAL</b>		20,065,416	29,820,281
<b>2. LOANS AND ADVANCES</b>			
(Unsecured considered Good otherwise stated)			
(A) Advances recoverable in cash or kind or for value to be received (includes Rs.3,84,149/= Receivable from Holding Company)		25,223,946	12,473,202
(B) Balances with Customs, Port Trusts		2,017,852	1,932,388
(C) Deposit with IDBI under the Companies Deposit (Surcharge on Income Tax) Scheme, 1986		–	530,087
(D) Other Deposits		35,292,230	33,316,830
(E) Inter-corporate Deposits with Companies			
(i) Deposit with Holding Company		3,500,000	36,094,000
(F) Loan to Gokak Textiles Ltd.		13,706,000	16,206,000
(G) Interest Accrued on Deposits		310,693	–
(H) Amount Recoverable from Holding Company		13,506,709	–
(I) Advance Payment of Income Tax less Provisions (Advance Tax + TDS on Receipts - Provisions)		9,040,375	9,260,689
(J) Advance Fringe Benefit Tax		205,821	123,769
<b>TOTAL</b>		<u>102,803,626</u>	<u>109,936,965</u>
<b>TOTAL CURRENT ASSETS, LOANS &amp; ADVANCES</b>		<u>122,869,042</u>	<u>139,757,246</u>

## SCHEDULES "1" TO "9" ANNEXED TO &amp; FORMING PART OF THE ACCOUNTS

## SCHEDULE "6" – CURRENT LIABILITIES AND PROVISIONS

	As at 31.03.2009 Rupees	As at 31.03.2008 Rupees
<b>1. CURRENT LIABILITIES</b>		
(A) SUNDRY CREDITORS (Other than Small Scale Industrial Undertakings)	18,124,143	22,444,356
(B) Other Liabilities	35,124,813	48,119,313
	<u>53,248,956</u>	<u>70,563,669</u>
<b>2. PROVISIONS</b>		
Provision for Retirement & Other Employee Benefits		
Provision for Bonus	525,394	503,783
Provision for Gratuity	834,622	1,745,624
Provision for Leave Salary Encashment	432,429	960,671
Proposed Dividend	—	3,600,000
Tax on Dividend	—	611,820
	<u>1,792,445</u>	<u>7,421,898</u>
<b>TOTAL</b>	<u><u>55,041,401</u></u>	<u><u>77,985,567</u></u>

## SCHEDULE "7" – SERVICES &amp; OTHER INCOME

	For the year ended 31.03.2009 Rupees	For the year ended 31.03.2008 Rupees
(A) Income from Services Rendered (Gross) Shipping Commission including Documentation Charges	20,890,797	9,585,966
(B) Yard Income (Storage, Handling & Repairing, Professional) (Tax Deducted at Source Rs.12,25,801/= Previous Year Rs. 2,97,259/=)	72,963,475	15,122,971
(C) Interest on Long term Investment - Other than Trade (Tax Deducted at Source Rs.700/= Previous Year Rs. 700/=)	3,089	3,089
(D) Interest Received from Others (Tax Deducted at Source Rs.5,45,976/= Previous Year Rs. 5,27,386/=)	1,369,275	3,849,819
(E) Rent (Tax Deducted at Source Rs.20,43,385/= Previous Year Rs.4,48,761/=)	10,609,560	4,633,125
(F) Miscellaneous Income	2,555,980	2,663,947
(G) Profit on Sale of Fixed assets	—	—
(H) Professional Services Rendered (Tax Deducted at Source Rs.37,851/= Previous Year Rs.4,21,631/=)	2,645,091	6,982,000
(I) Excess Provisions Written Back	1,392,873	529,692
<b>TOTAL</b>	<u><u>112,430,140</u></u>	<u><u>43,370,610</u></u>

# VOLKART FLEMING SHIPPING & SERVICES LIMITED

## SCHEDULES "1" TO "9" ANNEXED TO & FORMING PART OF THE ACCOUNTS

### SCHEDULE "8" – OTHER EXPENSES

	Rupees	For the year ended 31.03.2009 Rupees	<i>For the year ended 31.03.2008 Rupees</i>
<b>1. PAYMENTS TO PROVISIONS FOR EMPLOYEES</b>			
(a) Salaries, Wages & Bonus	6,966,446		7,428,232
(b) Gratuity			58,815
(c) Company's contribution to Provident and Superannuation Funds			
	708,128		702,694
(d) Companies Contribution to Employees' State Insurance Scheme	–		11,742
(e) Staff Welfare Expenses	184,135		171,088
		7,858,709	8,372,571
<b>2. OTHER EXPENSES</b>			
(a) Repairs to			
(i) Building	453,028		97,852
(ii) Others	487,687	940,715	777,839
			875,691
(b) Rent		2,239,330	153,828
(c) Rates & Taxes		1,593,350	223,410
(d) Insurance		365,710	6,612
(e) Electricity Charges		484,911	497,723
(f) Bad Debts		–	1,496,419
(g) Conveyance/Travelling Expenses		600,614	475,157
(h) Advertisement		89,318	22,125
(i) Administrative Expenses		5,413,744	4,101,350
(j) Sundry Office Expenses		906,749	311,400
(k) Entertainment Expenses		46,482	45,627
(l) Miscellaneous Expenses		98,017	111,913
(m) Stamps, Telegrams, Stationery		165,323	16,739
(n) Printing & Telephones		1,463,848	717,261
(o) Legal & Professional Charges		2,441,309	1,424,847
(p) Directors' Fees		28,000	30,000
(q) Auditor's Remuneration			
(i) As statutory Auditors	60,000		60,000
(ii) As Tax Auditors	15,000		15,000
(iii) Service Tax	9,270		9,270
(iv) Out of Pocket Expenses	3,800		3,800
		88,070	88,070
(r) Yard Related Expenses		53,566,353	13,461,629
(s) Interest & Finance Charges		294,930	92,177
(t) Balances Written Off		38,456	1,088,930
(u) Loss on Sale of Assets		25,054	–
<b>T O T A L</b>		<u>78,748,992</u>	<u>33,613,478</u>

**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) 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.

**(f) 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.

**(g) 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.

**(h) 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.

# VOLKART FLEMING SHIPPING & SERVICES LIMITED

## SCHEDULES "1" TO "9" ANNEXED TO & 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 01.04.2008	Deferred Tax (Liability) / Assets	Deferred Tax (Liability) / Assets as at 31.03.2009
Depreciation	437,051	67,295	504,346
Items Allowed under section 43B	(197,197)	2,418	(194,779)
Items Disallowed under section 43B	710,774	(0)	710,774
Provision for Doubtful Debts	199,597	—	199,597
<b>T O T A L</b>	<b>1,150,225</b>	<b>69,713</b>	<b>1,219,938</b>

#### (III) BREAKUP OF EARNING PER SHARE

Sr. No.	Particulars	As on 31.03.2009	As on 31.03.2008
(a)	Net Profit / (Loss) Attributable to Equity Shareholders	22,275,659	6,609,368
(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	371	110

The Company has not issued any potential dilutive equity shares.

#### (IV) CONTINGENT LIABILITIES NOT PROVIDED FOR

Sr. No.	Particulars	Current year 2008-09	Previous year 2007-08
(a)	Claim against the Company not acknowledged	—NIL—	—NIL—
(b)	Estimated amount of Contracts remaining to be executed on capital account (Net of Advances)	—NIL—	—NIL—
(c)	Surety Bond to the Commissioner of Customs on behalf of Forbes & Co. Ltd. (Patvolk Division)	Rs. 5,00,00,000/=	—NIL—
(d)	Surety Bond to the Commissioner of Customs for Import Containers Activities at JNPT	Rs. 1,95,00,000/=	—NIL—

#### (V) EMPLOYEE BENEFIT OBLIGATION - DISCLOSURE PURSUANT TO AS-15 (REVISED)

(a)	Defined Contribution Plans:	Current Year 2008-09	Previous Year 2007-08
(i)	Contribution to Employees Provident Fund	203,654	212,187
(ii)	Contribution to Employees Super Annuation Fund	381,637	377,144
(iii)	Contribution to Employees Pension Scheme	122,837	113,363

#### (b) Defined Benefit Plans and Other Long Term Benefits:

Sr. No.	Actuarial Assumptions for the Year	Gratuity		Leave Encashment	
		Current Year	Previous Year	Current Year	Previous Year
(i)	Attribution Rate	2.00%	2.00%	2.00%	2.00%
(ii)	Future Salary Rise	5.00%	4.00%	5.00%	4.00%
(iii)	Rate of Discounting	8.00%	8.25%	8.00%	8.25%
(iv)	Mortality Table	LIC (1994-96) Ultimate		LIC (1994-96) Ultimate	

AMIT MITTAL *Chairman*

C. A. KARNIK  
Capt. S. K. PANDA } *Directors*

Mumbai, Dated : 26.06.2009



The net value of the defined benefits commitment is detailed below:

	Non Funded	
	Gratuity	Leave
Present Value of the Commitments	834,622	432,429
Fair Value of Plans	–	–
Employees above 60 years not covered in valuation	–	–
Net Liability in the Balance Sheet	834,622	432,429

**(VI) DISCONTINUING OPERATIONS**

**(a) Note on Discontinuing Operations**

The nature of competition and risk involved in each of the business of the company is distinct from each other and each business of the company is capable of attracting strategic partners, investors and lenders. In order to enable distinct focus to the operations of Shipping Agency business of the company, the company proposes to re-organise and segregate by way of demerger its Shipping Agency Division to its holding Company Forbes and Company Limited. The Board of Directors of the Company are of the opinion that the transfer and vesting of the Shipping Agency Division of the Company into Forbes and Company Limited by way of demerger, is in the interest of all concerned including the shareholders, creditors and employees as it would provide focused management orientation due to individual specialisation, leadership vision, capability for future growth and expansion and create a structure geared to take an advantage of growth opportunities, leadership vision, capability for future growth and expansion and create a structure geared to take an advantage of growth opportunities.

**(b) Revenue and Expenses of Continuing and Discontinuing Operations:**

(Rupees in Lacs)

Particulars	Continuing Operations		Discontinuing Operations		Total	
	31.03.2009	31.03.2008	31.03.2009	31.03.2008	31.03.2009	31.03.2008
Service & Other Income	146.27	84.86	978.03	348.85	1,124.30	433.71
Other Expenses	70.47	14.85	717.02	321.29	787.49	336.13
Voluntary Retirement Compensation Amortisd	–		0.67	2.02	0.67	2.02
Depreciation	75.80	70.01	260.34	25.54	336.14	95.55
	12.79	5.74	1.24	1.54	14.03	7.28
Provision for Doubtful Debts	63.01	64.27	259.10	23.99	322.11	88.27
	–	–	–	0.69	–	0.69
Net Profit / (Loss) before Tax	63.01	64.27	259.10	23.30	322.11	87.58
Less: Provision for Taxation						
Income Tax (Current)	24.84	5.05	74.51	15.14	99.34	20.18
Income Tax (Deferred)	(0.17)	0.11	(0.52)	0.32	(0.70)	0.43
Fringe Benefit Tax	–	–	0.71	0.88	0.71	0.88
Net Profit / (Loss) after Tax	38.35	59.12	184.40	6.97	222.76	66.09

**(c) Assets and Liabilities of Continued and Discontinued Operation:**

(Rupees in Lacs)

Particulars	Continuing Operations		Discontinuing Operations		Total	
	31.03.2009	31.03.2008	31.03.2009	31.03.2008	31.03.2009	31.03.2008
Fixed Assets	124.29	66.40	2.16	2.54	126.45	68.94
Investments	3.91	4.54	–	–	3.91	4.54
Deferred Tax Assets	2.44	2.30	9.76	9.20	12.20	11.50
Sundry Debtors	–	–	53.05	19.29	53.05	19.29
Cash & Bank Balances	–	–	147.60	278.91	147.60	278.91
Loans & Advances	230.96	544.89	889.51	912.84	1,120.47	1,457.73
<b>Total Assets</b>	<b>361.60</b>	<b>618.14</b>	<b>1,102.08</b>	<b>1,222.78</b>	<b>1,463.69</b>	<b>1,840.92</b>
Current Liabilities	118.32	392.67	506.60	679.75	624.92	1,072.42
Provisions	–	–	17.92	65.80	17.92	65.80
<b>Total Liabilities</b>	<b>118.32</b>	<b>392.67</b>	<b>524.53</b>	<b>745.55</b>	<b>642.85</b>	<b>1,138.22</b>

**(VI) PREVIOUS YEAR'S FIGURES HAVE BEEN REGROUPED WHEREVER NECESSARY**

# 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 Availed	5,050,180	–	5,050,180
3.	Fixed Assets Purchased	–	–	–
4.	Investments Purchased	–	–	–
<b>Sales</b>				
5.	Goods & Material Sold	–	–	–
6.	Services Rendered	18,450,993	–	18,450,993
7.	Fixed Assets Sold	54,464	–	54,464
8.	Investments Sold	–	–	–
<b>Expenses</b>				
9.	Rent & Other Service Charges	9,013,750	78,476	9,092,226
10.	Recovery of Expenses	9,551,823	168,700	9,720,523
11.	Diminution in Value of Investments	–	–	–
12.	Interest Paid	100,883	–	100,883
13.	Dividend Paid	12,600,000	–	12,600,000
14.	Provisions / Write Offs	–	–	–
15.	Remittance to Principal Outward Remittance (Freight & Detention)	–	–	–
<b>Income</b>				
16.	Rent & Other Service Charges	22,734,706	–	22,734,706
17.	Interest Received	982,626	–	982,626
18.	Dividend Received	–	–	–
19.	Provisions / Write Backs	–	–	–
20.	Miscellaneous Income	–	–	–
21.	Agency Commission	–	11,444,601	11,444,601
22.	Other Receipts	–	–	–
23.	Deputation of Staff Other Reimbursements	–	–	–
<b>Finance</b>				
24.	Loans & Advances Given	14,500	–	14,500
25.	Loans & Advances Taken	–	–	–
26.	Refund of Deposits Given	53,188,000	–	53,188,000
27.	Deposits Given	22,594,000	–	22,594,000
<b>Outstandings</b>				
28.	Sundry Creditors	3,883,411	–	3,883,411
29.	Interest Accrued but not Due	–	–	–
30.	Sundry Debtors	18,640,914	–	18,640,914
31.	Loans & Advances	(194,565)	–	(194,565)
32.	Provision for Doubtful Debts	–	–	–
33.	Provision for Doubtful Loans & Advances	–	–	–
34.	Deposits Payable	–	–	–
35.	Deposits Receivable	–	–	–
36.	Prepaid Expenses	–	–	–
<b>T O T A L</b>		<b>180,165,684</b>	<b>11,691,777</b>	<b>191,857,461</b>

**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, 2009****I. REGISTRATION DETAILS**

Registration No.	00808	State Code	11
Balance Sheet Date	31.03.2009		

**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	82,084	Total Assets	82,084
-------------------	--------	--------------	--------

## SOURCES OF FUNDS

Paid-up Capital	6,000
Reserves & Surplus	76,084
Secured Loans	—
Unsecured Loans	—
Deferred Tax Liability	—

## APPLICATION OF FUNDS

Net Fixed Assets	12,645
Investments	391
Deferred Tax Assets	1,220
Net Current Assets	67,828
Misc. Expenditure	—

**IV. PERFORMANCE OF COMPANY**

Turnover	112,430
Total expenditure	78,816
Profit Before Tax	33,614
Profit After Tax	22,276
Earning Per Share	371
Dividend Rate	150%

**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

AMIT MITTAL *Chairman*C. A. KARNIK }  
Capt. S. K. PANDA } *Directors*

Mumbai, Dated : 26.06.2009

# VOLKART FLEMING SHIPPING & SERVICES LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

	2008-09		2007-08	
	Rupees	Rupees	Rupees	Rupees
<b>PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS</b>		32,210,946		8,757,633
Adjusted for :				
Depreciation	1,402,784		728,244	
Amortisation for VRS	67,418		202,254	
Interest Income	(1,372,364)		(3,852,908)	
Rent Income	(10,609,560)		(4,633,125)	
Bad debts	—		1,496,419	
Provision for Doubtful Debts	—		69,001	
Sundry Provisions Written Back	(1,392,873)		(529,692)	
Profit / Loss on Sale of Assets	25,054		—	
Sundry Balance Written Off	38,456		1,088,930	
		(11,841,085)		(5,430,877)
		20,369,861		3,326,756
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS</b>				
Changes in:				
Trade and Other Receivables	(3,375,740)		1,323,672	
Loans and Advances	(25,326,685)		797,227	
Trade Payable and Others	(17,339,473)		(3,620,483)	
		(46,041,898)		(1,499,584)
<b>CASH GENERATED FROM OPERATIONS</b>		(25,672,037)		1,827,172
Direct Taxes Adjusted		(9,866,738)		(3,287,053)
<b>(A) NET CASH FLOW FROM OPERATING ACTIVITIES</b>		(35,538,775)		(1,459,881)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Interest Received	1,061,670		3,890,366	
Rent received	10,609,560		4,633,125	
Purchase of Assets (Net)	(7,220,214)		(1,520,989)	
Proceeds from Sale of Assets	41,514		—	
Sale of Investments	63,010		—	
Incorporate Deposits Given	—		(20,200,000)	
Refund of Intercorporate Deposit	32,594,000		—	
<b>(B) NET CASH FLOW FROM INVESTING ACTIVITIES</b>		37,149,540		(13,197,498)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Dividend Paid for the Year 2007/08	(3,600,000)		—	
Intirim Dividend Paid for the Year 2008/09	(9,000,000)		—	
Corporate Dividend Tax Paid for the Year 2007/08	(611,820)		—	
Corporate Dividend Tax Paid for the Year 2008/09	(1,529,550)		—	
<b>(C) NET CASH FLOW FROM FINANCING ACTIVITIES</b>		(14,741,370)		—
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENT (A)+(B)+(C)</b>		<b>(13,130,605)</b>		<b>(14,657,379)</b>
<b>CASH AND CASH EQUIVALENT AS AT THE COMMENCEMENT 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>CASH AND CASH EQUIVALENT AS AT THE END OF THE YEAR, COMPRISING:</b>				
Cash, Cheques on Hand and Remittances in transit	57,551		24,710	
Balance with Schedule Banks on current Accounts and Deposit Accounts	14,702,910		27,866,356	
		14,760,461		27,891,066
<b>NET (DECREASE) / INCREASE AS DESCLOSED ABOVE</b>		<b>(13,130,605)</b>		<b>(14,657,379)</b>

In terms of our report on even date attached

For **BATLIBOI & PUROHIT**

Chartered Accountants

**ATUL S. MEHTA**

Partner

Membership No.: 15935

Mumbai, Dated : 26.06.2009

AMIT MITTAL

Chairman

C. A. KARNIK

Capt. S. K. PANDA

Directors