



Since 1767, A tradition of excellence

Annual Report
2009-2010

FORBES & COMPANY LIMITED
Reports and Accounts of Subsidiary Companies

FORBES & COMPANY LIMITED
Reports and Accounts of Subsidiary Companies
2009-2010

C O N T E N T S

1. Aquadiagnostics Water Research & Technology Centre Limited	S 002 to S 017
2. Aquamall Water Solutions Limited	S 018 to S 046
3. Eureka Forbes Limited	S 047 to S 083
4. E4 Development & Coaching Limited.....	S 084 to S 102
5. Euro Forbes International Pte. Limited.....	S 103 to S 127
6. Forbes Aquamall Limited	S 128 to S 155
7. Forbes Bumi Armada Limited.....	S 156 to S 173
8. Forbes Campbell Services Limited	S 174 to S 185
9. Forbes Container Line Pte. Ltd.	S 186 to S 203
10. Forbes Edumetry Limited.....	S 204 to S 220
11. Forbes Facility Services Private Limited.....	S 221 to S 241
12. Forbes Smart Data Limited	S 242 to S 252
13. Forbes Technosys Limited.....	S 253 to S 278
14. Forbes Enviro Solutions Limited	S 279 to S 289
15. Forbes Campbell Finance Limited (Formerly known as Latham India Limited).....	S 290 to S 312
16. Radiant Energy Systems Private Limited	S 313 to S 332
17. Volkart Fleming Shipping & Services Limited.....	S 333 to S 355
18. Waterwings Equipments Private Limited.....	S 356 to S 375

AQUADIAGNOSTICS WATER RESEARCH & TECHNOLOGY CENTRE LIMITED

(a Subsidiary Company of Aquamall Water Solutions Ltd.)

Annual Report and Accounts
for the year ended 31st March, 2010

DIRECTORS :

S. L. Goklaney

P. J. Reddy

A. V. Suresh

J. N. Ichhaporia

BANKERS :

State Bank of India

AUDITORS :

TAM & Co

REGISTERED OFFICE :

No.143, C-4,
Bommasandra Industrial Area,
Off Hosur Road,
Anekal Taluk
Bangalore - 560 099

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors have pleasure in presenting the Second Annual Report together with the Audited Accounts of the Company for the period ended 31st March 2010.

1. FINANCIAL PERFORMANCE :

	Current year (Rs. Lakhs)	Previous year (Rs. Lakhs)
a. Income from testing charges & others	34.34	16.65
b. Loss before Tax	46.81	35.70
c. Provision for Tax		
– Current Tax	Nil	0.10
d. Loss after Tax	46.81	35.80
e. Loss brought forward	35.80	Nil
f. Loss carried to Balance Sheet	82.61	Nil

2. DIVIDEND

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

3. OPERATIONS

During the year, the Company has added the following test facilities

- a) Hydride generator attachment for Atomic absorption spectrometry has been introduced which enabled AWR TCL to analyze Mercury at 1 ppb level (earlier facility allowed a detection limit of 20 ppb and above). Also Arsenic and Selenium estimations at ppb levels have become at least 50% cheaper.
- b) Organics estimation has been made easier and lot more accurate with the introduction of GC-MS instrumentation. The infrastructure expanded AWR TCL's scope of activities in the fields of Food, Pharma preparations, soil besides water.
- c) Addition of 6 different analytical instruments have given AWR TCL an opportunity to cover NSF/ANSI test specifications with wider scope.
- d) 10 different Water Test Kits have been developed during 2009-2010.
- e) Water analysis and Water treatment technologies trainings have been imparted to Post graduate and Graduate students.

These were in addition to the other existing capabilities. With this the facility has become a integrated facility and has also widened it's scope of services.

Due to the addition of these facilities, the Directors are confident that the Company would break even in the coming year.

4. DIRECTORS

Mr. S.L.Goklaney and Mr. A.V.Suresh ,Directors retire by rotation at this Annual General Meeting and being eligible offers himself for reappointment.

5. AUDITORS

You are requested to appoint Auditors for the current year, and to fix remuneration. 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 in the Annexure hereto.

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 31st March 2010, 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 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

AQUADIAGNOSTICS WATER RESEARCH & TECHNOLOGY CENTRE LIMITED

Act, 1956 for safeguarding the assets of the Company and or preventing and detecting fraud and other irregularities;

extended by the vendors, bankers and shareholders and look forward to their continued support.

- iv. That the directors had prepared the accounts for the financial year ended 31st March 2010 on a 'going concern' basis.

For and on behalf of the Board

9. ACKNOWLEDGEMENTS

The Directors wish to place on record their appreciation and acknowledge with gratitude the support and co-operation

Place : Mumbai

Date : 2nd June, 2010

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, 2010.]

A. CONSERVATION OF ENERGY

1. Energy Conservation Measures taken :

- The Company has adopted a method of preparing Bacteriological media weekly once in a pooled manner. Saves electrical energy .
- Distilled water is prepared from RO / Demineralised to give efficient heat transfer which will in turn saves energy.

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

Milli Q Water generating plant is proposed to be installed which will save electrical energy substantially

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:

2. Benefits derived as a result of above efforts :

3. Future Plan of Action The Company is proposing to work further on

- 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 :

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 year.

6. Foreign Exchange Earnings and Outgo

Earnings in Foreign Exchange during the year under review was Rs./- (previous year Rs.1,22,238/-) and the Outgo was Rs /- (Previous year 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 31st March 2010 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, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2010 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 31st March, 2010;
 - 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 Cash Flow statement, of the Cash Flows of the Company for the year ended on that date.

For **TAM & CO**
Chartered Accountants
Firm Reg. No. 122707W

M. Y. Bamboat
Partner
Membership No.105794

Place : Mumbai
Date : 2nd June, 2010

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 two parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.1.34 crores and the year-end balance of loans taken from these parties was Rs.1.34 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 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. There are no terms in respect of payment of interest, hence we are unable to comment on the same.
 - 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
Firm Reg. No. 122707W

M. Y. Bamboat
Partner
Membership No.105794

Place : Mumbai
Date : 2nd June, 2010

AQUADIAGNOSTICS WATER RESEARCH & TECHNOLOGY CENTRE LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule No	Rupees	As At 31-03-2010 Rupees	As At 31-03-2009 Rupees
SOURCES OF FUNDS				
Share Holders Funds				
Share Capital	A'	8,00,000		8,00,000
Reserves & Surplus		—	—	—
			8,00,000	8,00,000
Loan Funds				
Unsecured Loans	B'		1,34,01,360	74,01,360
TOTAL			1,42,01,360	82,01,360
APPLICATION OF FUNDS				
Fixed Assets				
Gross Block	C'	94,71,044		41,53,109
Less : Depreciation		14,81,163		5,45,914
Net Block		79,89,881		36,07,195
Capital WIP		—		—
			79,89,881	36,07,195
Current Assets, Loans & Advances	D'	13,94,028		13,76,552
Less : Current Liabilities & Provisions	E'	34,43,476		4,18,467
Net Current Assets			(20,49,448)	9,58,085
Profit & Loss Account - Debit Balance			82,60,927	35,80,080
Miscellaneous Expenditure (to the extent not written off or adjusted)				56,000
TOTAL			1,42,01,360	82,01,360
NOTES TO THE ACCOUNTS	H			

Per our report attached

For TAM & Co
Chartered Accountants
Reg No. 122707W

M. Y. BAMBOAT
Partner
M.No. 105794

Mumbai, Dated: June 2, 2010

For and on behalf of the Board

A. V. SURESH
J. N. ICHHAPORIA
Directors

Mumbai, Dated: June 2, 2010

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedule No	Year ended 31-03-2010 Rupees	Year ended 31-03-2009 Rupees
INCOME			
Testing Charges		33,06,626	15,23,217
Other Income	F	1,27,389	1,42,207
TOTAL		34,34,015	16,65,424
EXPENDITURE			
Direct and other expenses	G	56,37,704	39,96,805
Depreciation		9,82,867	5,45,914
Interest		14,94,291	6,92,785
		81,14,862	52,35,504
PROFIT BEFORE TAX		(46,80,847)	(35,70,080)
Fringe Benefit Tax- Current year		—	10,000
Profit/(Loss) after Tax		(46,80,847)	(35,80,080)
Profit/(Loss) brought forward		(35,80,080)	(35,80,080)
Profit/(Loss) available for appropriation		(82,60,927)	(35,80,080)
APPROPRIATION			
Loss Carried forward to Balance Sheet		(82,60,927)	(35,80,080)
Number of Equity shares		80,000	80,000
Face Value per share		10	10
Profit after tax available to Equity shareholders			

Basic and diluted earning per share

NOTES TO THE ACCOUNTS

H

Per our report attached

For and on behalf of the Board

For TAM & Co
Chartered Accountants
Reg No. 122707W

A. V. SURESH }
J. N. ICHHAPORIA } *Directors*

M. Y. BAMBOAT
Partner
M.No. 105794

Mumbai, Dated: June 2, 2010

Mumbai, Dated: June 2, 2010

AQUADIAGNOSTICS WATER RESEARCH & TECHNOLOGY CENTRE LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule No	As At 31-03-2010 Rupees	As At 31-03-2009 Rupees
SCHEDULE 'A'			
Share Capital			
AUTHORISED			
1,00,000 Equity Shares of Rs.10\ each		<u>10,00,000</u>	<u>10,00,000</u>
ISSUED, SUBSCRIBED AND PAID UP			
80000 Equity shares of Rs.10 each		<u>8,00,000</u>	<u>8,00,000</u>
Total		<u>8,00,000</u>	<u>8,00,000</u>
Of the above Shares :			
1. 70,000 Equity Shares are held by the Holding Company Aquamall Water Solutions Limited			
2. 9,950 Equity Shares are held by Forbes Aquamall Limited			
SCHEDULE 'B'			
UNSECURED LOANS			
From Holding Company		<u>1,34,01,360</u>	<u>74,01,360</u>
Total		<u>1,34,01,360</u>	<u>74,01,360</u>

SCHEDULE 'C'

S. No.	Particulars	GROSS BLOCK				DEPRECIATION				Net Block As on 31-03-2010	Net Block As on 31-03-2009
		Upto 01-04-2009	Additions during the year	Deletion during the year	As on 31-03-2010	Upto 01-04-2009	Depreciation for the year	Deletion	As on 31-03-2010		
		A	B	C	D	E	F	G	H		
1	Machinery & Equipments	29,62,239	49,91,502	—	79,53,741	4,07,939	7,69,481	—	11,77,420	67,76,321	25,54,300
2	Electrical Installation	4,77,534	5,15,023	3,26,785	6,65,772	49,864	78,927	47,618	81,173	5,84,599	4,27,670
3	Transformers	32,062	—	—	32,062	3,601	5,692	—	9,293	22,769	28,461
4	Furnitures & Fixtures	6,47,274	—	—	6,47,274	83,953	1,01,961	—	1,85,914	4,61,360	5,63,321
5	Office Eqpts	34,000	99,695	—	1,33,695	557	17,819	—	18,376	1,15,319	33,443
6	Computers	—	38,500	—	38,500	—	8,986	—	8,986	29,514	—
	Total	41,53,109	56,44,720	3,26,785	94,71,044	5,45,914	9,82,867	47,618	14,81,163	79,89,881	36,07,195
	<i>Previous Year</i>	—	<i>41,53,109</i>	—	<i>41,53,109</i>	—	<i>5,45,914</i>	—	<i>5,45,914</i>	—	<i>36,07,195</i>

**SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH, 2010**

SCHEDULE 'D' - CURRENT ASSETS, LOANS AND ADVANCES

	Rupees	As At 31-03-2010 Rupees	As At 31-03-2009 Rupees
1 CURRENT ASSETS :			
SUNDRY DEBTORS (Unsecured and considered good)			
Debts outstanding for a period exceeding six months	26,795		2,17,692
Other Debts	2,81,636		2,11,999
		3,08,431	4,29,691
2 CASH AND BANK BALANCES			
Cash on hand	5,400		5,060
With Scheduled Banks (in Current Accounts)	1,27,843		1,07,509
		1,33,243	1,12,569
3 LOANS AND ADVANCES (Unsecured, Considered Good)			
Advance Recoverable in cash or in kind or for value to be received	5,196		57,805
TDS receivable	2,27,158		71,487
Deposits :			
With Government Authorities	5,000		5,000
With Others	7,15,000		7,00,000
		9,52,354	8,34,292
		13,94,028	13,76,552

SCHEDULE 'E' CURRENT LIABILITIES AND PROVISIONS

	Rupees	As At 31-03-2010 Rupees	As At 31-03-2009 Rupees
1 CURRENT LIABILITIES			
Sundry Creditors :			
Small scale Industrial Undertakings (Refer Note 7)	—		
Others	31,98,127		1,94,537
Other current liabilities	2,45,349	34,43,476	2,13,930
			4,08,467
2 PROVISIONS			
For Taxation		—	10,000
		34,43,476	4,18,467

AQUADIAGNOSTICS WATER RESEARCH & TECHNOLOGY CENTRE LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT & LOSS ACCOUNT AS ON 31ST MARCH, 2010

SCHEDULE ' F ' - OTHER INCOME

	<u>Rupees</u>	<u>As At 31-03-2010 Rupees</u>	<u>As At 31-03-2009 Rupees</u>
Other Income			
Sales CST	15,809		71,770
Sales VAT	1,100		52,100
Miscellaneous income	1,10,480		18,337
		<u>1,27,389</u>	
TOTAL		<u>1,27,389</u>	<u>1,42,207</u>

SCHEDULE ' G ' - DIRECT & OTHER EXPENSES

	<u>Rupees</u>	<u>As At 31-03-2010 Rupees</u>	<u>As At 31-03-2009 Rupees</u>
1. DIRECT EXPENSES			
Chemicals and Gas	10,59,294		8,34,231
Power & Fuel	3,74,623		1,68,489
		<u>14,33,917</u>	<u>10,02,720</u>
2. PAYMENTS TO AND PROVISIONS FOR EMPLOYEES			
Salaries, Wages and Bonus	7,26,062		6,13,559
Company's contribution to EPF & ESIC	26,206		24,296
Staff Welfare	38,295		32,362
		<u>7,90,563</u>	<u>6,70,217</u>
3. ADMINISTRATIVE AND OTHER EXPENSES			
Rent	8,82,000		8,40,000
Insurance	19,879		2,681
Rates & taxes	61,901		47,502
Professional Charges	12,800		11,125
Printing & Stationery	40,925		86,293
Travelling & Conveyance	55,380		19,791
Auditor's Remuneration – Audit Fees	25,000		25,000
Repairs & Maintenance – Others	5,97,599		4,46,579
Preliminary Expenses written off	56,000		14,000
Testing Charges (Paid)	6,03,917		—
Loss on sale of Fixed Assets	1,34,167		—
Other establishment expenses	9,23,655		8,30,897
		<u>34,13,224</u>	<u>23,23,868</u>
		<u>56,37,704</u>	<u>39,96,805</u>

**SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR
THE YEAR ENDED 31ST MARCH, 2010**

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 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) Taxation:

Tax expense comprises of current and deferred tax. Current income 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.

g) 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 exchange differences included in the profit and loss account is a net loss of Rs.14875/- (Previous year net gain of Rs.7437/-)

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.

AQUADIAGNOSTICS WATER RESEARCH & TECHNOLOGY CENTRE LIMITED

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

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.	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black; text-align: center;">0</td> <td style="width: 10%; border: 1px solid black; text-align: center;">4</td> <td style="width: 10%; border: 1px solid black; text-align: center;">5</td> <td style="width: 10%; border: 1px solid black; text-align: center;">9</td> <td style="width: 10%; border: 1px solid black; text-align: center;">9</td> <td style="width: 10%; border: 1px solid black; text-align: center;">4</td> </tr> </table>				0	4	5	9	9	4	State Code	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%; border: 1px solid black;">0</td> <td style="width: 10%; border: 1px solid black;">8</td> </tr> </table>	0	8
			0	4	5	9	9	4						
0	8													
Balance Sheet Date	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%; border: 1px solid black; text-align: center;">3</td> <td style="width: 10%; border: 1px solid black; text-align: center;">1</td> <td style="width: 10%; border: 1px solid black; text-align: center;">0</td> <td style="width: 10%; border: 1px solid black; text-align: center;">3</td> <td style="width: 10%; border: 1px solid black; text-align: center;">2</td> <td style="width: 10%; border: 1px solid black; text-align: center;">0</td> <td style="width: 10%; border: 1px solid black; text-align: center;">1</td> <td style="width: 10%; border: 1px solid black; text-align: center;">0</td> </tr> </table>	3	1	0	3	2	0	1	0					
3	1	0	3	2	0	1	0							
	Date	Month	Year											

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

Public Issue	Rights Issue																		
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black; text-align: center;">N</td> <td style="width: 10%; border: 1px solid black; text-align: center;">I</td> <td style="width: 10%; border: 1px solid black; text-align: center;">L</td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> </tr> </table>				N	I	L				<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black; text-align: center;">N</td> <td style="width: 10%; border: 1px solid black; text-align: center;">I</td> <td style="width: 10%; border: 1px solid black; text-align: center;">L</td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> </tr> </table>				N	I	L			
			N	I	L														
			N	I	L														
Bonus Issue	Private Placement																		
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black; text-align: center;">N</td> <td style="width: 10%; border: 1px solid black; text-align: center;">I</td> <td style="width: 10%; border: 1px solid black; text-align: center;">L</td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> </tr> </table>				N	I	L				<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black; text-align: center;">8</td> <td style="width: 10%; border: 1px solid black; text-align: center;">0</td> <td style="width: 10%; border: 1px solid black; text-align: center;">0</td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> </tr> </table>				8	0	0			
			N	I	L														
			8	0	0														

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

Total Liabilities	Total Assets																		
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black; text-align: center;">1</td> <td style="width: 10%; border: 1px solid black; text-align: center;">4</td> <td style="width: 10%; border: 1px solid black; text-align: center;">2</td> <td style="width: 10%; border: 1px solid black; text-align: center;">0</td> <td style="width: 10%; border: 1px solid black; text-align: center;">1</td> </tr> </table>				1	4	2	0	1	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black; text-align: center;">1</td> <td style="width: 10%; border: 1px solid black; text-align: center;">4</td> <td style="width: 10%; border: 1px solid black; text-align: center;">2</td> <td style="width: 10%; border: 1px solid black; text-align: center;">0</td> <td style="width: 10%; border: 1px solid black; text-align: center;">1</td> </tr> </table>				1	4	2	0	1		
			1	4	2	0	1												
			1	4	2	0	1												
Source of Funds	Reserves & Surplus																		
Paid-Up Capital	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black; text-align: center;">8</td> <td style="width: 10%; border: 1px solid black; text-align: center;">0</td> <td style="width: 10%; border: 1px solid black; text-align: center;">0</td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black; text-align: center;">—</td> </tr> </table>				8	0	0			—									
			8	0	0			—											
Secured Loans	Unsecured Loans																		
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black; text-align: center;">—</td> </tr> </table>									—	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black; text-align: center;">1</td> <td style="width: 10%; border: 1px solid black; text-align: center;">3</td> <td style="width: 10%; border: 1px solid black; text-align: center;">4</td> <td style="width: 10%; border: 1px solid black; text-align: center;">0</td> <td style="width: 10%; border: 1px solid black; text-align: center;">1</td> </tr> </table>				1	3	4	0	1	
								—											
			1	3	4	0	1												
Application of Funds	Investments																		
Net Fixed Assets	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black; text-align: center;">7</td> <td style="width: 10%; border: 1px solid black; text-align: center;">9</td> <td style="width: 10%; border: 1px solid black; text-align: center;">8</td> <td style="width: 10%; border: 1px solid black; text-align: center;">9</td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black; text-align: center;">—</td> </tr> </table>				7	9	8	9		—									
			7	9	8	9		—											
Net Current Assets	Deferred Tax Assets																		
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black; text-align: center;">2</td> <td style="width: 10%; border: 1px solid black; text-align: center;">0</td> <td style="width: 10%; border: 1px solid black; text-align: center;">4</td> <td style="width: 10%; border: 1px solid black; text-align: center;">9</td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black; text-align: center;">—</td> </tr> </table>				2	0	4	9		—	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black; text-align: center;">—</td> </tr> </table>									—
			2	0	4	9		—											
								—											
Misc. Expenditure / Preliminary Expenses	Accumulated Losses																		
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> </tr> </table>										<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black; text-align: center;">8</td> <td style="width: 10%; border: 1px solid black; text-align: center;">2</td> <td style="width: 10%; border: 1px solid black; text-align: center;">6</td> <td style="width: 10%; border: 1px solid black; text-align: center;">0</td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> </tr> </table>				8	2	6	0		
			8	2	6	0													

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

Turnover & Other Income	Total Expenditure																		
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black; text-align: center;">3</td> <td style="width: 10%; border: 1px solid black; text-align: center;">4</td> <td style="width: 10%; border: 1px solid black; text-align: center;">3</td> <td style="width: 10%; border: 1px solid black; text-align: center;">4</td> </tr> </table>				3	4	3	4	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black; text-align: center;">8</td> <td style="width: 10%; border: 1px solid black; text-align: center;">1</td> <td style="width: 10%; border: 1px solid black; text-align: center;">1</td> <td style="width: 10%; border: 1px solid black; text-align: center;">4</td> </tr> </table>				8	1	1	4				
			3	4	3	4													
			8	1	1	4													
+ - Profit Before Tax	+ - Profit After Tax																		
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%; border: 1px solid black; text-align: center;">+</td> <td style="width: 10%; border: 1px solid black; text-align: center;">-</td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black; text-align: center;">4</td> <td style="width: 10%; border: 1px solid black; text-align: center;">6</td> <td style="width: 10%; border: 1px solid black; text-align: center;">8</td> <td style="width: 10%; border: 1px solid black; text-align: center;">0</td> </tr> </table>	+	-				4	6	8	0	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%; border: 1px solid black; text-align: center;">+</td> <td style="width: 10%; border: 1px solid black; text-align: center;">-</td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black; text-align: center;">4</td> <td style="width: 10%; border: 1px solid black; text-align: center;">6</td> <td style="width: 10%; border: 1px solid black; text-align: center;">8</td> <td style="width: 10%; border: 1px solid black; text-align: center;">0</td> </tr> </table>	+	-				4	6	8	0
+	-				4	6	8	0											
+	-				4	6	8	0											
Earnings Per Share in Rs.	Dividend Rate %																		
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black; text-align: center;">-</td> <td style="width: 10%; border: 1px solid black; text-align: center;">V</td> <td style="width: 10%; border: 1px solid black; text-align: center;">E</td> </tr> </table>						-	V	E	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black; text-align: center;">—</td> </tr> </table>			—							
					-	V	E												
		—																	

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

Item code No. (ITC Code)	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> </tr> </table>																																																									
Product	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> </tr> </table>																																																									
Description	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> <td style="width: 10%; border: 1px solid black;"> </td> </tr> <tr> <td style="border: 1px solid black;"> </td> <td style="border: 1px solid black;"> </td> <td style="border: 1px solid black;"> </td> <td style="border: 1px solid black;"> </td> <td style="border: 1px solid black;"> </td> <td style="border: 1px solid black;"> </td> <td style="border: 1px solid black;"> </td> <td style="border: 1px solid black;"> </td> <td style="border: 1px solid black;"> </td> <td style="border: 1px solid black;"> </td> <td style="border: 1px solid black;"> </td> <td style="border: 1px solid black;"> </td> <td style="border: 1px solid black;"> </td> <td style="border: 1px solid black;"> </td> <td style="border: 1px solid black;"> </td> <td style="border: 1px solid black;"> </td> <td style="border: 1px solid black;"> </td> <td style="border: 1px solid black;"> </td> <td style="border: 1px solid black;"> </td> </tr> <tr> <td style="border: 1px solid black;"> </td> <td style="border: 1px solid black;"> </td> <td style="border: 1px solid black;"> </td> <td style="border: 1px solid black;"> </td> <td style="border: 1px solid black;"> </td> <td style="border: 1px solid black;"> </td> <td style="border: 1px solid black;"> </td> <td style="border: 1px solid black;"> </td> <td style="border: 1px solid black;"> </td> <td style="border: 1px solid black;"> </td> <td style="border: 1px solid black;"> </td> <td style="border: 1px solid black;"> </td> <td style="border: 1px solid black;"> </td> <td style="border: 1px solid black;"> </td> <td style="border: 1px solid black;"> </td> <td style="border: 1px solid black;"> </td> <td style="border: 1px solid black;"> </td> <td style="border: 1px solid black;"> </td> <td style="border: 1px solid black;"> </td> </tr> </table>																																																									

Item code No. (ITC Code)																			
Product																			
Description																			

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

Per our report attached

For TAM & CO
Chartered Accountants
Reg No. 122707W

M.Y. BAMBOAT
Partner
M.No. 105794

Mumbai, Dated: June 2, 2010

For and on behalf of the Board

A.V. SURESH)
J.N. ICHHAPORIA } Directors
)

Mumbai, Dated: June 2, 2010

AQUADIAGNOSTICS WATER RESEARCH & TECHNOLOGY CENTRE 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 (formerly known as Forbes Gokak Ltd.)
 Shapoorji Pallonji & Co. Ltd.
 Sterling Investment Corp. Pvt. Ltd
- B. Enterprises that are under common control:
 Forbes Doris & Naess Maritime Ltd
 Forbes Finance Ltd
 Forbes Sterling Star Ltd.
 Next Gen Publishing Ltd.
 Forbes Container Lines Ltd.
 Forbes Smart Data Ltd.
 Latham India Limited
 Forbes Tinsley Company Limited
 Forbes Campbell Services Limited
 Volkart Fleming Shipping & Services Limited
 Forbes Aquatech Ltd.
 Euro Forbes International PTE Ltd
 Forbes Facility Services Ltd
 Forbes Technosys Limited
 Forbes Bumi Armada Ltd.

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.	Purchases Goods and Materials Fixed Assets	6,893	—	—
2.	Sales Goods and Materials	20,64,622	—	5,44,404
3.	Expenses Rent and other service charges Interest Provision / Write offs	12,81,299 14,94,291 —	— — —	— — —
4.	Income Rent and other service charges	—	—	—
5.	Finance Loans and Advances Given Loans and Advances Taken Repayment of Advances Given Repayment of Advances Taken	— 60,00,000 — —	— — — —	— — — —
6.	Dividend paid			
7.	Outstanding Receivables Payables ICDs taken Other Deposits Given	— 29,67,386 1,34,01,360	— — —	57,167 — —

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	2009-10		2008-09	
	Rupees	Rupees	Rupees	Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit /(Loss) before Tax		(46,80,847)		(35,70,080)
Adjusted for :				
Depreciation	9,82,867		5,45,914	
Loss on Sale of Assets	1,34,167		6,92,785	
Interest	14,94,291		—	
Preliminary Expenses written off	56,000	26,67,325	14,000	12,52,699
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS		(20,13,522)		(23,17,381)
CHANGES IN :				
Trade and other receivables	3,198		(11,92,496)	
Trade payable and others	15,30,718		4,08,467	
		15,33,916		(7,84,029)
CASH GENERATED FROM OPERATIONS				(31,01,410)
Direct taxes paid	—	—		(71,487)
NET CASH FROM OPERATING ACTIVITIES				(31,72,897)
B. CASH FLOW FROM INVESTING ACTIVITIES				
Sale of fixed assets	1,45,000		—	
Purchase of fixed assets	(56,44,720)		(41,53,109)	
Preliminary Expenses			(70,000)	
NET CASH FROM INVESTING ACTIVITIES		(54,99,720)		(42,23,109)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Loans taken	60,00,000		67,08,575	
Interest Paid	—			
Issue of Equity Shares	—		8,00,000	
NET CASH FROM FINANCING ACTIVITIES		60,00,000		75,08,575
NET INCREASE IN CASH AND CASH EQUIVALENTS		20,674		1,12,569
CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE YEAR COMPRISING :				
Cash	5,060		—	
Balance with scheduled banks in current accounts	1,07,509		—	
		1,12,569		—
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR COMPRISING :				
Cash	5,400		5,060	
Balance with scheduled banks in current accounts	1,27,843	1,33,243	1,07,509	1,12,569
NET INCREASE/DECREASE AS DISCLOSED ABOVE		20,674		1,12,569

Per our report attached

For TAM & Co

Chartered Accountants

Reg No. 122707W

M. Y. BAMBOAT

Partner

M.No. 105794

Mumbai, Dated: June 2, 2010

For and on behalf of the Board

A. V. SURESH

J. N. ICHHAPORIA

Directors

Mumbai, Dated: June 2, 2010

AQUAMALL WATER SOLUTIONS LIMITED

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

Annual Report and Accounts
for the year ended 31st March, 2010

DIRECTORS :

S. L. Goklaney *Chairman*

N. D. Khurody

P. J. Reddy

A. V. Suresh

J. N. Ichhaporia

P. V. K. Raman

K. Raman Venkatesh

BANKERS :

State Bank of India

AUDITORS :

Batliboi & Purohit

CORPORATE HEAD OFFICE :

B1/B2, 701, Marathon Innova

Marathon NextGen

Off. Ganapatrao Kadam Marg

Lower Parel

Mumbai 400 013

REGISTERED OFFICE :

No.20, 1st Floor,

Sony Business Complex, Prasanthi Nagar,

Kukatpally,

Hyderabad - 500 037

REPORT OF THE DIRECTORS OF AQUAMALL WATER SOLUTIONS LIMITED

To
The Shareholders,
Gentlemen,

Your Directors submit herewith their Report and the Audited Accounts of the Company for the year ended 31st March, 2010

1. FINANCIAL RESULTS:

	Current Year Rupees	Previous Year Rupees
PROFIT BEFORE DEPRECIATION	38,41,98,205	30,16,60,278
<i>Less:</i> Depreciation	7,51,69,834	8,59,69,543
PROFIT BEFORE TAX	30,90,28,371	21,56,90,735
<i>Less :</i> Provision for Taxation (including Fringe benefit tax)	5,25,20,000	2,58,05,000
PROFIT AFTER TAX	25,65,08,371	18,98,85,735
<i>Add:</i> Profit brought forward from previous Year	31,67,68,036	26,19,82,205
Amount available for appropriations	57,32,76,407	45,18,67,940
APPROPRIATIONS		
Interim Dividend	4,00,01,600	3,00,01,200
Tax on Dividend	67,98,272	50,98,704
Transferred to General Reserve	15,00,00,000	10,00,00,000
Balance carried to Balance Sheet	37,64,76,535	31,67,68,036

2. DIVIDEND

Your Company has paid 200% Interim dividend amounting to Rs.400.00 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 growth was impressive. It's sales grew by 13% as compared to the previous year. Due to the increased sales and the value engineering measures implemented by the Company, the profit before tax grew at 43.27% from Rs.21.57 crores to Rs.30.90 crores.

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 extremely pleased to inform that the

Company's new unit at Dehradun has been awarded the LEED INDIA GOLD rating, Indian Green Building Council'.

To meet the increased demand for the Company's products and also to consolidate it's operations, the Company, during the year, had enhanced the installed capacity of Dehradun unit.

The Company is also proposing to take up production of a new category of products viz. air purifiers during the forthcoming year.

4. SUBSIDIARY COMPANIES :

Forbes Aquamall Limited, a wholly owned subsidiary of the Company has reported encouraging results with a turnover of Rs.72.85 crores and a profit before tax of Rs.4.88 crores. This has been possible with the concerted efforts of the whole team in Forbes Aquamall .

To meet the anticipated increased demand for vacuum cleaners , the Company had set up a unit at Baddi during the year. The unit had commenced commercial operations in the month of March, 2010.

Aquadiagnostics Water Research & Technology Centre Limited (AWSRTCL). Another subsidiary of Aquamall Water

AQUAMALL WATER SOLUTIONS LIMITED

Solutions Limited which was set up to cater to the needs of complete water analysis and evaluation of water purifiers in accordance with national and international specifications has grown and has recorded a turnover of Rs.0.34 crores. Looking at the growing demand for the Company's services, the Directors are confident that the Company would break even in the forthcoming year.

5. COMMUNITY SERVICES:

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

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

6. DIRECTORS:

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

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

7. AUDITORS AND AUDIT REPORT:

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.

Reference is made to Clause Nos. (i)(b) and (ii)(c) of Annexure to the auditor's report which are self explanatory and do not have any material affect on the working results.

8. ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE:

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

9. PARTICULARS REGARDING EMPLOYEES:

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

10. DIRECTORS' RESPONSIBILITY STATEMENT:

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

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

11. APPRECIATION:

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

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

On behalf of the Board of Directors

Place : Mumbai
Dated : 2nd June, 2010

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, 2010.]

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. Upgradation 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 launched successfully. The system is the first of its kind in the world and relevant patents have been applied for.

Other areas of R&D carried out by the Company include electronic and power system design, product design, microbiology, physical chemistry, sustainability research, 'green' product and process development.

Air purifier:

The Company has developed a new model of air purifier as per the requirement of an overseas customer. This is built around a brush less DC motor technology, which is different from conventional AC motor driven air purifier. The advantage over the existing models is low noise and a very long operating life of these motors. Basic prototype has been tested and now, detailed engineering is under progress.

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 systems. New product lines 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.

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

3. 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.

4. 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.3,85,13,261/- and the Outgo was Rs.53,83,77,094/-.

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 31st March, 2010, 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 31st March, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 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 31st March, 2010;
 - (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
(Firm Reg. No. 101048W)

ATUL MEHTA
Partner
M.No.15935

Place : Mumbai
Dated : 2nd June, 2010

ANNEXURE TO THE AUDITOR'S REPORT

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

- (i)
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) All Fixed assets have not been physically verified by the management during the year, hence, we are unable to comment on the discrepancies, if any.

- (c) There was no substantial disposal of fixed assets during the year.
- (ii) (a) 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.74.01 lacs and the year- end balance of loans granted to such parties was Rs.74.01 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. There are no terms in respect of payment of interest, hence we are unable to comment on the same.
- (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.5 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) According to the information and explanations given to us, in respect to the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs, because of the unique and specialised nature of items involved and absence of any comparable prices, we are unable to comment whether the transactions were made at 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	1504.40	Trade Tax Tribunal
		1999.60	High Court
		22.90	Dy. Commissioner of Commercial Taxes – appeals
Income Tax Act	Income Tax	21.50	Appellate Tribunal
Central Excise Act	Excise Duty	667.65	Central excise sales tax appellate tribunal
		118.20	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 given guarantee for loans taken by others from bank, 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) 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
(Firm Reg. No. 101048W)

ATUL MEHTA
Partner
M.No.15935

Place : Mumbai
Dated : 2nd June, 2010

BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule	Rupees	As at 31-03-2010 Rupees	As at 31-03-2009 Rupees
FUNDS EMPLOYED:				
1. SHARE CAPITAL	A	2,00,00,800		2,00,00,800
2. RESERVES AND SURPLUS	B	93,09,76,595		72,12,68,096
3. TOTAL SHAREHOLDERS' FUNDS			95,09,77,395	74,12,68,896
4. SECURED LOANS	C		8,00,36,164	10,22,82,689
5. TOTAL FUNDS EMPLOYED			103,10,13,559	84,35,51,585
APPLICATION OF FUNDS:				
6. FIXED ASSETS :	D			
Gross Block		80,54,20,264		81,91,78,660
Less : Depreciation		43,88,57,288		40,78,87,481
Net Block		36,65,62,976		41,12,91,179
Capital Work-in-Progress		1,83,71,816		34,02,410
			38,49,34,792	41,46,93,589
7. INVESTMENTS	E		57,07,000	57,07,000
8. CURRENT ASSETS, LOANS AND ADVANCES	F	98,70,91,096		68,77,19,913
9. Less : CURRENT LIABILITIES AND PROVISIONS	G	35,94,44,521		28,12,14,954
10. NET CURRENT ASSETS			62,76,46,575	40,65,04,959
11. MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)			—	39,20,845
12. DEFERRED TAX ASSET (Net) (Refer Note 18)			1,27,25,192	1,27,25,192
13. TOTAL ASSETS (NET)			103,10,13,559	84,35,51,585
14. NOTES TO THE ACCOUNTS	J			

Per our report attached

For **BATLIBOI & PUROHIT**
Chartered Accountants
Firm regn No.101048W

ATUL MEHTA

Partner

Membership No. 15935

Mumbai, Dated : 2nd June, 2010

S.L. GOKLANEY

Chairman

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

Directors

S. RAMESH

Company Secretary and CFO

Mumbai, Dated : 2nd June, 2010

AQUAMALL WATER SOLUTIONS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedule	Rupees	Current Year Rupees	Previous Year Rupees
1. INCOME :				
Sales and Other Income	H		288,62,54,551	254,69,25,680
2. EXPENDITURE :				
a) Manufacturing, Trading & Other Expenses	I	249,40,01,746		222,98,12,500
b) Depreciation		7,51,69,834		8,59,69,543
c) Interest		80,54,600		1,54,52,902
			257,72,26,180	233,12,34,945
3. PROFIT BEFORE TAX			30,90,28,371	21,56,90,735
Provision for Tax				
Current Year tax provision		5,25,20,000		2,43,05,000
Less : Deferred Tax (Refer Note 18)				
Fringe Benefit tax provision				15,00,000
		5,25,20,000	5,25,20,000	2,58,05,000
4. PROFIT AFTER TAX			25,65,08,371	18,98,85,735
5. Less: PRIOR YEARS' TAX ADJUSTMENTS (NET)			—	—
6. PROFIT AFTER TAX AND PRIOR YEARS' ADJUSTMENTS			25,65,08,371	18,98,85,735
7. PROFIT BROUGHT FORWARD FROM PREVIOUS YEAR			31,67,68,036	26,19,82,205
8. AMOUNT AVAILABLE FOR APPROPRIATIONS			57,32,76,407	45,18,67,940
9. APPROPRIATIONS :				
Interim Dividend		4,00,01,600		3,00,01,200
Tax on Dividend		67,98,272		50,98,704
Transferred to General Reserve		15,00,00,000		10,00,00,000
			19,67,99,872	13,50,99,904
10. BALANCE CARRIED TO BALANCE SHEET			37,64,76,535	31,67,68,036
Number of Equity Shares			20,00,080	20,00,080
Weighted average number of equity shares				
Face Value per share			10	10
Profit After Tax available to Equity Shareholders			25,65,08,371	18,98,85,735
Basic and Diluted Earning Per Share			Rs. 128.25	Rs. 94.94
11. NOTES TO THE ACCOUNTS	J			

Per our report attached

For **BATLIBOI & PUROHIT**
Chartered Accountants
Firm regn No.101048W

ATUL MEHTA
Partner

Membership No. 15935

Mumbai, Dated : 2nd June, 2010

S.L. GOKLANEY

Chairman

A.V. SURESH

J.N. ICHHAPORIA

P V K RAMAN

K. RAMAN VENKATESH

Directors

S. RAMESH

Company Secretary and CFO

Mumbai, Dated : 2nd June, 2010

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

SCHEDULE 'A' - SHARE CAPITAL

	<i>As at</i> 31-03-2010 Rupees	<i>As at</i> 31-03-2009 Rupees
AUTHORISED :		
50,00,000 (Previous year 50,00,000) Equity Shares of Rs.10/- each	5,00,00,000	5,00,00,000
ISSUED, SUBSCRIBED AND PAID UP :		
20,00,080 (Previous Year 20,00,080) Equity Shares of Rs.10/- each	2,00,00,800	2,00,00,800
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

	<i>As at</i> 31-03-2010 Rupees	<i>As at</i> 31-03-2009 Rupees
1. CAPITAL RESERVE		
Capital Subsidy	30,00,000	30,00,000
2. SHARE PREMIUM ACCOUNT	15,00,060	15,00,060
3. GENERAL RESERVE		
As per last Balance Sheet	40,00,00,000	30,00,00,000
Add: Transferred from Profit and Loss Account	15,00,00,000	10,00,00,000
	55,00,00,000	40,00,00,000
4. PROFIT AND LOSS ACCOUNT	37,64,76,535	31,67,68,036
	93,09,76,595	72,12,68,096

AQUAMALL WATER SOLUTIONS LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

SCHEDULE 'C' - SECURED LOANS

	As at 31-03-2010 Rupees	As at 31-03-2009 Rupees
1. Cash Credit (Include Rs.36,164 (previous year Rs.Nil) interest accrued but not due) (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)	8,00,36,164	8,22,82,689
2. Short Term Loan (Secured by hypothecation of stock-in-trade & book debts further, secured by way of equitable mortgage by deposit of title deeds in respect of Company's immovable properties)	—	2,00,00,000
	8,00,36,164	10,22,82,689

SCHEDULE 'D' FIXED ASSETS

Amount in Rupees

DESCRIPTION	GROSS BLOCK				DEPRECIATION BLOCK			NET BLOCK		
	As On 01.04.2009	Additions	Deductions	As On 31.03.2010	As On 01.04.2009	Depreciation for the year	Depreciation on deductions during the year	As on 31.03.2010	As on 31.03.2010	As on 31.03.2009
Land - Freehold	3,47,39,485	—	—	3,47,39,485	—	—	—	—	3,47,39,485	3,47,39,485
Land - Leasehold *	51,71,913	—	—	51,71,913	3,16,984	33,372	—	3,50,356	48,21,557	48,54,929
Buildings	16,09,24,832	1,65,61,361	—	17,74,86,193	3,41,42,520	1,12,93,298	—	4,54,35,818	13,20,50,375	12,67,82,312
Building Leased out	11,71,43,064	—	—	11,71,43,064	3,87,48,836	39,19,711	—	4,26,68,547	7,44,74,517	7,83,94,228
Electrical Instalations	4,40,46,640	7,33,062	9,79,895	4,37,99,807	1,94,83,401	35,47,423	7,55,313	2,22,75,511	2,15,24,296	2,45,63,239
Computers	1,74,39,678	12,65,028	39,03,265	1,48,01,441	1,36,71,715	17,79,325	37,66,109	1,16,84,931	31,16,510	37,67,963
Plant & Machinery	7,91,55,223	1,10,64,780	37,45,624	8,64,74,379	3,60,26,568	65,55,252	27,54,060	3,98,27,760	4,66,46,619	4,31,28,655
Patterns and Dies	12,90,92,783	43,89,949	2,87,60,267	10,47,22,465	7,74,42,616	1,61,68,203	2,42,62,533	6,93,48,286	3,53,74,179	5,16,50,167
Intangible Asset - Trade Mark	18,60,66,800	—	—	18,60,66,800	15,77,23,744	2,83,43,056	—	18,60,66,800	—	2,83,43,056
Furnitures & Fixtures	2,93,93,127	13,49,661	127,61,900	1,79,80,888	2,19,83,930	15,02,787	112,31,530	1,22,55,187	57,25,701	74,09,197
Office Equipment	59,26,690	2,05,376	7,19,236	54,12,830	32,71,633	3,88,662	6,22,136	30,38,159	23,74,671	26,55,057
Vehicles	90,53,794	20,30,936	8,24,919	1,02,59,811	44,82,955	15,37,269	6,70,026	53,50,198	49,09,613	45,70,839
Laboratory Equipment	10,24,631	5,79,066	2,42,509	13,61,188	5,92,579	1,01,476	1,38,320	5,55,735	8,05,453	4,32,052
Total	81,91,78,660	3,81,79,219	5,19,37,615	80,54,20,264	40,78,87,481	7,51,69,834	4,42,00,027	43,88,57,288	36,65,62,976	41,12,91,179
Capital Work-in-progress **	—	—	—	—	—	—	—	—	1,83,71,816	34,02,410
Grand Total	81,91,78,660	3,81,79,219	5,19,37,615	80,54,20,264	40,78,87,481	7,51,69,834	4,42,00,027	43,88,57,288	38,49,34,792	41,46,93,589
Previous Year	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	

* 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.10,31,585 (Previous Year Rs.Nil) on account of Building under construction.
- ii) Rs.1,24,54,279 (Previous Year Rs.Nil) on account of Patterns & Dies.
- iii) Rs.48,85,952 (Previous Year Rs.34,02,410) of Capital Advances given for development of Patterns & Dies and other Assets.

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

SCHEDULE 'E' - INVESTMENTS

	Nos.	Rupees	As at 31-03-2010 Rupees	As at 31-03-2009 Rupees
INVESTMENTS (AT COST)				
LONG TERM INVESTMENTS				
1. TRADE INVESTMENTS - UNQUOTED				
i. Subsidiary Companies				
a) Forbes Aquamall Limited fully paid Equity Shares of Rs.10/- each	5,00,000 (5,00,000)	50,00,000		50,00,000
b) Aqua Diagnostic Water Research & Technology Center Ltd fully paid Equity Shares of Rs.10/- each	70,000 (70,000)	7,00,000		7,00,000
(Figures in brackets indicate that of previous year)				
ii. Other Companies			57,00,000	57,00,000
2. OTHER INVESTMENTS - UNQUOTED				
Face Value Rs.10/- each				
National Saving Certificates				
			7,000	7,000
			57,07,000	57,07,000
Less: Diminution in value of Long term Investments				
Diminution in value of Current Investments				
			—	—
			57,07,000	57,07,000
QUOTED INVESTMENTS				
			—	—
UNQUOTED INVESTMENTS				
			57,07,000	57,07,000
TOTAL				
			57,07,000	57,07,000
Market Value Of Quoted Investments				
			—	—
Investments acquired and sold during the year other than shown above:				

AQUAMALL WATER SOLUTIONS LIMITED

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

SCHEDULE 'F' - CURRENT ASSETS, LOANS AND ADVANCES

	Rupees	Rupees	As at 31-03-2010 Rupees	As at 31-03-2009 Rupees
1 CURRENT ASSETS				
i) Stock-in-Trade :*				
Raw Material & Components		30,23,67,335		27,22,44,970
Packing Material		36,18,457		24,98,863
Spares & Accessories		31,66,413		46,35,839
Finished Goods		3,76,38,994		7,58,69,885
Work-in-Progress		—		—
Stock-in-Transit		6,35,93,574		—
(As valued and certified by the Management.)				
			41,03,84,773	35,52,49,557
ii) Sundry Debtors :				
(Unsecured, Considered Good unless otherwise stated)				
(a) Debts outstanding for a period exceeding six months		5,54,47,549		3,96,04,101
(b) Other Debts		24,83,00,946		15,44,92,993
			30,37,48,495	19,40,97,094
iii) Cash and Bank Balances :				
Cash on hand (Including cheques on hand Rs./-)		2,11,358		2,36,979
With Scheduled Banks -				
in Current Accounts		9,01,82,186		2,30,89,722
in Margin Accounts		15,75,471		15,75,471
in Deposit Accounts (FDR loaded as security with Govt authorities)		—		—
			9,19,69,015	2,49,02,172
2 LOANS AND ADVANCES (Unsecured, Considered Good unless otherwise stated)				
i) Loans (due from Subsidiary Company)		74,01,360		74,01,360
ii) Advances recoverable in cash or in kind or for value to be received		5,74,79,347		5,10,91,654
iii) Advance Payment of Tax (net of provisions)		1,47,36,693		1,03,97,456
iv) Deposits with				
Government Authorities	9,61,46,743			3,97,66,933
Other Deposits	52,24,670			48,13,687
		10,13,71,413		445,80,620
			18,09,88,813	11,34,71,090
			98,70,91,096	68,77,19,913

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

SCHEDULE 'G' - CURRENT LIABILITIES AND PROVISIONS

	Rupees	As at 31-03-2010 Rupees	As at 31-03-2009 Rupees
1 CURRENT LIABILITIES			
Acceptances		3,17,38,265	3,21,39,630
Sundry Creditors :			
Small Scale Industrial Undertakings (Refer Note 19)	2,98,62,201		4,17,15,358
Others	17,87,50,285		11,95,94,061
[Including Rs.Nil (Previous Year Rs.Nil) due to a subsidiary companies]		20,86,12,486	16,13,09,419
Other Liabilities		10,15,26,983	7,14,92,096
Advances Received		—	—
2 PROVISIONS			
For Tax on Proposed Final Dividend		—	50,98,704
For Expenses		1,17,82,705	64,43,815
For Retirement and other employee benefits		36,31,569	28,27,408
For Leave encashment		21,52,513	19,03,882
		<u>35,94,44,521</u>	<u>28,12,14,954</u>

SCHEDULE ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

SCHEDULE 'H' - SALES AND OTHER INCOME

	Rupees	Rupees	Previous Year Rupees
1 INCOME			
Sales (Gross)	282,31,34,696		248,00,11,575
Less Excise Duty	16,95,352		14,19,127
		282,14,39,344	<u>247,85,92,448</u>
2 OTHER INCOME :			
Interest Received :			
From Deposits, Loans and Advances (Gross) (Tax deducted at source Rs.3,13,695 /- Previous Year Rs.2,64,496)	32,22,735		8,39,252
Rent Income (Tax Deducted at source Rs.86,40,970 Previous Year Rs.99,81,382/-)	5,45,51,025		4,35,48,243
Profit on Fixed Assets sold/discarded (net)	—		2,75,495
Profit on Sale of Investment (net)	—		—
Excess /short Provision written back / off (net)	13,43,841		59,49,038
Miscellaneous Income	56,97,606		1,77,21,204
		<u>6,48,15,207</u>	<u>6,83,33,232</u>
		<u>288,62,54,551</u>	<u>254,69,25,680</u>

AQUAMALL WATER SOLUTIONS LIMITED

SCHEDULE ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

SCHEDULE 'I' - MANUFACTURING, TRADING AND OTHER EXPENSES

	Rupees	Rupees	Rupees	<i>Previous Year Rupees</i>
1	RAW MATERIAL AND COMPONENTS CONSUMED	182,12,92,936		174,12,87,984
2	COST OF RAW MATERIAL AND COMPONENTS SOLD	25,68,92,250		25,32,65,729
3	PACKING MATERIAL CONSUMED	6,24,44,755		6,01,16,586
4	STORES CONSUMED	2,48,04,281		2,56,51,403
			216,54,34,222	208,03,21,702
5	PAYMENTS TO AND PROVISIONS FOR EMPLOYEES :			
	Salaries, Wages and Bonus	5,76,24,796		5,03,37,248
	Company's Contribution to Provident and Other Funds	30,48,901		22,86,445
	Staff Welfare Expenses	38,19,400		35,56,894
			6,44,93,097	5,61,80,587
6	Manufacturing and Other Expenses :			
	Power & Fuel	48,27,012		45,86,212
	Rent [Net of recoveries Rs.Nil-; (Previous year Rs.Nil)	27,64,794		28,10,461
	Repairs and Maintenance -			
	Building	14,55,994		10,45,771
	Machinery	5,32,468		10,66,971
	Other Assets	1,16,62,041		89,97,633
		1,36,50,503		1,11,10,375
	Insurance	53,15,651		35,35,073
	Advertisement	63,630		27,088
	Freight and Transportation	5,29,76,238		4,91,25,752
	Auditors' Remuneration -			
	Audit Fees	5,23,925		5,23,925
	Out of pocket expenses	56,267		53,447
	Management Services	—		11,236
		5,80,192		5,88,608
	Printing and Stationery	13,15,002		17,92,535
	Postage and Telephone	40,26,307		29,55,941
	Travelling and Conveyance	1,14,40,243		1,04,43,753
	Legal and Professional Fees	5,04,53,421		74,33,939
	Vehicle Expenses and Maintenance	12,39,112		11,43,015
	Rates and Taxes	1,40,06,094		44,09,492

SCHEDULE ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

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

6 Manufacturing and Other Expenses: (Contd.)	Rupees	Rupees	Rupees	<i>Previous Year Rupees</i>
Product Development Expenses		9,92,157		17,41,079
Pre-Operative Expenses written off during the year		39,20,845		10,69,348
Other Establishment Expenses		4,88,17,885		3,61,88,733
Directors' Sitting Fees		2,30,000		2,00,000
Asset Discarded / Written - Off		74,00,809		—
Bad Debts/Advances Written - Off		18,23,641		32,319
			22,58,43,536	13,91,93,723
 7 Changes in Stock-in-Trade and Work-in-Progress (Other than Raw Material and Components)				
Opening Stock				
Finished Goods	7,58,69,885			2,99,86,373
Work-in-Progress	—			—
		7,58,69,885		2,99,86,373
Closing Stock				
Finished Goods	3,76,38,994			7,58,69,885
Work-in-Progress	—			—
		3,76,38,994		7,58,69,885
			3,82,30,891	(4,58,83,512)
			249,40,01,746	222,98,12,500

AQUAMALL WATER SOLUTIONS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2010

	2009-10		2008-09	
	Rupees	Rupees	Rupees	Rupees
NET PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS		30,90,28,371		21,56,90,735
Adjusted For -				
Depreciation	7,51,69,834		8,59,69,543	
(Profit) /loss on sale or discard of Fixed Assets(Net)	74,00,809		(2,75,495)	
Unrealised Foreign Exchange Difference	32,03,032		(64,83,493)	
Investment Income	(32,22,735)		(8,39,252)	
Interest and other finance charges	80,54,600		1,54,52,902	
		9,06,05,540		9,38,24,205
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS		39,96,33,911		30,95,14,940
Changes in -				
Trade and Other Receivables	(17,81,10,996)		3,51,66,217	
Inventories	(5,51,35,216)		9,66,150	
Trade Payables and others	7,74,27,366		(9,34,18,408)	
Leave Encashment & Gratuity Provision	10,52,792		(2,31,302)	
Miscellaneous Expenses	39,20,845		10,69,348	
	(15,08,45,209)		(5,64,47,995)	
Other Adjustments-				
Bad Debts	17,91,322		—	
	(14,90,53,887)		(5,64,47,995)	
CASH GENERATED FROM OPERATIONS		(14,90,53,887)		(5,64,47,995)
		25,05,80,024		25,30,66,945
Direct Taxes Paid		(5,68,59,237)		(2,72,74,423)
(a) NET CASH FROM OPERATING ACTIVITIES		19,37,20,787		22,57,92,522
CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of Fixed Assets(Including adjustment on account of Capital Advances)	(5,31,48,625)		(6,09,24,115)	
Sale of Fixed Assets	3,36,779		37,90,931	
Purchase Of Investments	—		(7,00,000)	
Interest Received	32,22,735		1,46,467	
(b) NET CASH FROM /(USED) IN INVESTING ACTIVITIES		(4,95,89,111)		(5,76,86,717)
CASH FLOW FROM FINANCING ACTIVITIES				
Increase/(Decrease) in cash credit account	(2,22,46,525)		(12,79,45,331)	
Increase/(Decrease) in Intercompany Deposit	—		2,00,00,000	
Interest Paid	(80,18,436)		(1,54,52,902)	
Dividend Paid ((including Dividend tax)	(4,67,99,872)		(3,50,99,904)	

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2010 (Contd.)

	2009-10		2008-09	
	Rupees	Rupees	Rupees	Rupees
(c) NET CASH FROM/ (USED) IN FINANCING ACTIVITIES		(7,70,64,833)		(15,84,98,137)
NET INCREASE IN CASH AND CASH EQUIVALENTS		6,70,66,843		96,07,668
CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE YEAR, COMPRISING :				
Cash, Cheques on hand	2,36,979		3,85,206	
Balances with scheduled banks on Current accounts, Margin accounts and Deposit accounts	2,30,89,722	2,49,02,172	1,33,33,827	1,52,94,504
	15,75,471		15,75,471	
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR, COMPRISING :				
Cash, Cheques on hand	2,11,358		2,36,979	
Balances with scheduled banks on Current accounts, Margin accounts and Deposit accounts	9,01,82,186	9,19,69,015	2,30,89,722	2,49,02,172
	15,75,471		15,75,471	
NET INCREASE /(DECREASE) AS DISCLOSED ABOVE		6,70,66,843		96,07,668

Per our report attached

For **BATLIBOI & PUROHIT**
Chartered Accountants
Firm regn No.101048W

ATUL MEHTA

Partner

Membership No. 15935

Mumbai, Dated : 2nd June, 2010

S.L. GOKLANEY

Chairman

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

Directors

S. RAMESH

Company Secretary and CFO

Mumbai, Dated : 2nd June, 2010

AQUAMALL WATER SOLUTIONS LIMITED

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

SCHEDULE 'J'- NOTES TO THE ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

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) Use 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 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) Revenue Recognition

Revenue from sale of goods is recognised when substantial risk and rewards of ownership are transferred to customer. Sales include excise duty and are net of Sales returns, damages and discounts.

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.

**SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED
31ST MARCH, 2010**

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

- 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:
Revenue expenditure on Research and Development is charged under the head product development expenses in the year in which it is incurred. Capital Expenditure on Research and Development is included as part of Fixed Asset and depreciated on the basis as other Fixed Assets.
- j) Taxation:
Tax expense comprises of current and deferred 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.
- 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) Intangible Assets:
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.
- m) Impairment of Assets:
In accordance with Accounting Standard (AS-28) on impairment of assets, as at each Balance Sheet date, the carrying amount of assets is tested for impairment so as to determine:
 - i. The provision for impairment loss if any required; or
 - ii. The reversal, if any, required of impairment loss recognised in previous periods.Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount.
- n) Provisions, contingent liabilities and contingent assets :
Provisions are recognised for liabilities that can be measured only by using a substantial degree of estimation, if
 - i. the Company has present obligation as a result of a past event.
 - ii. a probable outflow of resources is expected to settle the obligation, and
 - iii. the amount of the obligation can be reliably estimatedReimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in case of
 - i. a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation.
 - ii. a present obligation arising from past events, when no reliable estimate is possible
 - iii. a possible obligation arising from past events where the probability of outflow of resources is not remote

AQUAMALL WATER SOLUTIONS LIMITED

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

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

Contingent assets are neither recognised nor disclosed.

Provisions, Contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

2. Estimated amount of contracts remaining to be executed on Capital accounts and not provided for – Rs.27.78 lakhs (*Previous Year - NIL*).
3. Contingent liabilities not provided for on account of:
 - a. Bank Guarantees issued on behalf of the Company — Rs.24.26 lakhs (*Previous Year – Rs.24.60 lakhs*)
 - b. Disputed Sales Tax demands — Rs.3,526.90 lakhs (*Previous Year – Rs.3,645.90 lakhs*)
 - c. Disputed Central Excise demands — Rs.785.85 lakhs (*Previous Year – Rs.835.80 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 loss of Rs.79.70 lakhs (*Previous Year profit of – Rs.98.38 lakhs*)
5. The balances of certain sundry creditors are subject to reconciliation and confirmation.
6. The disclosures required under Accounting standard 15 “Employee Benefits” notified in the Companies (Accounting Standards) Rules 2006, are given below :

Defined Contribution Plan

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

	2009-10 In Rupees	2008-09 In Rupees
Employer's contribution to Provident Fund	4, 97,525	4,26,616
Employer's contribution to superannuation fund	4, 65,476	4,02,555
Employer's contribution to Pension scheme	9, 68,065	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)	
	2009 - 2010	2008 - 2009	2009 - 2010	2008 - 2009
Defined Benefit obligation at beginning of year	41,91,476	40,61,244	19,03,882	16,46,794
Current service cost	4,15,536	3,73,194	2,94,965	3,22,288
Interest cost	3,35,318	3,24,900	1,52,311	1,31,744
Actuarial (gain)/loss	1,70,307	1,51,558	(28,257)	19,993
Benefits paid	(1,21,125)	(7,19,420)	(1,70,388)	(2,16,937)
Defined Benefit obligation at year end	49,91,512	41,91,476	21,52,513	19,03,882

**SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED
31ST MARCH, 2010**

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

	Gratuity Funded		Leave Encashment (unfunded)			
	2009 - 2010	2008 - 2009	2009 - 2010	2008 - 2009		
B	Reconciliation of opening and closing balances of fair value of plan assets					
Fair value of plan assets at beginning of the year	13,64,048	7,45,446	—	—		
Expected return on plan assets	1,22,764	67,092	—	—		
Actuarial gain/(loss)	(5,744)	11,605	—	—		
Employer contribution	—	12,59,325	—	—		
Benefits paid	(1,21,125)	(7,19,420)	—	—		
Fair value of plan assets at year end	13,59,943	13,64,068	—	—		
Actual return on plan assets	1,17,020	78,697	—	—		
C	Reconciliation of fair value of assets and obligations					
Fair value of plan assets as at 31st March, 2010	13,59,943	13,64,068	—	—		
Present value of obligation as at 31st March,2010	49,91,512	41,91,476	21,52,513	19,03,882		
Amount recognised in Balance Sheet	(36,31,569)	(28,27,408)	(21,52,513)	(19,03,882)		
	2009-10 Rupees		2008-09 Rupees			
7.	Value of Imports on CIF basis :					
Raw Materials & Components	53,67,05,931		36,82,44,550			
Machinery	—		—			
Moulds & Dies	—		—			
	53,67,05,931		36,82,44,550			
8.	Raw Materials and Components consumed during the year :					
		For the year ended 31.03.2010		For the year ended 31.03.2009		
	Unit	Quantity	Value (Rupees)	Quantity	Value(Rupees)	
a)	Printed Circuit Boards	Nos	4,06,283	17,80,51,324	6,01,702	25,86,82,586
b)	Aluminium	Kgs	2,12,923	3,54,93,131	1,54,989	4,93,84,132
c)	Acrilo Butadyne Styryne (ABS)	Kgs	—	—	2,25,084	1,63,60,080
d)	Others		—	160,77,48,481	—	141,68,61,186
			182,12,92,936		174,12,87,984	
9.	Value of imported and indigenous Raw Materials and Components consumed and percentage of each to total consumption :					
		2009-10		2008-09		
		Rupees	% to Total Consumption	Rupees	% to Total Consumption	
a)	Indigenous	129,47,25,397	71.09	137,76,39,561	79.09	
b)	Imported	52,65,67,539	28.91	36,36,48,423	20.91	
		1,82,12,92,936	100.00	174,12,87,984	100.00	

AQUAMALL WATER SOLUTIONS LIMITED

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

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

	2009-10 Rupees	2008-09 Rupees
10. Expenditure in Foreign Currency on account of travel, subscription, certification, acquisition of brand etc.	16,71,163	45,769
11. Earnings in Foreign Exchange: Export of Goods on F.O.B. basis	3,85,13,261	5,47,07,452
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.	13,60,000 (7,72,000)	6,05,597 (5,06,119)
	b) Testing Kit	Nos.	2,00,000 (2,00,000)	— (—)
ii)	Vacuum cleaners	Nos.	1,00,000 (NIL)	200 (NIL)
iii)	Water Filter Cartridge	Nos.	7,20,000 (7,00,000)	4,70,732 (5,60,031)
iv)	Water Cooler-cum-Purifier	Nos.	11,500 (11,500)	4,835 (5,702)
v)	Flexible Food Grade Tube / Pipe	Mts.	12,75,000 (12,75,000)	12,89,177 (11,87,611)
vi)	Super Filter	Nos.	24,000 (24,000)	— (—)
vii)	Automated Switching Device	Nos.	24,000 (24,000)	— (15)
viii)	Softner	Nos.	24,000 (24,000)	15,547 (6,142)
ix)	Hose Pipe	Nos.	1,50,000 (1,50,000)	— (—)
x)	Mixer-cum-Grinder	Nos.	2,000 (2,000)	— (—)
xi)	Value Plus Products	Nos.	25,000 (25,000)	— (—)
xii)	Pump Attachment	Nos.	25,000 (25,000)	7,390 (11,718)

Figures in brackets pertain to previous year.

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

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

SCHEDULE 'J'- 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.	20,116 (7,977)	6,91,70,716 (2,45,60,455)	11,870 (20,116)	3,26,30,465@ (6,91,70,717)@	6,13,843\$ (4,93,980)\$	231,86,65,961 (203,78,94,832)
b) Testing Kit	Nos.	— (-)	— (-)	— (-)	— (-)	— (-)	— (-)
ii) Vaccum Cleaner	Nos.	— (-)	— (-)	— (-)	— (-)	200 (-)	7,26,200 (-)
iii) Water Filter Cartridge	Nos.	17,450 (7,730)	6,94,761 (3,01,935)	7,205 (17,450)	6,75,563 (6,94,761)	53,972* (94,050)*	32,49,808 (48,70,241)
iv) Water Cooler-cum-Purifier	Nos.	302 (18)	32,34,799 (2,42,731)	283 (302)	28,24,933 (32,34,799)	4,854\$ (5,418) \$	10,36,42,496 (11,83,78,966)
v) Flexible Food grade Tube / Pipe	Mts.	6,683 (4,519)	3,19,650 (34,436)	10,955 (6,683)	1,66,422 (3,19,650)	3,79,045# (2,87,716)#	51,91,717 (42,63,822)
vi) Super Filter	Nos.	— (-)	— (-)	— (-)	— (-)	— (-)	— (-)
vii) Automated Switching Device	Nos.	1 (-)	359 (-)	1 (1)	359 (359)	— (14)	— (8,100)
viii) Softner	Nos.	1,126 (364)	7,31,889 (2,10,600)	1,302 (1,126)	7,58,644 (7,31,889)	15,371 (5,380)	1,16,63,105 (54,22,347)
ix) Hose Pipe	Nos	— (-)	— (-)	— (-)	— (-)	— (-)	— (-)
x) Mixer Cum Grinder	Nos	— (-)	— (-)	— (-)	— (-)	— (-)	— (-)
xi) Value Plus Products	Nos	— (-)	— (-)	— (-)	— (-)	— (-)	— (-)
xii) Pump Attachment	Nos	1,738 (40)	17,17,710 (23,600)	618 (1,738)	5,82,608 (17,17,710)	8,510 (10,020)	97,86,500 (1,15,69,220)
xiii) Components							35,77,09,659 (27,92,36,640)
TOTAL			7,58,69,884 (2,53,73,757)		3,76,38,994 (7,58,69,884)		281,06,35,446 (246,16,44,237)

@ Includes value of Accessories

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

* Excluding 4, 27,005 Nos. (Previous Year 4,56,261 Nos) captive consumption

Excluding 9, 05,860 Mtrs (Previous Year 8,97,731 Mtrs.) 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.	— (3027)	— (46,12,616)	2,890 (2,019)	1,11,26,500 (1,12,90,583)	— (-)	— (-)	2,890 (5,046)	1,24,99,250 (1,83,67,337)
TOTAL		— (3027)	— (46,12,616)	2,890 (2,019)	1,11,26,500 (1,12,90,583)	— (-)	— (-)	2,890 (5,046)	1,24,99,250 (1,83,67,337)

Figures in brackets pertains to previous year.

AQUAMALL WATER SOLUTIONS LIMITED

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

SCHEDULE 'J'- 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 /Residential 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.27.65 lacs (Previous year Rs.28.10 lacs)
- C. Details of Office/Factory premises given on Operating lease

(Amount in Rs.)

Sr. No.	Class of Asset	Gross carrying amount	Accumulated depreciation	Depreciation for the year
1.	Factory Building	11,71,43,064	4,26,68,547	39,19,711

17. Disclosures required by accounting Standard (AS) 29 "Provisions, Contingent Liabilities and Contingent Assets"

(Rs in lacs)

Particulars	Excise Duty	Sales Tax
Balance as on 1-4-2009	289.31	1.29
Additional provision during the year	49.95	44.46
Provision for extraordinary item	—	—
Provision reversed during the year	—	—
Balance as at 31-3-2010	339.26	45.75

18. 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".
19. 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 31st March, 2010 are :

S.No.	SSI Undertaking Name	S.No.	SSI Undertaking Name	S.No.	SSI Undertaking Name
1	Advance Products (P) Ltd.	18	Maruti Engineering Company	35	S A Polymers
2	Agarwal Fastners (P) Ltd.	19	Medina Plastics	36	S. N. Rubber Works
3	Amar Engineering Enterprises	20	Merit Enterprises	37	S S Industries
4	Ambika Engineering Works	21	Mica Polytech (P) Ltd.	38	Sai Madhuri Enterprises
5	Bharath Magnetics	22	Micron Industries	39	Shiv Shakti Packers
6	Beeline Engineers	23	N K Engineers	40	Solid Electronics
7	Brahad Elastomers (P) Ltd.	24	N R Industry	41	Source Marketing
8	D S Contractor and Labour Supp	25	Neelkanth Appliances (P) Ltd	42	Span Plastic (P) Ltd.,
9	Deccan Power Products (P) Ltd.	26	P R Enterprises	43	Sri Kollapuri Amma Enterprises
10	Digital System Inc	27	Payal Packaging & Printing	44	Sumayya Industries
11	Excel Engineering Industries	28	Perfect Products	45	Teknic Electromecanics (P) Ltd.
12	Global Teletronics	29	Precision Metal Stampings	46	Thermo Packing Industries P Ltd.
13	Golden Technologies	30	Quality Anodisers	47	Triple 'SSS' Rubbers & Plastics
14	Hi-Flex Industries	31	S G S Techniks Mfg. (P) Ltd.	48	Vijay Plastic Industries
15	Jai Vishnu Enterprises	32	S R Enterprises	49	Vijetha Polytek Private Limited
16	Krishna Industrial Products	33	S S Enterprise	50	Volex Interconnect India (P) Ltd.
17	M N Engineering Works	34	S V Electronics	51	Windsor Industries

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

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 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.

20. 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.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	State Code	<input type="text"/>	<input type="text"/>
Balance Sheet Date	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	
	Date		Month		Year							

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

Public Issue	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	Rights Issue	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Bonus Issue	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	Private Placement	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

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

Total Liabilities	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	Total Assets	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Source of Funds																		
Paid-Up Capital	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	Reserves & Surplus	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Secured Loans	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	Unsecured Loans	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Application of Funds																		
Net Fixed Assets	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	Investments	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Net Current Assets	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	Deferred Tax Assets / (Liability)	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Misc. Expenditure	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	Accumulated Losses	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

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

Net Turnover (Sales & Other Income)	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	Total Expenditure	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
+ - Profit Before Tax	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	+ - Profit After Tax	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Earnings Per Share in Rs.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	Dividend Rate %	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

AQUAMALL WATER SOLUTIONS LIMITED

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

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	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								
---	---	---	---	---	---	---	---	--	--	--	--	--	--	--	--

--	--	--	--	--	--	--	--	--	--

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

Per our report attached

For **BATLIBOI & PUROHIT**

Chartered Accountants

Firm regn No.101048W

ATUL MEHTA

Partner

Membership No. 15935

Mumbai, Dated : 2nd June, 2010

S.L. GOKLANEY

Chairman

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

Directors

S. RAMESH

Company Secretary and CFO

Mumbai, Dated : 2nd June, 2010

Details required under Accounting Standard 18 on "Related Party Disclosures " issued by the Institute of Chartered Accountants of India - referred in note no. 15 in Schedule J to the Accounts for the year ended 31st March, 2010.

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.
 - Euro Forbes International PTE Ltd.
 - Forbes Doris & Naess Maritime Ltd.
 - Forbes Container Lines Limited
 - 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 Services Ltd.
 - Forbes Technosys Limited
 - Forbes Bumi Armada Limited

II) Transactions with Related Parties:

	Nature of Transactions	Related Party			
		Referred to in A above	Referred to in B above	Referred to in C above	Referred to in D above
1.	Purchases				
	Goods and Materials	9,79,800	1,13,52,082	66,17,067	
	Fixed Asset	1,07,78,965	16,37,169	—	
	Water Testing	—	13,84,519	—	
	House Keeping Charges	—	—	25,18,131	
2	Sales				
	Goods and Materials	2,80,65,19,382	51,48,939	2,73,77,341	
3	Expenses				
	Rent and other service charges	4,87,600	26,020	—	
	Other Expenses	4,12,59,094	—	—	
	Interest	11,40,411	—	—	
4	Income				
	Rent and other service charges	39,60,448	47,84,397	90,38,900	
	Interest	—	31,36,935	—	
5	Finance				
	Loans and Advances Given	—	9,00,00,000	—	
	Loans and Advances Taken	5,00,00,000	—	—	
	Repayment of Advances Given	—	9,00,00,000	—	
	Repayment of Advances Taken	5,00,00,000	—	—	
6	Dividend paid	4,00,01,600	—	—	
7	Outstanding				
	Receivables	21,83,86,444	25,74,367	6,68,43,674	
	ICDs Given	—	74,01,360	—	
	Payable	—	8,13,854	52,585	
	ICDs Taken	—	—	—	
	Interest	—	—	—	
	Other Deposits	1,05,000	5,28,240	29,62,332	
	Guarantee				
	Availed				
	Utilised				

AQUAMALL WATER SOLUTIONS LIMITED

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	31st March,2010	31st March, 2010
(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 up to 31st March, 2010 are as follows		
For the year (in Rupees)	4,05,40,304	(46,80,847)
For the previous years (in Rupees)	13,29,81,367	(35,80,080)
(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, 2010 being the dividends received are as under		
	Nil	Nil
For the year	Nil	Nil
For the previous years	Nil	Nil

S.L. GOKLANEY

Chairman

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

} *Directors*

S. RAMESH

Company Secretary and CFO

Mumbai, Dated : 2nd June, 2010

EUREKA FORBES LIMITED

(a wholly owned Subsidiary Company)

Annual Report and Accounts
for the year ended 31st March, 2010

DIRECTORS

Shapoor P. Mistry

Chairman

S.L. Goklaney

Executive Vice Chairman (w.e.f. 1st June 2010)

D.E. Udawadia

J.C. Chopra

N.D. Khurody

Indu Shahani

Reinhard von der Becke

PRINCIPAL BANKERS

State Bank of India

The Bank of Nova Scotia

BNP Paribas

Axis Bank Ltd.

HDFC Bank Ltd.

SOLICITORS AND ADVOCATES

Udawadia & Udeshi

AUDITORS

Batliboi and Purohit

CORPORATE HEAD OFFICE

B1/B2, 701, Marathon Innova

Off Ganpatrao Kadam Marg

Lower Parel, Mumbai - 400 013

REGISTERED OFFICE

7, Chakraberia Road (South),

Kolkata - 700 025.

EUREKA FORBES LIMITED

DIRECTORS' REPORT

To,

The Members,

The Directors are pleased to submit their Report and the Audited Accounts of the Company for the year ended 31st March, 2010.

1. FINANCIAL RESULTS:

	2009-10	2008-09
	Rupees	Rupees
Sales and Other Income	990,96,34,703	875,23,72,636
Profit before Depreciation	37,06,37,563	42,54,88,970
Less : Depreciation	11,20,27,219	8,99,82,402
Profit before Tax And Extraordinary Items	25,86,10,344	33,55,06,568
Extraordinary Items	—	76,83,988
Profit before Tax	25,86,10,344	32,78,22,580
Less : Provision for Current, Fringe Benefit and Deferred Tax	6,42,63,799	12,66,41,852
Profit After Tax	19,43,46,545	20,11,80,728
Less : Prior Years' Tax Adjustments (Net)	26,16,710	45,44,216
Profit After Tax and Prior Years' Adjustments	19,17,29,835	19,66,36,512
Add : Balance brought forward from Previous year	15,19,46,744	19,48,29,842
Amount available for appropriation	34,36,76,579	39,14,66,354
APPROPRIATIONS :		
Proposed Final Dividend	—	12,78,00,000
Tax on Dividend	—	2,17,19,610
Transferred to General Reserve	8,99,50,000	9,00,00,000
Balance carried to Balance Sheet	25,37,26,579	15,19,46,744

2. DIVIDEND:

Considering the future growth plan and investments that may be required to achieve the annualized growth, your directors do not recommend any dividend for the year 2009-10 as compared to the dividend of Rs.30/- (i.e.300%) per equity share in the previous year.

3. TRANSFER TO RESERVES:

The Company proposes to transfer Rs.8.99 Crores to the General Reserve out of the amount available for appropriations and an amount of Rs. 25.37 crores is proposed to be retained in the Profit and Loss Account.

4. BUY BACK OF EQUITY SHARES :

During the year under review your Company offered a scheme to Buy Back maximum of 3,05,000 equity shares at a price of Rs.590/- per equity share. The Scheme was subscribed 100% by the shareholders.

As a consequence of the Buy Back Scheme, the Issued, Subscribed and Paid up capital has been reduced from

42,60,000 equity shares of Rs.10/- each to 39,55,000 equity shares of Rs. 10 each fully paid up.

The Buy-Back of equity shares shall help improve the Earning Per Share, Dividend Per Share and Return on Equity.

5. OPERATIONS:

The year 2009-10 commenced with a certain measure of uncertainty in the Indian Economy, being the after-effect of global financial crisis. But with the Government and the Reserve Bank of India playing a pivotal role in maintaining liquidity in the financial system, the Indian economy could withstand the global crisis leading to the road to recovery.

With this backdrop, your Company has performed commendably well with a growth in revenue by 13% and maintaining the net profit after tax at Rs.20 Crores as in the previous year.

The Company's profitability for the year 2009-10 should be viewed with the significant investment in Information

Technology infrastructure of over Rs.14 Crores per annum (for a period of five years) covering all its Group Companies and an increased budget allocation for Advertisement and Sales Promotion .

The verticalisation brought in the Organization has contributed significantly to the growth of the business.

Direct Sales, the parent division of the Company, recorded a 9% growth transforming itself, creating a future for itself with the successful introduction of “Circle of Champions”, comprising of a group of top-class, tremendously high potential sales force. People development and training became the cornerstone of this turnaround and the desire to be “Good to Great” and the Euroclean Proficiency Programme helped the Division to achieve great results. The transformational change in Direct Sales Division was customer data validation and rationalization of model mix with marketwise selection of models. Digital marketing foray helped it replicate its on ground success to “on the web” model not just generating leads but also collecting payments through the web. The control over receivables and the consequent improvement in the working capital helped the Direct Sales Division, alongwith Service Division, became the most profitable and the largest division of the Company.

The Consumer Division of the Company has achieved a growth of 19%. The thrust on market coverage continued, with increased presence in more towns and a growing distribution network. The new channel comprising of MOR (Modern Organised Retail), Priority Dealers, Canteen Stores Department etc., continues to be the growth engine for the Division, achieving 65% growth. The year also saw further penetration in the rural space with an installation of 11 water purification plants in Maharashtra and Gujarat.

The Forbes Pro Division of the Company ended the year 2009-2010 on a very positive note with a growth of 42%. There have been many key achievements during the year including the Water Projects division crossing a turnover of Rs.20 crores in the first year of operations. Forbes Pro equipment division have got orders from many prestigious customers including the Indian Navy. Forbes Pro Railways division has made a significant growth into the Indian Railways clean train stations by increasing its presence to more stations. Initiatives in the areas of business transformation including Lead Management, Defective Process Management and Debtors Management for improving the overall operating systems would lead to more efficient and profitable operations. With all the initiatives taken during the year, Forbes Pro Division has laid a strong foundation for another year of significant growth.

Your Company achieved awards and recognition, as in previous years, in the current year also —

- Corporate Social Responsibility award by Rotary Club of Bombay

- Most Admired Knowledge Enterprise (MAKE) award for the 5th time.
- Aquaguard (3rd time) and Euroclean (2nd time) as Superbrands.
- Best Employer award – four years in a row and 2nd time in the Top 10.
- The Frost & Sullivan Environment Excellence Awards for India in –
 - Best Company of the Year in Residential Point-of-Use (POUs) Treatment Systems in India;
 - Customer Service Leadership for Residential Point-of-Use (POUs) Water Systems in India.
- EFY (Electronics For You) Award of Reader’s Choice Award 2009 for Water Purifiers.
- Aquaguard chosen as Readers Digest Trusted Brand in the platinum category (3rd time in succession).
- Eureka Forbes featured in Top 50 Best Companies to work for by Great Place to Work Institute & Economic Times.
- Eureka Forbes also amongst Top 25 in Asia’s Best Employers 2009 Study.
- Aquamall Water Solutions Ltd., a 100% Subsidiary of Eureka Forbes Ltd. awarded the LEED INDIA GOLD rating by Indian Green Building Council for its manufacturing unit at Dehradun.

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

- Rainwater Harvesting initiatives in Mumbai
- Forbes Water Solutions division of the Company have entered into the Government Jalamani Project for providing safe water to the schools of the under-privileged children.

During the year, your Company has made a major capital investment in acquiring its new Corporate Head Office in Mumbai, which was formally inaugurated on 28th October, 2009.

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

6. HUMAN RESOURCE DEVELOPMENT AND INDUSTRIAL RELATIONS :

Your Company continues to take various initiatives for the development of its human resources.

During the year under review, your Company has outsourced non-integral part of Human Resource and Information Technology Department to professional firms. This is likely to bring good results in operations of the Company and reduction of cost in the long run.

7. DIRECTORATE :

Mr. S L Goklaney (63) has been elevated as Executive Vice Chairman from being Vice Chairman & Managing Director w.e.f. June 1, 2010.

Mr. Goklaney has been with your Company since 1987 and his leadership skills have been very instrumental to bring the Company to its current stage.

Mr. S P Mistry and Mr. D E Udawadia retire by rotation and being eligible offer themselves for re-appointment.

8. SUBSIDIARY COMPANIES :

During the year under review, the Company's subsidiaries continued to grow and M/s. Aquamall Water Solutions Ltd. returned a 43% increase of profit before tax on a sales growth of 13%. The operations at its Dehradun unit have stabilized and the Company has started deriving the benefits of the implementation of ERP.

During the year, the manufacture of vacuum cleaners was stabilized at the Bhimtal unit of Forbes Aquamall Ltd., a 100% subsidiary of Aquamall. The Company has also implanted ERP across all its operations and expects to realize the benefits in the coming years. The growth in profit before tax of this Company is 7% on a lower sales of 3%.

Aquamall had earlier set up 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, it was formed as an independent company by the name of 'Aquadiagnostics Water Research & Technology Centre Limited' (AWRTCL). This Company was incorporated as a subsidiary of Aquamall.

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 specifications.

During the year, the new Company earned a net income from sale of services of Rs.33 lakhs and incurred a loss before tax of Rs.47 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. (FFSPL) recorded a turnover of Rs.22 crores, a growth of 22 % over previous year and has reported Profit before Tax of Rs.80 lakhs, a growth of 60 % over previous year. This performance was in spite of the economic slowdown witnessed in the first half of 2009-10, resulting in restructuring of contract arrangements with some customers.

The Company's subsidiary, E4 Development & Coaching Ltd., which had commenced its operations in 2008-09, is in the stabilizing phase. 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 profit of Rs.0.73 lakhs and has invested 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, has reported a loss net of tax, of Rs. 1.12 crores. Reference is made to Note No.17 of Schedule 'K' to the Accounts. During the year EFIPL has transferred the net assets to Forbes Lux FZE at Dubai which is a 100% subsidiary of Forbes Lux Group AG, Switzerland. Consequently the Company's long term loan to EFIPL of Rs.68.58 crores to fund the operations in ASEAN countries (Indonesia, Philippines, Thailand, Malaysia and Vietnam) has been transferred to FLFZE Dubai. In the opinion of the Management, the interest bearing loans and advances are good and fully recoverable considering the long gestation period for establishing direct sales business in the ASEAN region. EFIPL is in the process of acquiring 75% of shares in FLFZE Dubai, which is expected to be completed in the ensuing financial year.

Reference is also made to Note No.18 of Schedule 'K' to the Accounts. During the year the Company's 50:50 joint venture Forbes Lux Group AG (FLG.AG) Switzerland underwent restructuring in terms of which the company divested 50% of its shareholding in FLG.AG. Consequently, the Company's share on the negative net worth in FLG.AG will not exceed the investment in FLG.AG. However, considering the long term prospect of the growth in business on a going concern basis, no provision for diminution in the value of investment is considered necessary in the opinion of the management.

Your Company has an investment of Rs.2.62 crores and loans granted of Rs.65 lakhs in a 50:50 Joint Venture Company, Forbes Concept Hospitality Services Pvt. Ltd. (FCHSPL). This Company also has an accumulated loss of Rs.5.66 crores with a negative net worth as on 31st March 2010. There are plans to restructure the Company and various alternatives are being considered by the management. The eventual restructuring cost, if any, and the resultant loss, if any, will be considered by the Company during the ensuing year. This has reference to Note No.19 of Schedule 'K' to the Accounts.

During the year your company acquired 76% of the equity shares in each of the two companies, Radiant Energy Systems Private Limited and Waterwings Equipments Private Limited. These two companies were acquired with a strategic intent to expand the water projects division, since both these companies are in the water projects business. The company proposes to acquire 100 % Equity shares of the company in the next 2 years. During the year, Radiant Energy Systems registered a turnover of Rs.3.03 crores with a growth of 24% over the previous year and a profit before tax of Rs.54 lakhs i.e., 116% growth over the previous year. Waterwings

Equipments Private Limited clocked in a turnover of Rs.7.33 crores with 88% growth over the previous year and a Profit Before Tax of Rs.79 lakhs, a growth of 70% over the previous year.

9. AUDITORS AND AUDIT REPORT :

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

Reference is made to clause nos.(ii)(c), (iii)(c), (v)(b) & (ix)(a) of Annexure to the Auditors Report which are self-explanatory.

10. INSURANCE :

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

11. 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.

12. 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

13. 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.

14. APPRECIATION :

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

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

On behalf of the Board of Directors

SHAPOOR P. MISTRY
Chairman

Mumbai, Dated: 16th June 2010

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, 2010.

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. Upgradation 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 launched successfully. The system is the first of it's kind in the world and relevant patents have been applied for.

Other areas of R&D carried out by the company include electronic and power system design, product design, microbiology, physical chemistry, sustainability research, 'green' product and process development.

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 systems. New product lines 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. In addition, an innovative line of gravity-based water purifier cartridges and specialized components have been designed, developed and are in the process of manufacture.

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

In addition, efforts are on to obtain UN-approved Carbon Credits for the gravity range of water purifiers based on a new methodology ratified by UN.

4. Expenditure on R & D :

a. Capital	Rs. 41.14 lakhs
b. Recurring	Rs. 317.26 lakhs
c. Total	Rs. 358.30 lakhs
d. Total Expenditure as percentage to total Turnover	0.36 %

Technology absorption, adaptation and innovation:

1. The Company has not imported any technology during the last five years and has fully absorbed the indigenous technology for the models currently produced. However, the Company believes that the 'best in class' technologies appropriate for the market segments where the Company currently operates or has a future interest in reaching will be sourced regardless of where they originate from.
2. At the end, the Company believes that delivering the 'right product to the right consumer at the right price' is the ultimate objective to achieve. For this purpose, the right technologies, whether they are indigenous or imported, will be employed.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Earnings in foreign exchange during the year under review were Rs.10,38,51,864 and the outgo Rs. 65,76,61,169.

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 31st March 2010, 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 K to the financial statements relating to Company's loan of Rs. 68.57 crores granted to Forbes Lux FZE, Dubai which does not require provision in the opinion of the management.
 - (ii) note 18 of schedule K to the financial statements, in respect of the Company's investment of Rs. 92.98 lakhs in Forbes Lux Group AG which has incurred losses in excess of its net worth. In the opinion of the Management no provision is considered necessary for the year.
 - (iii) note 19 of schedule K to the financial statements in respect of investments of Rs. 262 lakhs and loans granted of Rs. 65 lakhs to Forbes Concept Hospitality Services Pvt Ltd. a joint venture Company that has incurred losses in excess of net worth, which may need adjustment or provision in the subsequent year depending on the outcome of the restructuring.
 - (iv) note 9 in schedule K to the financial statements relating to managerial remuneration which is paid in excess of the limits specified in Schedule XIII of the Companies Act, 1956 and is subject to the Central Government approval.
- (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 31st March, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - (f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with significant accounting policies and notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view, in conformity with the Accounting Principles generally accepted in India:
 - (i) in the case of the balance sheet, of the state of affairs of the Company as at 31st March 2010;
 - (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
Firm Reg.No. 101048W

ATUL MEHTA
Partner

Place : Mumbai
Dated : 16th June, 2010

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. In our opinion, having regard to the nature and location of stocks, the frequency of the physical verification is reasonable.
 - 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) *According to the information and explanations given to us, the Company has experienced difficulties in maintaining, the updated book stock quantities for certain items of inventories 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 for certain items of inventories 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. 164.24 crores and the year end balance of loans given was Rs. 84.28 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 two overseas parties and one Joint Venture entity the repayment of principal is not stipulated.* As informed, the company has not demanded repayment of any such loans during the year. *However the interest accrued has not been paid by the above three parties. (Also refer note 17 and 19 in Schedule K to the financial statements).*
 - 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) 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, *because of the unique and specialised nature of finished goods (units) purchased and absence of any comparable prices, we are unable to comment whether the transactions were made at 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
		600.76	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
		219.61	Deputy Commissioner of Commercial Taxes
		224.37	Joint Commissioner of Commercial Taxes
		8.76	Assistant commissioner of Sales Tax-Appeals
		1.28	Superintendent of Tax
		48.11	Appellate Assistant Commissioner
		7.43	Assistant Commissioner (Assessment) Trade Tax
		1895.48	High Court
		13.85	Assessing Authority
		74.93	Jt. Commissioner (Appeals) Trade Tax
2.06	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 availed by the Company were prima facie applied by the Company during the year for the purposes 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
Firm Reg.No. 101048W

ATUL MEHTA
Partner
Membership No.15935

Place : Mumbai
Dated : 16th June, 2010

EUREKA FORBES LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule	Rupees	Rupees	As At 31-03-2009 Rupees
FUNDS EMPLOYED:				
1. SHARE CAPITAL	A	3,95,50,000		4,26,00,000
2. RESERVES AND SURPLUS	B	101,61,80,882		100,13,51,047
3. TOTAL SHAREHOLDERS' FUNDS			105,57,30,882	104,39,51,047
4. SECURED LOANS	C		78,48,35,654	43,80,26,191
5. UNSECURED LOANS	D		10,00,61,644	—
6. TOTAL FUNDS EMPLOYED			194,06,28,180	148,19,77,238
APPLICATION OF FUNDS:				
7. FIXED ASSETS :	E			
Gross Block		133,36,45,574		86,83,98,313
Less : Depreciation		50,69,20,715		45,66,95,018
Net Block			82,67,24,859	41,17,03,295
8. INVESTMENTS	F		23,45,22,847	35,81,67,193
9. CURRENT ASSETS, LOANS AND ADVANCES	G	373,71,68,309		333,66,46,515
10. Less : CURRENT LIABILITIES AND PROVISIONS	H	288,00,85,656		264,61,01,385
11. NET CURRENT ASSETS			85,70,82,653	69,05,45,130
12. DEFERRED TAX ASSET (Net) (Refer Note 15)			222,97,821	2,15,61,620
13. TOTAL ASSETS (NET)			194,06,28,180	148,19,77,238
14. NOTES TO THE ACCOUNTS	K			

Per our report attached

For **BATLIBOI & PUROHIT**

Chartered Accountants

Firm Regn No. 101048W

ATUL MEHTA

Partner

Membership No. 15935

S.P. Mistry

Chairman

S.L. Goklaney

Executive Vice Chairman

J.C. Chopra

N.D. Khurody

Indu Shahani

Reinhard Von Der Becke

Directors

Dattaram Shinde

Company Secretary

Mumbai, Dated: 16th June, 2010

Mumbai, Dated: 16th June, 2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedule	Rupees	Current Year Rupees	Previous Year Rupees
1. INCOME :				
Sales and Other Income	I		990,96,34,703	875,23,72,636
2. EXPENDITURE :				
(a) Trading & Other Expenses	J	949,39,93,676		827,77,05,621
(b) Depreciation		11,20,27,219		8,99,82,402
(c) Interest (Refer Note 4)		4,50,03,464		4,91,78,045
			965,10,24,359	841,68,66,068
3. PROFIT BEFORE TAX AND EXTRAORDINARY ITEM			25,86,10,344	33,55,06,568
4. EXTRAORDINARY ITEM			—	76,83,988
5. PROFIT BEFORE TAX			25,86,10,344	32,78,22,580
Profit Before Tax From Continuing Operations		25,86,10,344		32,75,30,987
Current Year tax provision		6,50,00,000		10,25,00,000
Less : Deferred Tax (Refer Note 15)		7,36,201		58,58,148
Fringe Benefit tax provision		—		3,00,00,000
Profit After Tax From Continuing Operations			19,43,46,545	20,08,89,135
Profit After Tax From Discontinuing Operations			—	2,91,593
6. PROFIT AFTER TAX			19,43,46,545	20,11,80,728
7. Less: PRIOR YEARS' TAX ADJUSTMENTS (NET)			26,16,710	45,44,216
8. PROFIT AFTER TAX AND PRIOR YEARS' ADJUSTMENTS			19,17,29,835	19,66,36,512
9. PROFIT BROUGHT FORWARD FROM PREVIOUS YEAR			15,19,46,744	19,48,29,842
10. AMOUNT AVAILABLE FOR APPROPRIATIONS			34,36,76,579	39,14,66,354
11. APPROPRIATIONS :				
Proposed Final Dividend		—		12,78,00,000
Tax on Dividend		—		2,17,19,610
Transferred to General Reserve		8,99,50,000		9,00,00,000
			8,99,50,000	23,95,19,610
12. BALANCE CARRIED TO BALANCE SHEET			25,37,26,579	15,19,46,744
Number of Equity Shares			39,55,000	42,60,000
Weighted average number of equity shares			42,57,493	42,60,000
Face Value per share			10	10
Profit After Tax available to Equity Shareholders			19,17,29,835	19,66,36,512
Basic and Diluted Earning Per Share			Rs. 45.03	Rs. 46.16
13. NOTES TO THE ACCOUNTS	K			

Per our report attached

S.P. Mistry

Chairman

For **BATLIBOI & PUROHIT**

S.L. Goklaney

Executive Vice Chairman

Chartered Accountants

Firm Regn No. 101048W

J.C. Chopra

N.D. Khurody

Indu Shahani

Reinhard Von Der Becke

Directors

ATUL MEHTA

Partner

Membership No. 15935

Dattaram Shinde

Company Secretary

Mumbai, Dated: 16th June, 2010

Mumbai, Dated: 16th June, 2010

EUREKA FORBES LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

SCHEDULE 'A' - SHARE CAPITAL

		<i>As At</i> 31-03-2009
	Rupees	<u>Rupees</u>
AUTHORISED :		
1,50,00,000 Equity Shares of Rs.10/- each	15,00,00,000	<u>15,00,00,000</u>
ISSUED, SUBSCRIBED AND PAID UP :		
39,55,000 (<i>Previous Year 42,60,000</i>) Equity Shares of Rs.10/- each	3,95,50,000	<u>4,26,00,000</u>
[Of the above Shares, (i) 36,85,000 (<i>Previous Year 39,90,000</i>) Shares are allotted as fully paid up Bonus Shares by capitalisation of General Reserve; and (ii) 39,54,994 (<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.]		
During the year Company has made buy back of 3,05,000 shares of face value Rs.10/- each from the holding company.		

SCHEDULE 'B' - RESERVES AND SURPLUS

		<i>As At</i> 31-03-2009
	Rupees	<u>Rupees</u>
1. CAPITAL RESERVE		
Capital Subsidy		25,04,303
2. CAPITAL REDEMPTION RESERVE		
As per last Balance Sheet	69,00,000	69,00,000
Add: Transfer from General Reserve	30,50,000	—
		<u>99,50,000</u>
3. GENERAL RESERVE		
As per last Balance Sheet	84,00,00,000	75,00,00,000
Less: Buy back of equity share capital	17,99,50,000	—
Add : Transferred from Profit and Loss Account	8,99,50,000	<u>9,00,00,000</u>
		<u>75,00,00,000</u>
4. PROFIT AND LOSS ACCOUNT		
		<u>25,37,26,579</u>
	<u>101,61,80,882</u>	<u>100,13,51,047</u>

SCHEDULE 'C' - SECURED LOANS

		<i>As At</i> 31-03-2009
	Rupees	<u>Rupees</u>
1. Term Loan (Secured by mortgage of Mumbai - Marathon Innova property)	20,55,47,778	—
2. Short Term Loan (Secured by first mortgage charge on company's property with a Bank and hypothecation of stock-in-trade & book debts)	36,75,00,000	6,75,00,000
3. Cash Credit (Secured by first mortgage charge on company's property with a Bank and hypothecation of stock-in-trade & book debts)	21,17,87,876	37,05,26,191
	<u>78,48,35,654</u>	<u>43,80,26,191</u>

SCHEDULE 'D' - UNSECURED LOANS

		<i>As At</i> 31-03-2009
	Rupees	<u>Rupees</u>
1. From Banks	10,00,00,000	—
2. Interest Accrued & Due	61,644	—
	<u>10,00,61,644</u>	<u>—</u>

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

SCHEDULE 'E' FIXED ASSETS

DESCRIPTION	GROSS BLOCK						DEPRECIATION BLOCK			NET BLOCK	
	As on 01.04.2009	Additions	Deletions	As on 31.03.2010	As on 01.04.2009	Depreciation for the year	Depreciation on deductions during the year	As on 31.03.2010	As on 31.03.2010	As on 31.03.2010	As on 31.03.2009
Land - Freehold	24,67,955	—	—	24,67,955	—	—	—	—	24,67,955	24,67,955	24,67,955
Buildings *	21,71,30,743	3698,30,640	—	58,69,61,383	5,33,38,471	224,09,943	—	7,57,48,414	51,12,12,969	16,37,92,272	16,37,92,272
Plant & Machinery	7,06,32,217	2,72,47,195	118,30,291	8,60,49,121	3,84,47,516	77,69,846	50,95,134	4,11,22,228	4,49,26,893	3,21,84,701	3,21,84,701
Computers	23,84,59,619	5,29,30,797	327,03,088	25,86,87,328	17,91,05,870	3,10,36,506	235,85,250	18,65,57,126	7,21,30,202	5,93,53,749	5,93,53,749
Furnitures & Fixtures	3,71,56,756	77,25,391	9,83,577	4,38,98,570	2,95,41,655	50,17,075	5,89,963	3,39,68,767	99,29,803	76,15,101	76,15,101
Vehicles	27,57,66,860	7,04,91,988	5,40,62,345	29,21,96,503	13,03,16,792	4,16,33,849	3,25,31,175	13,94,19,466	15,27,77,037	14,54,50,068	14,54,50,068
Intangible Asset - Computer Software **	2,59,44,714	3,74,40,000	—	6,33,84,714	2,59,44,714	41,60,000	—	3,01,04,714	332,80,000	—	—
Total	86,75,58,864	56,56,66,011	9,95,79,301	133,36,45,574	45,66,95,018	11,20,27,219	6,18,01,522	50,69,20,715	82,67,24,859	41,08,63,846	41,08,63,846
Capital Advance	8,39,449	—	8,39,449	—	—	—	—	—	—	8,39,449	8,39,449
Grand Total	86,83,98,313	56,56,66,011	10,04,18,750	133,36,45,574	45,66,95,018	11,20,27,219	6,18,01,522	50,69,20,715	82,67,24,859	41,17,03,295	41,17,03,295
<i>Previous Year</i>	78,53,99,671	12,73,65,820	4,43,67,178	86,83,98,313	38,91,45,562	8,99,82,402	2,24,32,946	45,66,95,018	41,17,03,295	—	—

* 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, 2010**SCHEDULE 'F' - INVESTMENTS**

	Nos.	Rupees	Rupees	<i>As At 31.03.2009 Rupees</i>
INVESTMENTS (AT COST)				
LONG TERM INVESTMENTS				
1. TRADE INVESTMENTS - UNQUOTED				
i. Subsidiary Companies				
Aquamall Water Solutions Ltd. Fully paid Equity Shares of Rs.10/- each	20,00,080 (20,00,080)	1,95,01,280		1,95,01,280
Euro Forbes International Pte. Ltd. Fully paid Equity shares of Singapore \$ 1/- each	35,00,000 (35,00,000)	9,38,85,000		9,38,85,000
Forbes Facility Services Pvt Ltd. (Formerly Forbes Abans Cleaning Solutions (P) Ltd.) Fully paid Equity Shares of Rs.10/- each	10,00,000 (10,00,000)	1,00,00,000		1,00,00,000
E4 Development & Coaching Ltd. Fully paid Equity Shares of Rs.10/- each	7,50,000 (7,50,000)	75,00,000		75,00,000
Forbes Enviro Solutions Ltd. Fully paid Euity shares of Rs.10/- each	50000 (NIL)	5,00,000		—
Waterwings Equipments Private Limited Fully paid Equity shares of Rs.10/- each	38,000 (NIL)	1,54,28,500		—
Radiant Energy Systems Private Limited Fully paid Equity shares of Rs.100/- each	5,510 (NIL)	76,22,835		—
ii. Other Companies				
Forbes Aquatech Limited Fully paid Equity Shares of Rs.10/- each	5,00,000 (5,00,000)	50,00,000		50,00,000
ForbesLux Group AG Fully paid Equity shares of Swiss Franc 1000/- each	250 (500)	92,97,500		1,86,20,750
Forbes Concept Hospitality Services Ltd. Fully paid Equity Shares of Rs.10/- each	26,25,000 (5,00,000)	2,62,50,000		50,00,000
Forbes Concept Hospitality Services Ltd. (Share Application Money Pending allotment)	—			2,12,50,000
Infinite Water Solutions Private Ltd. Fully paid Equity Shares of Rs.10/- each	35,00,000 (35,00,000)	3,50,00,000		3,50,00,000
			22,99,85,115	21,57,57,030
2. OTHER INVESTMENTS - QUOTED				
a. Reliance Power Limited Fully paid Equity Shares of Rs.10/-each (Bonus shares issued during the Year 3,342 equity Shares)	8,913 (5,571)	25,06,950		25,06,950

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

SCHEDULE 'F' - INVESTMENTS (Contd.)

LONG TERM INVESTMENTS (Contd.)

2. OTHER INVESTMENTS - QUOTED (Contd.)

	Nos.	Rupees	Rupees	As At 31.03.2009 Rupees
b. Rural Electrification Corporation Limited Fully paid Equity Shares of Rs.10/-each	NIL (21,897)	—		22,99,185
c. Hindustan Unilever Limited Fully paid Equity Shares of Rs.1/-each	NIL (1)	—		196
d. ION Exchange (India) Limited Fully paid Equity Shares of Rs.10/-each	NIL (1)	—		130
e. Thermax Limited Fully paid Equity Shares of Rs.2/-each	NIL (1)	—		420
f. Zicom Electronics Limited Fully paid Equity Shares of Rs.10/-each	NIL (1)	—		183
			25,06,950	48,07,064

3. OTHER INVESTMENTS - UNQUOTED

Face Value Rs. 10/- each

a. Birla Sun Life Monthly Income - Monthly Dividend	NIL (1,19,56,193)			13,50,00,000
			—	13,50,00,000

CURRENT INVESTMENTS

4. OTHER INVESTMENTS - QUOTED

a. Union Bank of India Fully paid Equity Shares of Rs.10/-each	NIL (3,000)	—		4,86,542
b. Bharat heavy Electricals Limited Fully paid Equity Shares of Rs.10/-each	NIL (100)	—		1,88,766
c. Infrastructure Development Finance Company Limited Fully paid Equity Shares of Rs.10/-each	4,000 (4,000)	7,69,779		7,69,779
d. Larsen & Toubro Limited Fully paid Equity Shares of Rs.2/-each (Bonus shares issued during the Year 400 equity Shares)	800 (400)	12,94,484		12,94,484
e. NTPC LIMITED Fully paid Equity Shares of Rs.10/-each	NIL (4,000)	—		7,89,972
f. Power Grid corporation of India Limited Fully paid Equity Shares of Rs.10/-each	NIL (1,000)	—		1,00,069
g. Tata Power Company Limited Fully paid Equity Shares of Rs.10/-each	NIL (200)	—		2,48,037

EUREKA FORBES LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

SCHEDULE 'F' - INVESTMENTS (Contd.)

CURRENT INVESTMENTS (Contd.)

4. OTHER INVESTMENTS - QUOTED (Contd.)

	Nos.	Rupees	Rupees	As At 31.03.2009 Rupees
h. State Bank of India Fully paid Equity Shares of Rs.10/-each	NIL (100)	—		1,93,107
i. Bajaj Auto Limited Fully paid Equity Shares of Rs.10/-each	NIL (100)	—		48,402
j. Bajaj Holding and Investment Limited Fully paid Equity Shares of Rs.10/-each	100 (100)	1,23,743		1,23,743
k. Bajaj Finserve Limited Fully paid Equity Shares of Rs.10/-each	100 (100)	46,870		46,870
			22,34,876	42,89,771
(Figures in brackets indicate that of previous year)			23,47,26,941	35,98,53,865
Less: Diminution in value of Long term Investments				
Diminution in value of Current Investments			2,04,094	16,86,672
			23,45,22,847	35,81,67,193
QUOTED INVESTMENTS			45,37,732	74,10,163
UNQUOTED INVESTMENTS			22,99,85,115	35,07,57,030
TOTAL			23,45,22,847	35,81,67,193
Market Value Of Quoted Investments			33,74,558	35,50,638

Investments acquired and sold during the year other than shown above:

Mutual Fund

- a. 3024217.935 Units of Rs.10/- each of LICMF Liquid Fund - Growth Plan
- b. 34772184.898 Units of Rs.10/- each of LICMF Income Plus Fund - Growth Plan

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010
SCHEDULE 'G' – CURRENT ASSETS, LOANS AND ADVANCES

	Rupees	Rupees	Rupees	<i>As At 31.03.2009 Rupees</i>
1 CURRENT ASSETS				
i) Stock-in-Trade : *				
Finished Goods		56,10,26,762		59,00,13,610
Spares & Accessories		41,16,58,983		46,79,96,004
Stock-in-Transit		4,58,24,982		1022,53,601
* (As valued and certified by the Management.)			101,85,10,727	116,02,63,215
ii) Sundry Debtors :				
(Unsecured, Considered Good unless otherwise stated)				
a) Debts outstanding for a period exceeding six months		12,25,21,763		12,06,71,909
b) Other Debts		64,04,54,372		48,19,23,345
			76,29,76,135	60,25,95,254
iii) Cash and Bank Balances :				
Cash on hand (Including cheques on hand Rs.8,15,24,523 /-)		10,68,06,993		9,91,68,693
With Scheduled Banks -				
in Current Accounts		33,91,03,156		40,47,69,824
in Margin Accounts		32,46,909		7,95,109
in Deposit Accounts (FDR lodged as security with Govt authorities)		2,11,93,358		1,61,66,856
			47,03,50,416	52,09,00,482
2 LOANS AND ADVANCES				
(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]		3,40,51,620		3,79,77,523
ii) Advances recoverable in cash or in kind or for value to be received		38,78,04,174		40,26,01,730
iii) Advance Payment of Tax (Net of Provision for Tax)		8,17,95,567		2,60,45,387
iv) Inter Corporate Deposits to				
Subsidiary Companies	12,65,24,550			46,51,92,772
Other Companies	71,62,81,413			6,70,970
		84,28,05,963		46,58,63,742
v) Other Deposits [Including Rs.1,05,000/- (<i>Previous year Rs.1,05,000/-</i>) given to a subsidiary company]		13,39,33,600		11,46,65,094
vi) Income accrued on Investments and Deposits		49,40,107		57,34,088
			148,53,31,031	105,28,87,564
			373,71,68,309	333,66,46,515

EUREKA FORBES LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010**SCHEDULE 'H' – CURRENT LIABILITIES AND PROVISIONS**

	Rupees	Rupees	<i>As At 31.03.2009 Rupees</i>
	<u> </u>	<u> </u>	<u> </u>
1. CURRENT LIABILITIES			
Acceptances		3,19,38,590	1,15,53,781
Sundry Creditors :			
Small Scale Industrial Undertakings (Refer Note 22)	62,52,473		18,42,26,395
Others [Including Rs.28,73,72,380/- (Previous Year Rs.10,83,30,625/-) due to a subsidiary companies]	<u>60,21,07,520</u>		<u>17,15,84,355</u>
		60,83,59,993	35,58,10,750
Other Liabilities		62,56,41,304	62,35,41,542
Advances Received		130,95,92,269	120,25,75,721
2. PROVISIONS			
Proposed Final Dividend		—	12,78,00,000
For Tax on Proposed Final Dividend		—	217,19,610
For Expenses		26,35,86,911	26,63,46,069
For Retirement and other employee benefits		83,96,681	47,25,514
For Leave encashment		3,25,69,908	3,20,28,398
		<u>288,00,85,656</u>	<u>264,61,01,385</u>

**SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 ST MARCH 2010**

SCHEDULE 'T' - SALES AND OTHER INCOME

	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>	<i>Previous Year Rupees</i>
1) SALE OF PRODUCTS			765,73,76,199	683,38,46,672
2) INCOME FROM SERVICES			195,33,87,320	162,52,76,422
3) OTHER INCOME :				
Interest Income :				
From Deposits, Loans, Advances and Deferred Payment Scheme		13,31,40,776		11,03,61,602
(Gross) (Tax deducted at source Rs.8,58,873/- Previous Year Rs.1,43,79,570/-)				
Dividend Income :				
From Long Term Investment In :				
– Subsidiary Company	4,47,89,600			3,00,01,200
– Others	1,08,65,897			72,00,915
		<u>5,56,55,497</u>		<u>3,72,02,115</u>
Profit on Fixed Assets sold/discarded (Net)		1,13,97,588		70,62,419
Profit on Sale of Investment (Net)		2,08,29,061		1,36,30,709
Excess Provision for earlier years		21,609		8,21,667
Provision for Diminution in value of Investments written back (Net)		12,30,566		—
Profit on Sale of Discontinuing Business (Refer Note 16)		3,84,47,630		—
Miscellaneous Income		<u>3,81,48,457</u>		<u>12,41,71,030</u>
			<u>29,88,71,184</u>	<u>29,32,49,542</u>
			<u>990,96,34,703</u>	<u>875,23,72,636</u>

EUREKA FORBES LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 ST MARCH 2010

SCHEDULE 'J' - TRADING AND OTHER EXPENSES

	Rupees	Rupees	Rupees	<i>Previous Year Rupees</i>
1) PAYMENTS TO AND PROVISIONS FOR EMPLOYEES :				
Salaries, Bonus and Commission		132,44,43,956		<i>128,70,67,959</i>
Company's Contribution to Provident and Other Funds		8,87,79,484		<i>8,85,71,831</i>
Staff Welfare Expenditure		<u>4,52,90,153</u>		<i>4,78,05,875</i>
			145,85,13,593	<u><i>142,34,45,665</i></u>
2) OPERATIONAL AND OTHER EXPENSES :				
Electricity		2,47,04,041		<i>2,67,65,788</i>
Rent [Net of recoveries Rs.10,21,507/-; (Previous year Rs.12,57,578/-)]		11,22,84,290		<i>10,79,46,153</i>
Repairs and Maintenance -				
Building	15,43,871			—
Machinery	56,418			—
Other Assets	<u>3,93,08,297</u>			<i>4,46,99,441</i>
		4,09,08,586		<u><i>4,46,99,441</i></u>
Insurance		4,45,23,268		<i>4,42,09,467</i>
Advertisement		49,62,18,715		<i>41,49,52,929</i>
Selling and Sales Promotion		37,07,94,881		<i>28,74,87,293</i>
Freight, Forwarding and Delivery		12,05,31,661		<i>10,02,91,254</i>
Auditors' Remuneration -				
Audit Fees	13,23,600			<i>13,23,600</i>
Management Services	2,55,069			<i>2,41,574</i>
Out of pocket expenses	<u>1,66,576</u>			<i>2,68,964</i>
		17,45,245		<u><i>18,34,138</i></u>
Printing and Stationery		3,66,82,376		<i>4,19,89,159</i>
Postage, Telegrams, Telephones and Telex		9,27,78,072		<i>10,44,12,798</i>
Travelling and Conveyance		12,93,34,548		<i>13,80,64,705</i>
Legal and Professional Fees		6,83,18,942		<i>5,21,90,648</i>
Vehicle Expenses and Maintenance		16,13,55,835		<i>17,75,95,247</i>
Rates and Taxes		6,84,41,046		<i>5,66,68,792</i>
Conference Expenses		8,08,22,021		<i>5,50,39,919</i>
Service Charges		79,53,90,715		<i>63,78,74,525</i>
Information Technology Expenses		8,60,08,874		<i>2,47,53,006</i>
Other Establishment Expenses		20,88,90,866		<i>17,72,86,423</i>
Directors' Sitting Fees		2,35,000		<i>2,00,000</i>
Bad Debts/Advances Written-Off		<u>1,92,29,894</u>		<i>1,51,88,794</i>
			295,91,98,876	<u><i>250,94,50,479</i></u>
3) DIMINUTION IN VALUE OF INVESTMENTS		—		<i>11,38,006</i>
4) COMMISSION TO DIRECTORS (Refer Note 9)			59,00,000	<i>1,50,15,000</i>
5) ADJUSTMENTS FOR STOCKS :				
TRADED				
Opening Stock		116,02,63,215		<i>132,16,72,610</i>
Add : Purchases		<u>492,86,28,719</u>		<i>416,72,47,076</i>
		608,88,91,934		<i>548,89,19,686</i>
Less : Closing Stock		<u>101,85,10,727</u>		<i>116,02,63,215</i>
			507,03,81,207	<u><i>432,86,56,471</i></u>
			<u>949,39,93,676</u>	<u><i>827,77,05,621</i></u>

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010
SCHEDULE 'K' - 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. Investments include investments in Shares of Companies Registered outside India. They are stated at cost by converting at the rate of exchange prevalent at the time of acquisition thereof. For the purpose of arriving at profit/loss on sale of investment, the cost is determined on average basis.

(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.

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010**SCHEDULE 'K' - NOTES TO THE ACCOUNTS (Contd.)****(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 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) Taxation

Income Taxes are accounted for in accordance with Accounting Standard 22 "Accounting for Taxes on Income" notified under the Companies (Accounting Standard) Rules 2006. Income Tax comprises both current and deferred tax. Current tax is measured on the basis of estimated income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961. 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.

(k) Impairment of Assets

An Asset is treated as impaired as and when the carrying cost of the asset exceeds its recoverable value. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cashflows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from sale of the asset in an arm's length transaction between knowledgeable, willing parties, less cost of disposal. An impairment loss is charged off to the Profit and Loss account in the year in which the asset is identified and impaired. The impaired loss recognised in prior accounting periods is reversed if there has been a change in the estimate of the recoverable value.

(l) Provisions, Contingent Liabilities and Contingent Assets

Provision involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.

(m) 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.1.88 lakhs (*previous year Rs.59.80 lakhs*).
- 3. (a) Provision for warranty - Rs.470.84 lakhs (*Previous year Rs.412.75 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) Corporate Guarantee given to Bank on behalf of the Subsidiary Company - Rs.200 lakhs (*previous year Rs.500 Lakhs*)
 - (ii) Bank Guarantees issued on behalf of the Company - Rs.1317.89 lakhs (*previous year Rs.831.06 lakhs*)

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

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

(iii)	Claims against the Company not acknowledged as debts- Rs.51.48 lakhs (previous year Rs.50.15 lakhs)		
(iv)	Disputed Income Tax Demands - Rs.632.67 lakhs (previous year Rs.70.46 lakhs).		
(v)	Disputed Central Excise Demands - Rs.103.60 lakhs (previous year Rs.103.60 lakhs).		
(vi)	Disputed Sales Tax demands - Rs.2503.16 lakhs (previous year Rs.2444.17 lakhs).		
4.	Expenditure on interest of Rs.4,50,03,464 (previous year Rs.4,91,78,045/-) pertains to interest on Bank Loan, deposits etc.		
5.	(a) Expenditure in foreign currency on account of :	2009-10	2008-09
		Rupees	Rupees
	Subscription, travelling, advertisement, testing charges, salary, training, professional fees royalty etc.	1,05,36,543	2,35,35,751
	(b) Remittance in Foreign Currency :		
	On account of purchase of shares of Subsidiary		
	On account of Inter corporate deposit to subsidiary company	38,02,46,091	7,68,18,413
	On account of Capital Goods	38,07,209	38,08,788
6.	Value of Imports on C.I.F basis :		
	Finished goods, Components & Spare parts	26,30,71,326	20,55,00,483
7.	Earnings in Foreign Exchange :		
	Export of goods on F.O.B basis	22,78,153	1,99,59,011
	Commission & other receipts	40,68,420	78,24,121
	Interest on Inter corporate deposit to subsidiary company	6,84,48,264	4,76,77,721
	Sale of Investment in joint venture	2,90,57,027	—
8.	Managerial Remuneration under Section 198 of the Companies Act 1956, payable to :		
	i) The Vice Chairman and Managing Director :		
	Salary	73,32,743	43,63,243 **
	Commission	37,00,000	117,15,000
	Perquisites in cash or in kind	91,65,929	54,54,054 **
	Contribution to provident and other funds	19,79,840	11,78,075 **
		<u>2,21,78,512 *</u>	<u>2,27,10,372 *</u>
	ii) The Non-Wholetime Directors :		
	Commission	22,00,000	33,00,000
		<u>2,43,78,512</u>	<u>2,60,10,372</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		

EUREKA FORBES LIMITED

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

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

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

	2009-10 Rupees	2008-09 Rupees
Profit Before tax as per Profit and Loss Account	25,86,10,344	32,78,22,580
Add:		
Depreciation charged in accounts	11,20,27,219	8,99,82,402
Remuneration to Vice Chairman and Managing Director	2,21,78,512	2,27,10,372
Commission to Non-wholetime Directors	22,00,000	33,00,000
Provision for Diminution in Investments	—	11,38,006
	<u>39,50,16,075</u>	<u>44,49,53,360</u>
Less:		
Depreciation chargeable u/s 350	11,20,27,219	8,99,82,402
Profit on Sale of Discontinuing Business	384,47,630	—
Provision for Diminution in Investments w.back	12,30,566	—
Profit on sale of Investments (net)	<u>2,08,29,061</u>	<u>1,36,30,709</u>
Profit u/s 349 of the Companies Act	<u>22,24,81,599</u>	<u>34,13,40,249</u>
Commission to Non-wholetime Directors @ 1%	<u>22,24,816</u>	<u>34,13,402</u>
Commission provided in Accounts for -		
Vice Chairman and Managing Director	37,00,000	117,15,000
Non-wholetime Directors	<u>22,00,000</u>	<u>33,00,000</u>
Total	<u>59,00,000</u>	<u>150,15,000</u>

Remuneration paid to Vice Chairman and Managing Director exceeds the limit prescribed under schedule XIII to the Companies Act, 1956 for which the company has made an application to the central government and approval is awaited. Pending such approval, the remuneration paid in excess of the limit is being held in trust by the Vice Chairman and Managing Director.

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	77,874 (78,672)	2,97,659 (270,793)	3,27,403 (271,591)	48,130 (77,874)
Water filter-cum-purifiers	1,45,589 (1,53,483)	11,00,227 (9,77,279)	11,03,541 (9,85,173)	1,42,275 (1,45,589)
Electronic air cleaning systems	2,964 (2,572)	1,108 (2,633)	2,866 (2,241)	1,206 (2,964)

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

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

ii) Value (Rs.)

Product	Opening Stock	Purchases	* Sales / Disposals	Closing Stock
Vacuum Cleaners	18,20,76,324 (21,48,11,989)	85,00,17,990 (74,47,70,888)	163,58,62,436 (145,88,33,637)	15,76,21,749 (18,20,76,324)
Water filter - cum - purifiers	43,46,33,968 (42,77,38,538)	297,89,85,891 (264,96,02,859)	537,69,74,943 (489,60,71,199)	39,82,35,792 (43,46,33,968)
Water & Waste Water Treatment Plants	— (—)	6,89,24,814 (—)	9,96,00,848 (—)	— (—)
Electronic air cleaning systems	57,89,461 (49,11,602)	43,15,943 (86,45,715)	1,55,40,893 (166,60,982)	25,52,157 (57,89,461)
Digital Security Systems	3,46,46,916 (8,27,06,844)	7,13,73,329 (1,58,92,041)	10,57,86,496 (14,03,26,071)	3,63,75,716 (3,46,46,916)
Chemicals	1,12,76,761 (1,82,77,099)	11,72,944 (59,66,808)	8,16,338 (1,04,05,232)	33,69,809 (1,12,76,761)
Spares & Accessories	49,18,39,785 (57,32,26,538)	95,38,37,808 (74,23,68,765)	42,27,94,245 (31,15,49,551)	42,03,55,504 (49,18,39,785)
	116,02,63,215 (132,16,72,610)	492,86,28,719 (416,72,47,076)	765,73,76,199 (683,38,46,672)	101,85,10,727 (116,02,63,215)

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

Figures in brackets relate to Previous Year.

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 :

		2009-10 Rupees	2008-09 Rupees
Employer's contribution to Provident Fund	*	1,60,84,029	1,73,06,637
Employer's contribution to Superannuation Fund	*	73,40,346	65,86,242
Employer's contribution to Pension Scheme		2,47,36,379	2,42,41,331

* 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.

EUREKA FORBES LIMITED

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

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

	2009-10		2008-09	
	Gratuity (Funded)	Leave Encashment (Non Funded)	Gratuity (Funded)	Leave Encashment (Non Funded)
	Rupees	Rupees	Rupees	Rupees
a. Change in benefit obligations				
Defined benefit obligation at the beginning of the year	7,83,36,005	3,20,28,398	7,54,48,692	2,93,43,224
Current Service cost	111,36,893	70,22,174	111,04,285	60,11,971
Interest cost	62,01,788	25,68,097	64,12,263	26,11,168
Actuarial gain / (loss) on obligations	37,53,882	(17,91,684)	(18,29,851)	(5,06,786)
Benefit paid	(188,99,648)	(72,57,077)	(127,99,384)	(54,31,179)
Defined benefit obligation at the end of the year	8,05,28,920	3,25,69,908	7,83,36,005	3,20,28,398
b. Change in fair value of Plan Assets				
Fair value of Plan Assets at the beginning of the year	8,05,40,996		7,31,96,115	
Expected return on Plan Assets	68,82,986		66,36,607	
Employer Contribution	1,49,46,148		1,61,61,170	
Benefit paid	(188,99,648)		(127,99,384)	
Actuarial gain / (loss) on Plan Assets	15,97,876		(26,53,512)	
Fair value of Plan Assets at year end	8,50,68,358		8,05,40,996	
Total Actuarial gain / (loss) to be recognised	21,56,005		(8,23,661)	
c. Expenses recognised during the year (under the head "Payments to and provisions for employees - Schedule I)				
Current Service cost	111,36,893	70,22,174	111,04,285	60,11,971
Interest Cost	62,01,788	25,68,097	64,12,263	26,11,168
Expected Returns on Plan Assets	(68,82,986)		(66,36,607)	
Actuarial Gain or Loss	21,56,005	(17,91,684)	8,23,661	(5,06,786)
Expense Recognised in the Profit and Loss account	1,26,11,700	77,98,587	1,17,03,602	81,16,353
d. Category of Assets				
Central Government Securities	1,83,42,680		1,61,64,680	
Corporate Bonds	4,18,19,000		2,26,09,780	
Special Deposit Scheme	41,03,069		41,03,019	
State Government Bonds	1,56,39,100		2,26,09,780	
Others	51,64,509		150,53,737	
Total Investments	8,50,68,358		8,05,40,996	

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

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

e Assumptions used in the accounting for defined benefit plans

Discount Rate	8.00%	8.00%	7.75%	7.75%
Rate of Return on Plan Assets	8.00%		8.00%	
Salary Escalation Rate	4.50%	4.50%	4.50%	4.50%

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. 1122.84 Lakhs (*Previous Year Rs.1079.46 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	<i>Opening Asset / (Liability) As at 01.04.09</i>	during the year Asset / (Liability)	Closing Asset / (Liability) As at 31.03.10
Depreciation	66,38,346	(18,02,660)	48,35,686
Others	1,49,23,274	25,38,861	1,74,62,135
Total	2,15,61,620	7,36,201	2,22,97,821

16. The Company entered into a binding Sale and Purchase Agreement (SPA) on 12th November 2008 for slump sale of its Security Systems Projects Division (SSD) with another party. The transaction has been completed during the year ended 31st March 2010 and profit on slump sale of SSD of Rs 384 lakhs determined on net worth basis as on the cut-off date i.e. 30th June 2008 has been recognised in the books.
17. During the year the company's wholly owned subsidiary Euroforbes International Pte Ltd. (EFIPL) Singapore transferred its net assets at book value to Forbes Lux FZE (FLFZE) Dubai which is a 100% subsidiary of Forbes Lux Group AG (FLG AG) Switzerland. Consequently the company's long term loans to EFIPL of Rs. 68.58 Crs for business operation in ASEAN countries have been transferred to FLFZE. Although the term for repayment 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 is necessary in the opinion of the management. EFIPL is in the process of acquiring 75% of shares of FLFZE. The transaction is likely to get completed in ensuing financial year.
18. During the year the company's 50 : 50 joint venture Forbes Lux Group AG (FLG AG) Switzerland underwent restructuring in terms of which the company divested 50% of its shareholding in FLG AG. Consequently the company's share on the negative net worth in FLG AG will not exceed the investment in FLG AG. However considering the long term prospect of the growth in business on a going concern basis, no provision for diminution in the value of investment is considered necessary in the opinion of the management.
19. The company has investment in joint venture company Forbes Concept Hospitality Services Pvt. Ltd. (FCHSPL) of Rs.2.62 crores and loans granted of Rs.65 lakhs. FCHSPL has an accumulated loss of Rs.5.66 crores resulting in a negative net worth as on 31st March 2010. In view of the co's plan to restructure its business in the ensuing year, no provision for loss and diminution in the value of investment is considered necessary in the opinion of the management.

EUREKA FORBES LIMITED

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

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

20. 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.
21. Rs.317.26 Lakhs (*previous year Rs.270.39 lakhs*) revenue expenses incurred during the year on Research and Development has been charged to the respective heads of accounts.
22. Net foreign exchange difference loss, included in the profit and loss account is Rs.436.27 lakhs. (*Previous Year Rs.860.05 lakhs profit*). Exchange difference (gain) on outstanding forward exchange contract to be recognised in the profit and loss account of the subsequent year aggregates to Rs. Nil (*previous year Rs.4.03 lakhs*).
23. 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	Sujana Associates
Excellent Printers	Zeebeetronics
Gazelle Printers	
Highgene Technologies P Ltd.	
Infa Graphics	
Lakshmi Enterprises	
Mambally Connectronix	
S.N. Industries	

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
Infa Graphics
Lakshmi Enterprises
Sujana Associates

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.

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

Per our report attached
For **BATLIBOI & PUROHIT**
Chartered Accountants
Firm Regn No. 101048W

ATUL MEHTA
Partner
Membership No. 15935

S.P. Mistry	<i>Chairman</i>	
S.L. Goklaney	<i>Executive Vice Chairman</i>	
J.C. Chopra N.D. Khurody Indu Shahani Reinhard Von Der Becke	} <i>Directors</i>	
Dattaram Shinde		<i>Company Secretary</i>

Mumbai, Dated: 16th June, 2010

Mumbai, Dated: 16th June, 2010

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 K to the Accounts for the year ended 31st March 2010.

- (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) -
Aquadignostics Water Research & Technology Center
Aquamall Water Solutions Limited.
E4 Development & Coaching Ltd.
Euro Forbes International Pte. Ltd.
Forbes Aquamall Limited
Forbes Enviro Solutions Ltd.
Forbes Facility Services Pvt Ltd. (formerly known as Forbes Abans Cleaning Solutions Pvt Ltd.)
Radiant Energy Systems Pvt Ltd.
Waterwings Equipments Pvt. Ltd.
 - C Enterprises that are under common control -
Forbes Bumi Armada Ltd.
Forbes Campbell Services Ltd.
Forbes Container Lines Ltd.
Forbes Smart Data Ltd.
Forbes Technosys Ltd.
Forbes Tinsley Co. Ltd.
Latham India Limited
Volkart Fleming Shipping & Services Limited
 - D Associate Company
Euro P2P Direct (Thailand) Co.Ltd.
Forbes Lux FZE
ForbesLux Group AG
 - E Joint Venture
Forbes Aquatech Limited
Forbes Concept Hospitality Services Ltd.
Infinite Water Solutions Pvt. Ltd.
 - F Key Management Personnel
Mr. S.L. Goklaney

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 K to the Accounts for the year ended 31st March 2010 (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 *
<u>Purchases</u>						
Goods and Materials	9,26,738	355,45,70,574			54,39,41,571	
Fixed Assets	2,94,60,492	1,43,847				
<u>Sales</u>						
Goods and Materials	53,085	1,75,72,079	8,400	1,00,83,492	50,801	
Fixed Assets		1,07,78,965				
<u>Expenses</u>						
Rent and other services	34,63,719	1,13,00,683				
Provision/Write offs						
<u>Income</u>						
Rent and other services	3,95,450	6,07,800	1,24,700	24,000	16,25,019	
Interest	68,78,730			6,57,48,417	1,06,200	
Dividend	4,00,01,600				50,00,000	
Provision/Write offs						
<u>Other Recoveries</u>						
Recovery of Expenses		6,35,07,739		71,02,649	64,87,869	
<u>Finance</u>						
ICDs Given		16,82,60,695		26,82,85,396	805,00,000	
Advances Given						
Investment in shares		2,35,51,335				
Buy back of Shares	17,99,50,000					
Advances Received						
Sale of Investment				93,23,250		
<u>Dividend paid</u>	12,78,00,000					
<u>Outstanding</u>						
Payable	51,63,473	28,75,85,484			6,38,06,943	
Receivables	1,70,750	3,96,49,335	156,330	7,17,03,223	29,33,593	
ICDs Given		12,65,24,550		68,57,81,413	305,00,000	
Interest Receivables		33,23,574		14,27,56,641	16,25,019	
Other Deposits Given		1,05,000				
<u>Guarantees</u>						
Given						
Outstanding						

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

Details required under Accounting Standard 18 on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India - referred in note no. 20 in Schedule K to the Accounts for the year ended 31st March 2010 (Contd.)

- a. The aggregate amount of Assets, Liabilities, Income and Expenses related to the Company's interests in the JV as at 31.03.2010 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 Concept Hospitality Services Pvt Ltd.	India	31.03.2010	50%	167.45	187.98	711.20	734.56
2	Forbes Aquatech Limited	India	31.03.2010	50%	828.27	663.25	2,683.37	2,575.15
3	Infinite Water Solutions Limited	India	31.03.2010	50%	386.96	165.42	10.29	118.05

- b. The Company's share of contingent liabilities of the JV Forbes Aquatech Limited as at 31.03.2010 is Rs.34.55 lakhs (*Previous Year Rs.34.55 lakhs*).

EUREKA FORBES LIMITED

Information referred to in Note 24 in Schedule K to the Accounts for the year ended 31st March, 2010

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		
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 State Code

2	1
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Balance Sheet Date

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

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

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

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 S
Item code No. (ITC Code)	8 4 2 1 3 9 . 0 0
Product Description	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
Item code No. (ITC Code)	8 4 2 1 3 9 . 0 0
Product Description	C L E A N I N G S Y S T E M S

Per our report attached
For **BATLIBOI & PUROHIT**
Chartered Accountants
Firm Regn No. 101048W

ATUL MEHTA
Partner
Membership No. 15935

Mumbai, Dated: 16th June, 2010

S.P. Mistry *Chairman*
S.L. Goklaney *Executive Vice Chairman*

J.C. Chopra
N.D. Khurody
Indu Shahani
Reinhard Von Der Becke } *Directors*

Dattaram Shinde *Company Secretary*

Mumbai, Dated: 16th June, 2010

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2010

	2009-10		2008-2009	
	Rupees	Rupees	Rupees	Rupees
NET PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS		25,86,10,344		33,55,06,568
Adjusted For -				
Depreciation	11,20,27,219		8,99,82,402	
Profit on sale of Fixed Assets (Net)	(113,97,588)		(70,62,419)	
Profit on sale of Investments (Net)	(2,08,29,061)		(1,36,30,709)	
Extraordinary Items	—		(76,83,988)	
Prior Period Items	(26,16,710)		(45,44,216)	
Unrealised Foreign Exchange Difference	(226,68,413)		(848,64,760)	
Investment Income	(13,15,36,522)		(9,15,50,549)	
Interest and other finance charges	450,03,464		491,78,045	
		(3,20,17,611)		(7,01,76,194)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS		22,65,92,733		26,53,30,374
Changes in -				
Trade and Other Receivables	(15,78,92,913)		(1,15,52,320)	
Inventories	14,17,52,488		16,14,09,395	
Trade Payables and others	38,39,09,385		1,48,85,216	
	36,77,68,960		16,47,42,291	
Other Adjustments -				
Diminution in value of investments	(14,82,578)		(16,04,274)	
Bad Debts	1,92,29,894		1,51,88,794	
CASH GENERATED FROM OPERATIONS		38,55,16,276		17,83,26,811
		61,21,09,009		44,36,57,185
Direct Taxes Paid	(12,07,50,180)		(14,93,98,729)	
(a) NET CASH FROM OPERATING ACTIVITIES		49,13,58,829		29,42,58,456
CASH FLOW FROM INVESTING ACTIVITIES:				
Buyback of Shares at premium	(17,99,50,000)			
Purchase of Fixed Assets(Including adjustment on account of Capital Advances)	(56,48,26,562)		(12,38,38,750)	
Sale of Fixed Assets	4,91,75,367		2,54,69,581	
Purchase Of Investments	(53,35,76,163)		(4,62,50,002)	
Sale of Investments	67,95,32,148		2,22,87,524	
Interest Received	8,14,63,006		4,90,21,038	
Dividend Received	5,08,67,497		3,79,94,811	
Deposits Given/Received back from other Companies	(37,69,42,221)		(11,92,20,802)	

EUREKA FORBES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2010 (Contd.)

	2009-10		2008-2009	
	Rupees	Rupees	Rupees	Rupees
(b) NET CASH FROM /(USED) IN INVESTING ACTIVITIES		(79,42,56,928)		(15,45,36,600)
CASH FLOW FROM FINANCING ACTIVITIES				
Increase/(Decrease) in Term Loan	20,55,47,778		—	
Increase/(Decrease) in Short Term Loan	30,00,00,000		—	
Increase/(Decrease) in cash credit account	(15,87,38,315)		(10,71,097)	
Increase/(Decrease) in unsecured loan	10,00,00,000		—	
Interest Paid	(4,49,41,820)		(4,91,78,045)	
Dividend Paid ((including Dividend tax)	(14,95,19,610)		(4,98,39,870)	
(c) NET CASH FROM/ (USED) IN FINANCING ACTIVITIES		25,23,48,033		(10,00,89,012)
NET INCREASE IN CASH AND CASH EQUIVALENTS		(5,05,50,066)		3,96,32,844
CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE YEAR, COMPRISING :				
Cash, Cheques on hand	9,91,68,693		9,05,61,279	
Balances with scheduled banks on Current accounts, Margin accounts and Deposit accounts	40,47,69,824	52,09,00,482	37,74,31,408	48,12,67,638
	1,69,61,965		1,32,74,951	
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR, COMPRISING :				
Cash, Cheques on hand	10,68,06,993		9,91,68,693	
Balances with scheduled banks on Current accounts, Margin accounts and Deposit accounts	33,91,03,156	47,03,50,416	40,47,69,824	52,09,00,482
	2,44,40,267		1,69,61,965	
NET INCREASE / (DECREASE) AS DISCLOSED ABOVE		(5,05,50,066)		3,96,32,844

Per our report attached

For **BATLIBOI & PUROHIT**

Chartered Accountants

Firm Regn No. 101048W

ATUL MEHTA

Partner

Membership No. 15935

S.P. Mistry

Chairman

S.L. Goklaney

Executive Vice Chairman

J.C. Chopra

N.D. Khurody

Indu Shahani

Reinhard Von Der Becke

Directors

Dattaram Shinde

Company Secretary

Mumbai, Dated: 16th June, 2010

Mumbai, Dated: 16th June, 2010

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	Waterwings Equipments Private Limited	Radiant Energy Systems Private Limited	Forbes Enviro Solutions Ltd.
The Financial Year of the Subsidiary Company ended on	—	31-03-2010	31-03-2010	31-03-2010	31-03-2010	31-03-2010	31-03-2010	31-03-2010
(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	50,000	7,250	50,000
(ii) Partly paid	—	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Percentage Holding	—	100	100	100	75	76	76	100
(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 31st March, 2010 are as follows:								
For the year	—	Rs.21,65,06,771	Rs.(1,12,48,758)	Rs. 57,98,473	Rs. 84,876	Rs. 13,25,897	Rs. 13,95,240	Rs.(1,03,000)
For the previous years	—	Rs.74,88,14,142	Rs.1,58,18,051	Rs. 28,71,534	Rs. (89,80,079)			
(c) The net aggregate amount of profits of the Subsidiary Company which has been dealt with in Eureka Forbes Limited accounts upto 31st March, 2010 being the dividends received are as under :								
For the year	—	Rs. 4,00,01,600				Rs. 41,25,000	Rs. 21,75,000	
For the previous years	—	Rs.24,22,65,765						

S.P. Mistry *Chairman*
S.L. Goklaney *Executive Vice Chairman*
J.C. Chopra
N.D. Khurody
Indu Shahani
Reinhard Von Der Becke } *Directors*
Dattaram Shinde *Company Secretary*

Mumbai, Dated: 16th June, 2010

E4 DEVELOPMENT & COACHING LIMITED

(a Subsidiary Company of Eureka Forbes Ltd.)

Annual Report and Accounts
for the year ended 31st March, 2010

DIRECTORS:

S.L. Goklaney

R.K. Lawande

S.K. Palekar

R.R. Mallar

Hemant Nerurkar

PRINCIPAL BANKERS :

State Bank of Hyderabad

AUDITORS :

Batliboi & Purohit

REGISTERED OFFICE :

Bhupesh Gupta Bhavan, 1st Floor,

85, Sayani Raod,

Prabhadevi,

Mumbai - 400 025

DIRECTORS' REPORT

To,
The Members,
Your Directors have pleasure in presenting the second Annual Report and Audited Statement of Accounts of the Company for the Financial Year ended on March 31, 2010.

1 FINANCIAL RESULTS FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2010:

	Year Ended March 31, 2010 Rupees	<i>Year Ended March 31, 2009 Rupees</i>
Income from services and Other Income	44,56,996	18,74,833
Profit/ (Loss) before Depreciation	1,83,484	(88,02,229)
Less: Depreciation	1,09,886	78,753
Profit/ (Loss) Before Tax	73,598	(88,80,982)
(Add) / Less: Provision for Current, Fringe Benefit and Deferred Tax	(11,278)	99,097
Profit/ (Loss) after Tax	84,876	(89,80,079)
Balance Brought Forward from Last Year	(89,80,079)	—
Loss Transferred to Balance Sheet	<u>(88,95,203)</u>	<u>(89,80,079)</u>

2. OPERATIONS:

With the industry showing better trends this year the 2nd year of operations at your Company has been remarkably better.

In continuation of our capability and talent building activities the Company has developed several new training tools and techniques which will help the Company to further consolidate its base and growth for the year ahead.

It is also heartening to note that the Company has retained and grown with almost all its existing clients and has also added several new prestigious clients.

Your Company now also has a very select list of senior consultants in each sector of business and will continue to look for and associate with various business partners to add value to the organisation and look for collaborative opportunities and growth.

The Company has also designed several learning modules for academic interventions more particularly to develop the faculty at campuses and will be launching them shortly. This will enable a better industry academia interface and help in future growth of the business.

3. DIRECTORS

Ms. Harsimran Singh have resigned from the office of Directors of the Company with effect from May 25, 2010,

and the Board has recorded its deep appreciation of the services rendered by them during their tenure as Directors of the Company.

Mr. Marzin R. Shroff was appointed as Additional Director at the Board Meeting held on May 25, 2010. Hence, he will be retiring at the forthcoming Annual General Meeting and, being eligible, offers himself for reappointment.

Mr. Ram Mallar and Mr. Hemant Nerurkar, being Directors liable to retire by rotation, under section 256 of the Companies Act, 1956, retire at the forthcoming Annual General Meeting and offers themselves for reappointment.

4. AUDITORS:

M/s. Batliboi & Purohit were re-appointed at the last Annual General Meeting of the Company held on July 8, 2009, and hence, retire at this Annual General Meeting and offer themselves for re-appointment.

5. 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.

E4 DEVELOPMENT & COACHING LIMITED

6. 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, 2010, 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 and 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.

7. 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.

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.

For and behalf of the Board of Directors

(Rawalnath K. Lawande)
Director

(R. R. Mallar)
Director

Mumbai, May 25, 2010

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 year ended on 31st March, 2010. 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 Board of Directors duly met 5 times during the period April 1, 2009 to March 31, 2010, as under:
 1. May 26, 2009
 2. June 7, 2009
 3. August 6, 2009
 4. December 17, 2009
 5. March 23, 2010

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

4. During the financial year there was one meeting of the Remuneration Committee.
5. Since the Company is a closely held public limited company, they did not close the Register of Members.
6. The Company being a public Company incorporated on July 23, 2008, the Statutory Meeting was held on June 30, 2009, pursuant to section 165 of the Act.
7. During the financial year no extra-ordinary general meeting of the Company was held.
8. The Company has not advanced any loans to its directors or persons or firms or companies referred in the section 295 of the Act.
9. The Company has not appointed any director under the designation of “Managing Director” so far.
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 made necessary entries in the register maintained 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 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.

E4 DEVELOPMENT & COACHING LIMITED

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 have been duly made.
16. There was no appointment of sole-selling agents during the financial year which attracted the provisions of the Act.
17. 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.
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. There was no buy-back of shares during the financial year.
20. The Company has not issued any preference shares/debentures and hence there was no redemption of such shares.
21. 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.
22. The Company has not borrowed any money, which breached the borrowing limit of the Company or attracted Section 293(1) (d) of the Act.
23. The Company has not made any loans and investments, or given guarantees or provided securities to other bodies corporate.
24. 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.
25. The Company has not altered the provisions of the memorandum with respect to the objects of the Company during the year.
26. The Company has not altered the provisions of the memorandum with respect to share capital of the Company during the year under scrutiny.
27. The Company has not altered its Articles of Association during the year.
28. 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.
29. No money or security received from its employees during the year under certification, which attracted the provisions of section 417(1) of the Act.
30. There are no employees employed by the Company who are eligible for the benefit of Provident Fund.

Signature:

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

C. P. No.: 3439

Mumbai, May 21, 2010

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 31st March, 2010.

- i) Form No. 22 (Statutory Report)
- ii) Form No. 23AC and Form No. 23ACA (Annual Accounts for the year ending March 31, 2009)
- iii) Form No. 20B (Annual Return for the year ending March 31, 2009).
- iv) Form 66 for filing Compliance Report of M/s R.R. Mallar & Associates.

E4 DEVELOPMENT & COACHING LIMITED

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 31st March 2010 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, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2010 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 31st March, 2010;
 - 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
Firm Regn No. 101048W

Atul Mehta
Partner

Membership No. 15935

Mumbai, May 25, 2010

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 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 lakhs and the year-end balance of loans taken from such party was Rs. 3 lakhs.
- 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) In respect of loans taken, repayment of the principal amount is as stipulated and payment of interest have 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 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) 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.

E4 DEVELOPMENT & COACHING LIMITED

- 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
Firm Regn No. 101048W

Atul Mehta
Partner

Membership No. 15935

Mumbai, May 25, 2010

BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule	As at 31-Mar-10 Rupees	As at 31-Mar-09 Rupees
FUND EMPLOYED			
1. Shareholder's funds:			
Share Capital	A	1,00,00,000	1,00,00,000
2. Unsecured Loan			
Inter Corporate Deposit (From Holding Company)		3,00,000	—
3. Deferred Tax Liability		7,819	19,097
4. Total Funds Employed		1,03,07,819	1,00,19,097
APPLICATION OF FUNDS			
5. Fixed Assets	B		
(a) Gross Block		3,23,642	3,23,642
(b) Depreciation		1,88,639	78,753
(c) Net Block		1,35,003	2,44,889
6. Current Assets, Loans & Advances	C	29,37,970	13,89,316
7. Less : Current Liabilities & Provisions	D	16,60,357	10,47,230
8. Net Current Assets		12,77,612	3,42,086
9. Miscellaneous Expenditure (To the Extent Not Written Off or adjusted)	E	—	4,52,043
10. Debit Balance in Profit & Loss Account		88,95,203	89,80,079
11. Total Assets (Net)		1,03,07,819	1,00,19,097
12. Notes to Accounts	H		

Per our report attached

For **BATLIBOI & PUROHIT**
Chartered Accountants
Firm Regn. No. 101048W

Atul Mehta
Partner
M.No. 15935

Mumbai, Dated : 25th May, 2010

R. K. Lawande }
S. K. Palekar } *Directors*
R. R. Mallar }

Mumbai, Dated : 25th May, 2010

E4 DEVELOPMENT & COACHING LIMITED

PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED ON 31ST MARCH, 2010

	Schedule	2009-10		2008-09
		Rupees	Rupees	Rupees
1. INCOME				
Income from Services			42,90,080	18,37,880
Other Income			1,66,916	36,953
Total			44,56,996	18,74,833
2. EXPENDITURE				
(a) Employees Cost	F	8,05,230		23,81,141
(b) Administrative & Other Expenses	G	34,50,677		81,82,910
(c) Finance Cost		17,605		—
(d) Depreciation		1,09,886		78,753
(e) Preliminary Expenses Written off		—		1,13,011
Total			43,83,398	107,55,815
3. Profit / (Loss) before Tax			73,598	(88,80,982)
4. Less : Provision for Taxation:				
Current Tax			—	—
Deferred Tax			(11,278)	19,097
Fringe Benefit Tax			—	80,000
			(11,278)	99,097
5. Profit / (Loss) after Tax			84,876	(89,80,079)
6. Net Profit / (Loss) Brought Forward			(89,80,079)	—
7. BALANCE CARRIED TO BALANCE SHEET			(88,95,203)	(89,80,079)
8. Basic Earning Per Share (Refer Note 3)			0.08	(9)
9. Notes on Accounts	H			

Per our report attached

For **BATLIBOI & PUROHIT**

Chartered Accountants

Firm Regn. No. 101048W

Atul Mehta

Partner

M.No. 15935

Mumbai, Dated : 25th May, 2010

R. K. Lawande

S. K. Palekar

R. R. Mallar

} Directors

Mumbai, Dated : 25th May, 2010

SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS ON 31ST MARCH, 2010

2009-10
Rupees

2008-09
Rupees

SCHEDULE - A

SHARE CAPITAL:

AUTHORISED:

12,50,000 Equity Shares of Rs. 10/- each 1,25,00,000 1,25,00,000

ISSUED, SUBSCRIBED & PAID UP:

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

(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)

1,00,00,000 1,00,00,000

SCHEDULE – B

FIXED ASSETS

Particulars	Gross Block			Depreciation			Net Block	Net Block
	As at 1-Apr-09	Additions during the year	As at 31-Mar-10	As at 1-Apr-09	for the year	As at 31-Mar-10	As at 31-Mar-10	As at 31-Mar-09
Computers	206,246	—	206,246	56,165	82,498	138,663	67,583	150,081
Furnitures & Fixtures	81,146	—	81,146	12,463	14,688	27,151	53,995	68,683
Software	12,000	—	12,000	2,392	3,000	5,392	6,608	9,608
Printer	24,250	—	24,250	7,733	9,700	17,433	6,817	16,517
Total	323,642	—	323,642	78,753	109,886	188,639	135,003	244,889
Previous Year	—	323,642	323,642	—	78,753	78,753	244,889	—

E4 DEVELOPMENT & COACHING LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS ON 31ST MARCH, 2010

	2009-10		2008-09
	Rupees	Rupees	Rupees
SCHEDULE - C			
CURRENT ASSETS, LOANS & ADVANCES			
I. CURRENT ASSETS			
Sundry Debtors:			
(Unsecured Considered Good)			
Exceeding six months	—		—
Others	14,54,423		8,24,641
		14,54,423	8,24,641
Cash & Bank Balances:			
Cash on Hand	3,480		427
In Current Accounts with Scheduled Banks	7,86,365		2,08,716
		7,89,845	2,09,143
II. LOANS & ADVANCES			
(Unsecured, considered good)			
Advances Recoverable in Cash or in kind or for value to be received		6,93,702	3,55,532
		29,37,970	13,89,316

SCHEDULE - D

CURRENT LIABILITIES & PROVISIONS

	2009-10		2008-09
	Rupees	Rupees	Rupees
Current Liabilities:			
Sundry Creditors - For Expenses	8,65,916		4,35,912
(Payable to Holding Company Rs. 35503/-)			
Other Liabilities	7,86,941		5,31,318
		16,52,857	9,67,230
Provisions			
Provision for Fringe Benefit Tax		7,500	80,000
(Net of Tax Paid)			
Total		16,60,357	10,47,230

SCHEDULE - E

MISCELLANEOUS EXPENDITURE:

(To the extent not written off or adjusted)

	2009-10		2008-09
	Rupees	Rupees	Rupees
Preliminary Expenses	4,52,043		5,65,054
Less: Written off to expenses of Profit & Loss A/c	4,52,043		1,13,011
		—	4,52,043
		—	4,52,043

SCHEDULES ANNEXED TO AND FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	2009-10		2008-09
	Rupees	Rupees	Rupees
SCHEDULE - F			
Payments & Provisions for Employees:			
Staff Salaries		6,55,494	23,23,354
Staff Welfare expenses		1,49,736	57,787
		8,05,230	23,81,141

SCHEDULE - G

ADMINISTRATIVE & OTHER EXPENSES

	2009-10		2008-09
	Rupees	Rupees	Rupees
Electricity		93,652	91,189
Rent		3,60,000	3,07,000
Repairs and Maintenance :			
Other Assets		11,850	16,125
Advertisement		—	12,01,472
Selling and Sales Promotion		—	94,605
Auditors' Remuneration :			
Audit Fees	25,000		25,000
Tax Audit Fees	7,000		—
Out of pocket expenses	—		1,500
		32,000	26,500
Printing and Stationery		1,06,027	1,80,609
Postage, Telegrams, Telephones and Telex		1,08,040	1,87,219
Travelling and Conveyance		4,46,707	8,15,517
Legal and Professional Fees		6,57,000	5,62,854
Rates and Taxes		4,57,043	25,000
Conference Expenses		—	2,09,109
Other Establishment Expenses		11,78,359	44,65,711
		34,50,678	81,82,910

E4 DEVELOPMENT & COACHING LIMITED

SCHEDULES ANNEXED TO & FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

SCHEDULE H

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) USE 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 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 on 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 computed 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) Earnings 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. BREAKUP OF DEFERRED TAX LIABILITY AND ASSETS

Nature of Timing Difference	Deferred Tax (Liability) / Assets as at 01/04/2009	Deferred Tax (Liability) / Assets	Deferred Tax (Liability) / Assets as at 31/03/2010
Depreciation	19,097	(11,278)	7,819
T O T A L	19,097	(11,278)	7,819

3. EARNINGS PER SHARE

Sr. No.	Particulars	As on 31/03/2010
(a)	Net Profit / (Loss) Attributable to Equity Shareholders	84,876
(b)	Weighted Average Number of Equity Shares outstanding during the period (Face Value - Rs.10/- per Share)	1,000,000
(c)	Earning Per Share	0.08

4. 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.
5. The Company does not have any contingent liability.
6. 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.
7. Information required in terms of part IV of Schedule VI of the Companies Act, 1956 is attached.
8. The previous years figures have been regrouped wherever necessary.

Per our report attached

For **BATLIBOI & PUROHIT**
Chartered Accountants
Firm Regn. No. 101048W

Atul Mehta
Partner
M.No. 15935

Mumbai, Dated : 25th May, 2010

R. K. Lawande }
S. K. Palekar } *Directors*
R. R. Mallar }

Mumbai, Dated : 25th May, 2010

E4 DEVELOPMENT & COACHING LIMITED

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 I to the Accounts for the Period ended 31st March, 2010

(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
Expenses		
Rent and other services	—	397,080
Reimbursement of Expenses	20,278	—
Interest	17,605	—
Income		
Services Rendered	5,91,679	—
Finance		
Inter corporate deposit taken	300,000	—
Outstanding		
Payable	335,503	611,051
Receivables	—	—

BALANCE SHEET ABSTRACT AND COMPANY GENERAL BUSINESS PROFILE:

1. Registration Details

Registration No.	State Code
U80903MH2008PLC185015	19
Balance Sheet Date	Registration Date
31.03.2010	23.07.2010

2. Capital Raised during the year

Public Issue	Right Issue
Nil	Nil
Bonus Issue	Private Placement
Nil	Nil

3. Position of mobilisation and deployment of funds

Total Liabilities	Total Assets
10,307,819	10,307,819
Sources of Funds	
Paid up Capital	Reserve & Surplus
10,000,000	Nil
Secured Loans	Unsecured Loans
Nil	300,000
Application of Funds	
Net Fixed Assets	Investment
135,003	Nil
Net Current Assets	Deferred Tax Liability
1,277,612	7,819
Misc. Expenditure	Accumulated Losses
0	8,895,203

4 Performance of Company

Total Income	Total Expenditure
4,456,996	4,383,398
Profit Before Tax	Profit After Tax
73,598	84,876
Earning Per Share in Rs.	Dividend Rate %
0.08	Nil

R. K. Lawande }
 S. K. Palekar } *Directors*
 R. R. Mallar }

Mumbai, Dated : 25th May, 2010

E4 DEVELOPMENT & COACHING LIMITED

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2010

	2009-10 (Rupees)		2008-09 (Rupees)	
PROFIT/ (LOSS) BEFORE TAX AND EXTRA ORDINARY ITEMS		73,598		(8,880,982)
Adjusted for				
Depreciation	109,886		78,753	
Interest Expenditure	17,605		—	
		127,491		78,753
		201,089		(8,802,229)
OPERATING PROFIT/ (LOSS) BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS:				
Changes and other adjustments				
Trade and Other Receivables	(967,952)		(1,180,173)	
Trade Payables and Others	613,127		967,230	
Miscellaneous Expenditure (to the extent not written off or adjusted)	452,043		(452,043)	
	97,219		(664,986)	
		97,218		(664,986)
CASH GENERATED FROM OPERATIONS		298,307		(9,467,215)
Direct Taxes Paid	—		—	
		—		—
(a) NET CASH FROM/ (USED IN) OPERATING ACTIVITIES		298,307		(9,467,215)
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets (including adjustments on account of capital)	—		(323,642)	
(b) NET CASH FROM / (USED IN) INVESTING ACTIVITIES		—		(323,642)
CASH FLOW FROM FINANCING ACTIVITIES				
Increase/ (Decrease) in Share Capital	—		10,000,000	
Decrease / Increase in Inter Corporate Deposit	300,000		—	
Interest paid	(17,605)		—	
(c) NET CASH FROM / (USED IN) FINANCING ACTIVITIES		282,395		10,000,000
NET DECREASE / INCREASE IN CASH AND CASH EQUIVALENTS (a) + (b) + (c)		580,702		209,143
CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE YEAR, COMPRISING:				
Cash, Cheques on hand & Remittances in transit	427		—	
Balance with scheduled banks on current accounts and deposit accounts	208,716		—	
		209,143		—
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR, COMPRISING:				
Cash, Cheques on hand & remittances in transit	3,480		427	
Balances with scheduled banks on current accounts and deposit accounts	786,365		208,716	
NET DECREASE / INCREASE AS DISCLOSED ABOVE		789,845		209,143
		580,702		209,143

Per our report attached

For **BATLIBOI & PUROHIT**
Chartered Accountants
Firm Regn. No. 101048W

Atul Mehta
Partner
M.No. 15935

R. K. Lawande }
S. K. Palekar } *Directors*
R. R. Mallar }

Mumbai, Dated : 25th May, 2010

Mumbai, Dated : 25th May, 2010

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 31st March, 2010

DIRECTORS:

A.V. Suresh
J.N. Ichhaporia
Govind Bommi
Anil Singal (appointed on 01/09/2009)

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 2010.

1. DIRECTORS AT DATE OF REPORT

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

Bommi Govind

Jamasp Nariman Ichhaporia

Suresh Appakudal Venkata Subramanyam

Anil Kumar Singhal (Appointed on 01/09/2009)

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 those related corporations.

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.

Jamasp Nariman Ichhaporia

Director

Suresh Appakudal Venkata Subramanyam

Director

Date: 21 May, 2010

STATEMENT BY DIRECTORS

In the opinion of the directors,

- (a) the accompanying statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows, and notes thereto are drawn up so as to give a true and fair view of the state of affairs of the company as at 31 March, 2010 and of the results, changes in equity and cash flows of the company for the financial year then ended; and
- (b) 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.

The board of directors approved and authorised these financial statements for issue on 21 May, 2010.

Jamasp Nariman Ichhaporia
Director

Suresh Appakudal Venkata Subramanyam
Director

Date: 21 May, 2010

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

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 statement of financial position as at 31 March 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows 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 statement of comprehensive income and statement of financial position 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. 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.

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

Basis of Qualified Opinion

The company has investment in companies of SG \$84,851 as at 31 March 2010 for which no allowance for impairment has been made (see note 12). At the date of this report, we have not received sufficient evidence to enable us to determine whether the investments are impaired. Accordingly, we are unable to satisfy ourselves on the carrying value of these investments.

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 2010, 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.

RSM Chio Lim LLP
Public Accountants and Certified Public Accountants
Singapore

Date: 21 May, 2010

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

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH, 2010

	Notes	2010 SG\$	2010 INR	2009 SG\$	2,009 INR
ASSETS					
Non-Current Assets:					
Plant and Equipment, Total	10	—	—	—	—
Investment in Subsidiary	11	—	—	384,977	11,019,736
Investment in Associate	12	84,851	2,667,713	84,851	2,667,713
Other Receivables, Non Current	14	3,036,798	97,574,142	13,624,655	465,670,271
Total Non-Current Assets		3,121,649	100,241,855	14,094,483	479,357,720
Current Assets:					
Inventories	13	—	—	—	—
Trade and Other Receivables	14	4,079,405	131,073,739	16,661,039	569,449,321
Other Assets, Current	15	59,656	1,916,786	58,607	2,003,099
Cash and Cash Equivalents	16	82,852	2,662,076	494,302	16,894,501
Total Current Assets		4,221,913	135,652,601	17,213,948	588,346,922
Total Assets		7,343,562	235,894,456	31,308,431	1,067,704,642
EQUITY AND LIABILITIES					
Equity:					
Share Capital	17	3,500,000	93,885,000	3,500,000	93,885,000
Retained Earning		314,663	6,598,361	653,260	17,847,119
Foreign Currency Translation Reserve			22,025,428		27,849,511
Total Equity		3,814,663	122,508,789	4,153,260	139,581,630
Non-Current Liabilities:					
Other Financial Liabilities, Non-Current	18	3,464,158	111,305,479	13,496,232	461,280,965
Total Non-Current Liabilities		3,464,158	111,305,479	13,496,232	461,280,965
Current Liabilities:					
Income Tax Payable, Current		—	—	—	—
Trade and other payables, Current	19	64,741	2,080,189	9,051,007	309,349,843
Other Financial Liabilities, Current	18	—	—	4,607,932	157,492,204
Total current liabilities		64,741	2,080,189	13,658,939	466,842,047
Total Liabilities		3,528,899	113,385,667	27,155,171	928,123,012
Total Equity and Liabilities		7,343,562	235,894,456	31,308,431	1,067,704,642

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)

STATEMENT OF COMPREHENSIVE INCOME YEAR ENDED 31 MARCH, 2010

	Notes	2010 SG\$	2010 INR	2009 SG\$	2009 INR
Revenue	4	—	—	2,363,301	78,567,463
Cost of Sales		—	—	(1,483,146)	(48,840,506)
Gross Profit		—	—	880,154	29,726,956
Other Items of Income					
Interest Income	5	—	—	472,213	15,698,639
Other Credit	6	—	—	824,334	27,404,819
Other Items of Expenses					
Marketing and Distribution costs		—	—	(47,376)	(1,574,992)
Administrative Expenses		(56,065)	(1,863,865)	(548,175)	(18,389,243)
Finance Cost	7	(83,903)	(2,789,342)	(1,584,507)	(52,676,612)
Other Charges	6	—	—	(72,670)	(2,415,900)
(Loss) Before Tax From Continuing Operations		(139,968)	(4,653,208)	(76,026)	(2,226,332)
Income Tax Expense	9	(198,629)	(6,595,550)	(157,626)	(5,240,245)
Total Comprehensive Loss		(338,597)	(11,248,758)	(233,652)	(7,466,576)

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY YEAR ENDED 31 MARCH, 2010

	Total Equity SG\$	Share Capital SG\$	Retained Earnings	
			SG\$	INR
Current Year:				
Opening Balance at 1 April 2009	4,153,260	3,500,000	653,260	111,732,120
Movement in Equity:				
Total Comprehensive Loss for the Year	(338,597)	—	(338,597)	(11,248,758)
Closing Balance at 31 March 2010	3,814,663	3,500,000	314,663	100,483,362
Previous Year:				
Opening Balance at 1 April 2008	4,386,912	3,500,000	886,912	119,198,696
Movement in Equity:				
Total Comprehensive Loss for the Year	(233,652)	—	(233,652)	(7,466,576)
Closing Balance at 31 March 2009	4,153,260	3,500,000	653,260	111,732,120

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS YEAR ENDED 31 MARCH, 2010

	2010 SG\$	2010 INR	2009 SG\$	2009 INR
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before Tax	(139,968)	(4,653,208)	(76,026)	(2,226,332)
Adjustments for :				
Interest Income	—	—	(472,213)	(15,698,639)
Interest Expense	83,903	2,789,342	1,584,507	52,676,612
Depreciation of Plant and Equipment	—	—	643	186,656
Operating Cash Flows Before Changes Working Capital	(56,065)	(1,863,865)	1,036,911	34,938,297
Inventories	—	—	107,176	3,096,625
Trade and Other Receivables, Current	12,581,634	438,375,582	1,279,575	(51,467,334)
Other Assets, Current	(1,049)	86,313	9,349	(39,653)
Trade and Other Payables, Current	(8,986,266)	(307,269,654)	(2,151,446)	(14,321,511)
Net Cash Fows From Operatiions Before Interest & Tax	3,538,253	129,328,376	281,565	(27,793,576)
Income Taxes Paid	(198,629)	(6,595,550)	(480,796)	(14,203,184)
Net Cash Flows From Operating Activities	3,339,625	122,732,826	(199,231)	(41,996,761)
CASH FLOWS FROM INVESTING ACTIVITIES :				
Other Receivables, Non Current	10,587,857	368,096,129	(3,351,066)	(168,836,492)
Transfer of Subsidiary to a Related Party	384,977	11,019,736	—	—
Increase in Investment in Associates	—	—	(43,014)	(1,470,154)
Interest Received	—	—	472,213	15,698,639
Net cash Flows From (used in) Investing Activities	10,972,834	379,115,865	(2,921,867)	(154,608,007)
CASH FLOWS FROM FINANCING ACTIVITIES :				
Increase in Other Financial Liabilities	(14,640,006)	(507,467,691)	5,006,717	240,349,943
Interest Paid	(83,903)	(2,789,342)	(1,584,507)	(52,676,612)
Foreign Currency Translation Reserve		(5,824,083)		20,244,118
Net Cash Flows (Used in) From Financing Activities	(14,723,909)	(516,081,116)	3,422,210	207,917,449
Net (Decrease) Increase in Cash and Cash Equivalents	(411,450)	(14,232,425)	301,112	11,312,682
Cash and Cash Equivalents, Statemen of Cash Flows, Beginning Balance	494,302	16,894,501	193,190	5,581,820
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance (Note 16)	82,852	2,662,076	494,302	16,894,501

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 2010 : SG\$ 1 = Rs.32.1306

NOTES TO FINANCIAL STATEMENTS 31 MARCH, 2010

1. GENERAL

The company is incorporated in Singapore with limited liability. The financial statements are presented in Singapore dollars.

The board of directors approved and authorised these financial statements issue on 21 May 2010.

The company's principal operations are those of trading in Water Purifiers, Vacuum Cleaners and Air Purifiers. The company has discontinued its operation from 1 August 2008 in view of its intended transfer of business to a related party in 2010. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Convention

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("FRS") and the 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 of Eureka Forbes Limited, incorporated in India. 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 any related sales taxes, estimated returns, and rebates. Revenue from the sale of goods is recognised when significant risks and rewards of ownership are transferred to the buyer, there is neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the amount of revenue and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Interest 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

NOTES TO FINANCIAL STATEMENTS 31 MARCH, 2010 (Contd.)

absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

Income Tax

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in equity if the tax is related to an item recognised directly in 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 end of the reporting year 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).

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 of the assets 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 end of the reporting year 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.

NOTES TO FINANCIAL STATEMENTS 31 MARCH, 2010 (Contd.)

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 profit or loss statement when they are incurred.

Leases

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 profit or loss 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 profit or loss 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. An investments in a subsidiary is 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 a subsidiary is not necessarily indicative of the amount 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. An investments in an associate is 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 value of an associate is 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 end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. 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 end of the reporting year 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 and derecognition of financial assets:

NOTES TO FINANCIAL STATEMENTS 31 MARCH, 2010 (Contd.)

A financial asset is recognised on the statement of financial position 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 profit or loss 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 or 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.

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 or loss: As at end of the reporting year 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 methodology 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 profit or loss. 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 end of the reporting year date there were no financial assets classified in this category.
4. Available for sale financial assets: As at end of the reporting year 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 statement of cash flows the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management.

Financial Liabilities

Initial recognition and measurement :

A financial liability is recognised on the statement of financial position 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 profit or loss 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 or 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.

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:

NOTES TO FINANCIAL STATEMENTS 31 MARCH, 2010 (Contd.)

1. Liabilities at fair value through profit or loss: As at end of the reporting year 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 borrowings are usually classified in this category. Items classified within current trade and other payables are not usually re-measured, as the obligation is usually known with a high degree of certainty and settlement is short-term.

Fair Value of Financial Instruments

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments. Disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting 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 or by using an acceptable valuation technique. 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 for liability held, the asking price. If there is no market, or the markets available are not active, the fair value is established by using an acceptable valuation technique. The fair value measurements are classified using a fair value hierarchy of 3 levels that reflects the significance of the inputs used in making the measurements, that is, Level 1 for the use of quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 for the use of inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and Level 3 for the use of inputs for the asset or liability that are not based on observable market data (unobservable inputs). The level is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Where observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement.

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. Dividends on equity are recognised as liabilities when they are declared. Interim dividends are recognised when declared by the directors.

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 profit or loss 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.

NOTES TO FINANCIAL STATEMENTS 31 MARCH, 2010 (Contd.)

Allowances for Doubtful Accounts:

An allowance is made for doubtful trade 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 generally analyses trade accounts receivables and analyses historical bad debts, customer concentrations, customer creditworthiness, and changes in customer payment terms when evaluating the adequacy of the allowance for doubtful trade accounts. To the extent that it is feasible impairment and uncollectibility is determined individually for each item. In cases where that process is not feasible, a collective evaluation of impairment is performed. At the end of the reporting year, the trade 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.

Estimated impairment of investees:

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 at the end of the reporting year.

3. RELATED PARTY TRANSACTIONS

FRS 24 defines a related party as 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. The definition 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 & Company 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 if significant 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 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 August 2008 in view of its intended transfer of business to its related party in 2010. 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, 2010 (Contd.)

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 :

	Parent 2010 SG\$	Parent 2010 INR	Parent 2009 SG\$	Parent 2009 INR
Interest Expenses	83,903	2,786,033	1,264,407	42,034,958
Purchases of goods	—	—	266,889	8,872,671
	Subsidiary 2010 SG\$	Subsidiary 2010 INR	Subsidiary 2009 SG\$	Subsidiary 2009 INR
Interest Income	—	—	25,916	861,572
Sale of goods	—	—	59,475	1,977,234
	Associate 2010 SG\$	Associate 2010 INR	Associate 2009 SG\$	Associate 2009 INR
Interest Income	—	—	278,432	9,256,416
Sale of goods	—	—	579,142	19,253,460
	Related Party 2010 SG\$	Related Party 2010 INR	Related Party 2009 SG\$	Related Party 2009 INR
Interest Expenses	—	—	320,100	10,641,660
Purchases of goods	—	—	201,237	6,690,084

3.2 Key management compensation:

Key management personnel are the directors and those persons 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:

	Parent 2010 SG\$	Parent 2010 INR	Parent 2009 SG\$	Parent 2009 INR
Other Payables:				
Balance at beginning of year - Net Credit	(11,340,642)	(364,381,632)	(9,596,481)	(327,993,326)
Amount paid in and settlement of liabilities on behalf of the Company	(4,703,176)	(151,115,867)	(5,397,754)	(184,487,135)
Amount paid out and settlement of liabilities on behalf of Parent Company	—	—	4,862,531	166,194,016
Interest Expenses	(83,903)	(2,695,854)	(1,264,407)	(43,215,535)
Transfer to Related Party	15,700,361	504,462,019	—	—
Other adjustments - gain on foreign exchange translation	—	—	55,469	1,895,847
Balance at end of year - Net Credit	(427,360)	(13,731,333)	(11,340,642)	(387,606,133)

NOTES TO FINANCIAL STATEMENTS 31 MARCH, 2010 (Contd.)

	Subsidiary 2010 SG\$	Subsidiary 2010 INR	Subsidiary 2009 SG\$	Subsidiary 2009 INR
Other Receivable:				
Balance at beginning of year - Net Debit	336,473	10,811,079	217,559	7,435,840
Amount paid out and settlement of liabilities on behalf of Subsidiary	—	—	232,541	7,947,903
Amount paid in and settlement of liabilities on behalf of the Company	—	—	(31,869)	(1,089,235)
Transfer to Related Party	—	—	—	—
Other adjustments - loss on foreign exchange translation	(336,473)	(10,811,079)	(81,758)	(2,794,366)
Balance at end of year - Net Debit	—	—	336,473	11,500,142
	Associate 2010 SG\$	Associate 2010 INR	Associate 2009 SG\$	Associate 2009 INR
Other Receivable:				
Balance at beginning of year - Net Debit	5,227,298	167,956,221	4,718,070	161,256,555
Amount paid out and settlement of liabilities on behalf of Associates	—	—	601,977	20,574,671
Transfer to Related Party	(5,227,298)	(167,956,221)	—	—
Other adjustments - loss on foreign exchange translation	—	—	(92,749)	(3,170,022)
Balance at end of year - Net Debit	—	—	5,227,298	178,661,205
	Related Party 2010 SG\$	Related Party 2010 INR	Related Party 2009 SG\$	Related Party 2009 INR
Other Receivable:/Other Payables:				
Balance at beginning of year - Net Credit	(6,724,901)	(229,847,029)	(2,120,000)	(72,458,420)
Amount paid out and settlement of liabilities on behalf of Related Party	8,419,856	270,535,025	926,382	31,662,347
Amount paid in and settlement of liabilities on behalf of the Company	—	—	(5,549,275)	(189,665,896)
Transfer to Related Party	(15,700,361)	(504,462,019)	—	—
Transfer from a subsidiary	336,473	10,811,079	—	—
Transfer from a associate	5,227,298	167,956,221	—	—
Transfer of investment in a subsidiary	384,977	12,369,542	—	—
Transfer of net receivables	12,134,563	389,890,790	—	—
Other adjustments - gain on foreign exchange translation	—	—	17,992	614,940
Balance at end of year - Net Credit	4,077,905	117,253,610	(6,724,901)	(229,847,029)

4. REVENUE

	2010 SG\$	2010 INR	2009 SG\$	2009 INR
Sale of goods	—	—	2,363,301	78,567,463

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

NOTES TO FINANCIAL STATEMENTS 31 MARCH, 2010 (Contd.)

5. INTEREST INCOME

	2010	2010	2009	2009
	SG\$	INR	SG\$	INR
Interest income	—	—	472,213	15,698,639

6. OTHER CREDIT AND (OTHER CHARGES)

	2010	2010	2009	2009
	SG\$	INR	SG\$	INR
Allowance for Impairment on Other Receivables (Loss)	—	—	(72,670)	(2,415,900)
Foreign Exchange Adjustment Gains	—	—	824,334	27,404,819
	—	—	751,664	24,988,919
Presented in Profit or Loss as:				
Other Credit	—	—	824,334	27,404,819
Other Charge	—	—	(72,670)	(2,415,900)
	—	—	751,664	24,988,919

7. FINANCE COSTS

	2010	2010	2009	2009
	SG\$	INR	SG\$	INR
Interest expense	83,903	2,789,342	1,584,507	52,676,612

8. EMPLOYEE BENEFIT EXPENSES

	2010	2010	2009	2009
	SG\$	INR	SG\$	INR
Employee benefits expense	—	—	138,603	4,607,829
	—	—	138,603	4,607,829

9. INCOME TAX

9A. Components of tax expense recognised in profit or loss include:

	2010	2010	2009	2009
	SG\$	INR	SG\$	INR
Current Tax Expenses	198,629	6,595,550	157,626	5,240,245

The income tax in profit or loss varied from the amount of income tax amount determined by applying the Singapore income tax rate of 17.0% (2009: 17.0%) to profit or loss before income tax as a result of the following differences.

	2010	2010	2009	2009
	SG\$	INR	SG\$	INR
Loss before Tax	(139,968)	(4,653,208)	(76,026)	(2,226,332)
Income tax benefit at the above rate	(23,794)		(12,924)	
Not deductible items	23,794		11,716	
Deferred tax valuation allowance	—		809	
Under Adjustment to tax in respect of previous periods	198,629		86,797	
Foreign Withholding Tax	—		70,830	
Tax exemption	—		—	
Other items less than 3 %	—		398	
Total income tax expense	198,629		157,626	

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

NOTES TO FINANCIAL STATEMENTS 31 MARCH, 2010 (Contd.)

9B. Deferred tax income recognised in profit or loss include:

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

	2010	2009
	SG\$	SG\$
	<u> </u>	<u> </u>
Deferred Tax Assets:		
Tax losses carryforwards	—	809
Deferred tax assets valuation allowance	—	(809)
	<u> </u>	<u> </u>
Total Deferred tax Assets	<u> </u>	<u> </u>

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

Cost:	SG\$	INR
	<u> </u>	<u> </u>
At 1 April 2008 and 31 March 2009	36,257	970,656
Transfer to Related Party	(9,576)	(256,364)
	<u> </u>	<u> </u>
At end of year 31 March 2010	<u>26,681</u>	<u>714,292</u>
Accumulated depreciation:		
At 1 April 2008	35,614	784,000
Depreciation for the year	643	186,656
	<u> </u>	<u> </u>
At 31 March 2009	36,257	970,656
Transfer to Related Party	(9,576)	(256,364)
	<u> </u>	<u> </u>
At end of year 31 March 2010	<u>26,681</u>	<u>714,292</u>
Net book value:		
At 1 April 2008	643	
	<u> </u>	
At 31 March 2009	—	
	<u> </u>	
At 31 March 2010	<u> </u>	

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, 2010 (Contd.)

11. INVESTMENTS IN SUBSIDIARY

	2010	2010	2009	2009
	SG\$	INR	SG\$	INR
Movement during the year:				
At beginning of year	384,977	11,019,736	384,977	11,019,736
Transfer to a Related Party (note 3)	(384,977)	(11,019,736)	—	—
Total at cost	—	—	384,977	11,019,736

The subsidiary held by the company are listed below:

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

	Cost in books of company		Effective of percentage of equity held	
	2010	2009	2010	2009
	SG\$	SG\$	%	%
Euro Forbes International Sdn Bhd (a) (b)				
Malaysia				
Direct selling of water purifiers and other health products	—	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. INVESTMENTS IN ASSOCIATES

	2010	2010	2009	2009
	SG\$	INR	SG\$	INR
Movement during the year:				
At beginning of year	84,851	2,667,713	41,837	1,197,559
Additions	—	—	43,014	1,470,154
Total at cost	84,851	2,667,713	84,851	2,667,713
Share of net book value (negative)	(3,557,313)		(2,604,544)	

The associate held by the company is listed below :

Name fo Associate, Country of Incorporation

Place of Operations and Principal Activities

	Effective of Percentage of equity held	
	2010	2009
	SG\$	SG\$
Euro P2P Direct (Thailand) Co Ltd (a) Thailand	49	49
Direct selling of water 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, 2010 (Contd.)

13. INVENTORIES

	2010 SG\$	2010 INR	2009 SG\$	2009 INR
Goods for Resale	—	—	—	—
Changes in inventories of finished goods	—	—	107,176	3,096,625
The amount of inventories included in cost of sales	—	—	1,375,971	45,743,881
There are no inventories pledged as security for liabilities.				

14. TRADE AND OTHER RECEIVABLES, CURRENT

	2010 SG\$	2010 INR	2009 SG\$	2009 INR
Trade Receivables				
Outside parties	—	—	12,331,124	421,459,322
Parent Company	—	—	374	12,783
Subsidiary	—	—	3,808,583	130,171,654
Associate	—	—	—	—
Related parties (Note 3)	—	—	215,888	7,378,728
Sub Total	—	—	16,355,969	559,022,486
Other Receivables				
Outside Parties	1,500	48,196	4,666,080	159,479,615
Parent Company (Note 3)	3,036,798	97,574,142	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
Related parties (Note 3)	4,077,905	131,025,534	907,314	31,010,632
Less: Allowance for impairment	—	—	(234,770)	(8,024,086)
Sub Total	7,116,203	228,647,872	13,929,725	476,097,106
Total trade and other receivables	7,116,203	228,647,872	30,285,694	1,035,119,592
Total Current portion	4,079,405	131,073,730	16,661,039	569,449,321
NON CURRENT PORTION - OTHER RECEIVABLES:				
Outside Parties	—	—	4,653,033	159,033,688
Parent Company (Note 3)	3,036,798	97,574,142	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
Related parties (Note 3)	—	—	615,291	21,029,723
Less: Allowance for impairment	—	—	(234,770)	(8,024,086)
Total Non Current portion	3,036,798	97,574,142	13,624,655	465,670,271
Movement in above allowance:				
Balance at beginning of year and end of year	234,770	8,024,086	162,100	5,540,335
Charge for other receivables to profit or loss included in other charge	—	—	72,670	2,483,752
Transfer to a Related Party	(234,770)	(8,024,086)	—	—
	—	—	234,770	8,024,086

Non-current other receivables in 2009 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.

The auditors' report on the financial statement for year ended 31 March 2009 is qualified on the basis that 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.

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

NOTES TO FINANCIAL STATEMENTS 31 MARCH, 2010 (Contd.)

15. OTHER ASSETS, CURRENT

	2010	2010	2009	2009
	SG\$	INR	SG\$	INR
Deposits to secure services	28,525	916,525	27,333	934,201
Prepayments	31,131	1,000,258	31,274	1,068,898
	<u>59,656</u>	<u>1,916,783</u>	<u>58,607</u>	<u>2,003,099</u>

16. CASH AND CASH EQUIVALENTS

	2010	2010	2009	2009
	SG\$	INR	SG\$	INR
Not restricted in use	82,852	2,662,084	494,302	16,894,501
The interest earning balances are not significant.				

17. SHARE CAPITAL

	Number of Shares issued	Share capital	
		SG\$	INR
<i>Ordinary Shares of no par value:</i>			
Balance at 1 April 2008 and 31 March 2009 and 31 March 2010	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.

Capital management:

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 owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing the sales commensurately with the level of risk. The management sets the amount of capital to meet its requirements and the risk taken. 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 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 owners, return capital to owners, 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 or adjusted capital (as shown below). Net debt is calculated as total borrowings less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e. share capital, and retained earnings):

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

18. OTHER FINANCIAL LIABILITIES, NON CURRENT

	2010	2010	2009	2009
	SG\$	INR	SG\$	INR
NON CURRENT:				
Parent Company Loans Payable (Note 3) (a)	3,464,158	111,305,475	13,496,232	461,280,965
CURRENT:				
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
Sub Total	—	—	4,607,932	157,492,204
Total	<u>3,464,158</u>	<u>111,305,475</u>	<u>18,104,164</u>	<u>618,773,169</u>

The range of floating rate interest rate paid were as follows:

Parent company loan payable (Note 3)	12.00%	12.25%
Related party (Note 3)	—	12.25%

(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, 2010 (Contd.)

19. TRADE AND OTHER PAYABLES, CURRENT

	2010 SG\$	2010 INR	2009 SG\$	2009 INR
TRADE PAYABLES				
Outside parties and accrued liabilities	64,741	2,080,167	3,321,979	113,540,259
Parent company	—	—	1,831,129	62,585,243
Related parties	—	—	1,876	64,119
Sub Total	<u>64,741</u>	<u>2,080,167</u>	<u>5,154,984</u>	<u>176,189,621</u>
OTHER PAYABLES				
Parent Company (Note 3)	—	—	871,740	29,794,766
Related Parties (Note 3)	—	—	3,024,283	103,365,457
Sub Total	—	—	<u>3,896,023</u>	<u>133,160,222</u>
Total Trade and Other Payables	<u>64,741</u>	<u>2,080,167</u>	<u>9,051,007</u>	<u>309,349,843</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.

	2010 SG\$	2009 SG\$
FINANCIAL ASSETS		
Cash and Cash Equivalents	82,852	494,302
Loans and Receivables	7,116,203	30,285,694
At End of Year	<u>7,199,055</u>	<u>30,779,996</u>
	2010 SG\$	2009 SG\$
FINANCIAL LIABILITIES		
Borrowing at Amortised Cost	3,464,158	18,104,164
Trade and Other Payables at Amortised Cost	64,741	9,051,007
At End of Year	<u>3,528,899</u>	<u>27,155,171</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. 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, 2010 (Contd.)

20C Fair Values of Financial Assets

The financial assets and financial liabilities at amortised cost are at a carrying amount that is a reasonable approximation of fair value.

20D 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, and other financial assets. The maximum exposure to credit risk is: the total of the fair value of the financial instruments; the maximum amount the entity could have to pay if the guarantee is called on; and the full amount of any loan payable commitment at the end of the reporting year. Credit risk on cash balances with banks and any derivative financial instruments is limited because the counterparties are entities with acceptable credit ratings. Credit risk on other financial assets is limited because the other parties are entities with acceptable credit ratings. For credit risk on receivables an ongoing credit evaluation is performed on the financial condition of the debtors and a loss from impairment is recognised in profit or loss. 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. There is no significant concentration of credit risk, as the exposure is spread over a large number of counter-parties and customers.

All unencumbered bank deposits with the banks licensed by the Monetary Authority of Singapore are guaranteed by the Singapore Government until 31 December 2010.

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 (2009: 145 days). But some customers take a longer period to settle the amounts.

Ageing analysis of the age of trade receivable amounts as at the end of reporting year but not impaired:

	2010	2009
	SG\$	SG\$
Total overdue amounts	<u>—</u>	<u>15,658,089</u>

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

Concentration of trade receivable customers as at the end of reporting year:

	2010	2009
	SG\$	SG\$
Top 1 customer	—	7,031,807
Top 2 customers	—	11,346,300
Top 3 customers	—	12,242,425

20E Liquidity Risk

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

	Less than 1 year	1-3 years	3-5 years	Over 5 years	Total
Non-derivative financial liabilities:	SS\$'000	SS\$'000	SS\$'000	SS\$'000	SS\$'000
2010:					
Other financial liabilities	—	—	3,464,158	—	3,464,158
Trade and other payables	64,741	—	—	—	64,741
At end of the year	<u>64,741</u>	<u>—</u>	<u>3,464,158</u>	<u>—</u>	<u>3,528,899</u>
Non-derivative financial liabilities:	SS\$'000	SS\$'000	SS\$'000	SS\$'000	SS\$'000
2009:					
Other financial liabilities	4,607,932	13,496,232	—	—	18,104,164
Trade and other payables	9,051,007	—	—	—	9,051,007
At end of the year	<u>13,658,939</u>	<u>13,496,232</u>	<u>—</u>	<u>—</u>	<u>27,155,171</u>

NOTES TO FINANCIAL STATEMENTS 31 MARCH, 2010 (Contd.)

The liquidity risk is managed on the basis of expected maturity dates of the financial liabilities. The average credit period taken to settle trade payables is about 30 to 120 days (2009: 30 to 120 days). The other payables are with short-term durations. Apart from the classification of the assets in the statement of financial position, no further analysis is deemed necessary.

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. 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.

20F Interest Rate Risk

The interest rate risk exposure is mainly from changes in fixed rate and floating interest rates. The interest from financial assets including cash balances is not significant.

Sensitivity analysis: The effect on post tax profit is not significant.

20G Foreign Currency Risk

Analysis of amounts denominated in non-functional currency:

FINANCIAL ASSETS:

	Cash SG\$	Receivables SG\$	Total SG\$
AT 31 MARCH 2010:			
United States Dollars	9,284	974,039	983,323
United. Arab Emirates Dirham	8,869	—	8,869
At 31 December 2009	<u>18,153</u>	<u>974,039</u>	<u>992,192</u>

FINANCIAL ASSETS:

	Cash SG\$	Receivables SG\$	Total SG\$
AT 31 MARCH 2009:			
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>

FINANCIAL LIABILITIES:

	Other financial liabilities SG\$	Trade and other payables SG\$	Total SG\$
AT 31 MARCH 2010:			
United States Dollars	2,480,255	—	2,480,255
At 31 December 2009	<u>2,480,255</u>	<u>—</u>	<u>2,480,255</u>
AT 31 MARCH 2009:			
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>

There is minimum exposure to foreign currency risk as part of its normal business in 2010.

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

NOTES TO FINANCIAL STATEMENTS 31 MARCH, 2010 (Contd.)

Sensitivity analysis:

	2010	2009
	SG\$	SG\$
A hypothetical 10% increase in the exchange rate of the function currency \$ against the US\$ would have a (adverse) effect on profit before tax of	149,693	(541,112)
A hypothetical 10% increase in the exchange rate of the function currency \$ against the Euro \$ would have a favourable effect on profit before tax of	—	21,589
A hypothetical 10% increase in the exchange rate of the function currency \$ against the Indian Rupee would have a favourable effect on profit before tax of	—	78,978
A hypothetical 10% increase in the exchange rate of the function currency \$ against the United Arab Emirates Dirham would have a (adverse) effect on profit before tax of	—	(1,227)
A hypothetical 10% increase in the exchange rate of the function currency \$ against the Thai Baht would have a (adverse) effect on profit before tax of	—	(397,956)
A hypothetical 10% increase in the exchange rate of the function currency \$ against the Malaysia Ringgit would have a (adverse) effect on profit before tax of	—	(297)

The hypothetical changes in exchange rates are not based on observable market data (unobservable inputs). The sensitivity analysis is disclosed for each currency to which the entity has significant exposure.

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

21. OPERATING LEASE PAYMENT COMMITMENTS

At the end of the reporting year the total of future minimum lease payments under non- cancellable operating lease as follows:

	2010	2009
	SG\$	SG\$
Not later than one year	44,000	67,127
Later than one year and not later than five years	—	—
Rental expense for the year	94,744	124,138

Operating lease payments are for rental payable for 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 2010 the following new or revised Singapore Financial Reporting Standards were adopted. The new or revised standards did not require any modification of the measurement methods or the presentation in the financial statements.

FRS No.	Title
FRS 1	Presentation of Financial Statements (Revised)
FRS 18	Revenue (Amendments)
FRS 23	Borrowing Costs (Amendment)
FRS 32	Financial Instruments: Presentation and FRS 1 Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation (Amendments)(*)
FRS 27	Consolidated and Separate Financial Statements - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (Amendments)

NOTES TO FINANCIAL STATEMENTS 31 MARCH, 2010 (Contd.)

FRS No.	Title
FRS 102	Share-based Payment - Vesting Conditions and Cancellations (Amendments) (*)
FRS 103	Business Combinations and consecutive amendments in other FRSs (Revised) (*)
FRS 107	Financial Instruments: Disclosures (Amendments)
FRS 108	Operating Segments (*)
INT FRS 109	Reassessment of Embedded Derivatives and FRS 39 Financial Instruments: Recognition and Measurement - Embedded Derivatives (Amendments) (*)
INT FRS 113	Customer Loyalty Programs (*)
INT FRS 116	Hedges of a Net Investment in a Foreign Operation (*)
INT FRS 117	Distributions of Non-cash Assets to Owners (*)
INT FRS 118	Transfer of Assets from Customers(*) (*) Not relevant to the entity.

The main objective of revising FRS 1 was to aggregate information in the financial statements on the basis of shared characteristics. All owner changes in equity is presented in the statement of changes in equity, separately from non-owner changes in equity. It does not change the recognition, measurement or disclosure of specific transactions and other events required by other FRSs. It introduces a requirement to include in a complete set of financial statements, a statement of financial position as at the beginning of the earliest comparative period whenever the entity retrospectively applies an accounting policy or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements.

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 is not expected to result in material adjustments to the financial position, results of operations, or cash flows for the following year.

FRS No.	Title	Effective date for periods beginning on or after
FRS27	Consolidated and Separate Financial Statements (Amendments)	01.07.2009
FRS38	Intangible Assets (Amendments)(*)	01.07.2009
FRS39	Financial Instruments: Recognition and Measurement- Eligible Hedged Item (Amendments)(*)	01.07.2009
FRS 102	Share-based Payment (Amendments)(*)	01.07.2009
FRS 103	Business Combinations (Revised)(*)	01.07.2009
FRS 105	Non-current Assets Held for Sale and Discontinued Operations (Amendments)(*)	01.07.2009
INT FRS 109	Reassessment of Embedded Derivatives (Amendments)(*)	01.07.2009
INT FRS 116	Hedges of a Net Investment in a Foreign Operation (Amendments)(*)	01.07.2009
INT FRS 117	Distributions of Non-cash Assets to Owners(*)	01.07.2009
INT FRS 118	Transfers of Assets from Customers(*)	01.07.2009
FRS 1	Presentation of Financial Statements (Amendments)	01.01.2010
FRS 7	Statement of Cash Flows (Amendments)	01.01.2010
FRS 17	Leases (Amendments)	01.01.2010
FRS 36	Impairment of Assets (Amendments)	01.01.2010
FRS 39	Financial Instruments: Recognition and Measurement (Amendments)	01.01.2010
FRS 105	Non-current Assets Held for Sale and Discontinued Operations (Amendments)(*)	01.01.2010
FRS 108	Operating Segments (Amendments)(*) (*) Not relevant to the entity.	01.01.2010

FORBES AQUAMALL LIMITED

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

Annual Report and Accounts
for the year ended 31st March, 2010

DIRECTORS :

S. L. Goklaney *Chairman*

N. D. Khurody

P. J. Reddy

A. V. Suresh

J. N. Ichhaporia

R. Ganguly

P. V. K. Raman

K Raman Venkatesh

BANKERS :

Axis Bank Limited

AUDITORS :

Tam & Co

REGISTERED OFFICE :

G.S. Road, 9th Mile,

Baridua, Dist. Ri-Bhoi,

P.O. Amerigog,

Meghalaya

DIRECTORS' REPORT

To
The Shareholders,
Gentlemen,

Your Directors submit herewith their Report and the Audited Accounts of the Company for the year ended 31st March, 2010.

1. FINANCIAL RESULTS:

	Current Year (Rupees)	Previous Year (Rupees)
PROFIT BEFORE DEPRECIATION	6,79,16,291	6,00,29,179
Less : Depreciation	1,90,74,987	1,46,08,898
PROFIT BEFORE TAX	4,88,41,304	4,54,20,281
Less : Provision for Taxation (Including fringe Benefit tax)	83,01,000	54,25,000
PROFIT AFTER TAX	4,05,40,304	3,99,95,281
Add : Profit brought forward from previous year	13,29,81,367	9,65,86,086
Amount available for appropriations	17,35,21,671	13,65,81,367
APPROPRIATIONS		
Transferred to General Reserve	40,00,000	36,00,000
Balance carried to Balance Sheet	16,95,21,671	13,29,81,367

2. DIVIDEND:

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

3. OPERATIONS:

During the year the sale of vacuum cleaners grew by 11.6% in volume. However due to discontinuation of operations of the unit at Meghalaya, the turnover had reduced by 3% inspite of the reduction of turnover the profit before tax grew by 7.5% to Rs.48.8 Mn. This included expenses incurred by the Company on implementation of ERP amounting to Rs.17.68 Mn.

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. In order to improve operational efficiency of the Company the operations at the Meghalaya unit were discontinued during the year.

To meet the expected increase in demand for vacuum cleaners, the Company had set up an additional unit at Baddi. The unit had commenced commercial operations in the month of March, 2010.

With these steps taken during the year, the Board of Directors are confident of meeting the increased competition in the

market place and maintain it's market share and improve profitability during the coming year.

Supplying high quality products is a focus area for your Company which is taking several steps in its endeavour towards achieving zero defects and enhancing customer satisfaction. Constant up gradations 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 and vacuum cleaners to the various Charitable organizations and Old Age Homes; providing scholarships to the needy students of primary schools; and organising awareness programmes.

5. DIRECTORS:

Dr. Raman Venkatesh 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. J.N. Ichhaporia, Mr Vijay Kumar Raman P & Mr. R.Ganguly, 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. AUDITORS' REPORT

The Auditors' report read with the relevant notes on accounts for the year under review is self explanatory and do not call for any further comments as there are no adverse remarks in the Auditors' Report.

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:

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 & Utrakhand 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 : 2nd June, 2010

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, 2010.]

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:

Vacuum Cleaners

The Company has put in a lot of effort to expand this category through continuous developmental activity. In the year 2009 – 10 the Company has introduced a new powerful Forbes Trendy wet & dry model in the retail. This model has found good acceptance from the market.

The Company is engaged in developing a new model of Wet and Dry Vacuum cleaner with water as filtering media instead of conventional cloth filters. Water as filtering media is a higher level of technology in Vacuum cleaner category. This is expected to be productionised in third quarter of the next year.

The Company in association with Lux international, Europe, has developed a high end dry canister model in two version, premium and economy. This model will be productionised in the first quarter of the coming year. This model has several special features. It has a convenient operation control on the handle of the hose for convenience of user. It has a sensor to vary the motor suction power AUTOMATICALLY to suit the surface that is cleaned. Besides it has a very low decibel noise and is a bench marked product in this category.

The Company has launched a ROBOTIC VACUUM CLEANER in the market. It has been received very well in the market and has improved over all enquiry for all models of vacuum cleaners. This product has combined the high end robotics for navigation with battery operated DC motor for Vacuuming. Now, the Company is also exploring to build a regular dry canister on a robotic platform.

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 :

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.2,59,80,022 /- and the Outgo was Rs.20,49,42,867/-.

COMPLIANCE CERTIFICATE

Registration No. of the Company : **0006900**
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, 9th 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 **31st March, 2010**. 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 28th May, 2009, 30th September, 2009, 10th December, 2009 and 19th February, 2010 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 31.03.2009 was held on 16th June, 2009 after giving notice on 28th May, 2009 to the members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
7. An Extra-Ordinary General Meeting of the members of the Company was held on 28th October, 2009.
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, and therefore 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. Mr. Vicco Syiem a Director of the Company resigned during the year and his resignation was accepted on 25-11-2009. The Board of Directors of the Company duly constituted. Mr. Raman Venkatesh was appointed as Additional Director w.e.f. 19th February, 2010. Form 32 in respect of the appointment is yet to be filed.
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 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 and Company has complied with.
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, 2010

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 31st March, 2010.

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	18.12.09	No	Yes	Annual Return for the Financial year 2008-2009
2	23AC/23ACA	220	09.11.09	No	Yes	Annual Accounts for the F/year 2008-2009
3	Compliance Certificate	383A-66B	19.08.09	No	Yes	Compliance Certificate for the Financial year 2008-2009
4	Form-32	303(2)	17.03.10	No	Yes	Resignation of Additional Director
5	Form-23	192	24.11.09	Yes	No	
6	Form-61		13.03.10	Yes	No	

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 31st March, 2010, 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 31st March, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 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 31st March, 2010;
 - (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
Firm Reg. No.122707W

Place : Mumbai
Date : 2nd June, 2010

M.Y. Bamboat
Partner
M. No. 105794

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 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 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 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) 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, *because of the unique and specialised nature of items involved and absence of any comparable prices, we are unable to comment whether the transactions were made at 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
Firm Reg. No.122707W

Place : Mumbai
Date : 2nd June, 2010

M.Y. Bamboat
Partner
M. No. 105794

FORBES AQUAMALL LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule	Rupees	As at 31-03-2010 Rupees	As at 31-03-2009 Rupees
FUNDS EMPLOYED				
1. SHARE CAPITAL	A	50,00,000		50,00,000
2. RESERVES AND SURPLUS	B	18,67,82,088		14,62,41,784
3. TOTAL SHAREHOLDERS' FUNDS			19,17,82,088	15,12,41,784
4. SECURED LOANS	C		3,70,30,478	5,23,69,091
5. DEFERRED TAX LIABILITY (Net)			2,07,414	2,07,414
6. TOTAL FUNDS EMPLOYED			22,90,19,980	20,38,18,289
APPLICATION OF FUNDS:				
7. FIXED ASSETS :	D			
Gross Block		9,25,26,385		8,15,60,493
Less : Depreciation		3,92,77,147		2,44,62,897
Net Block		5,32,49,238		5,70,97,596
Capital Work-in-Progress		42,13,874		1,26,41,129
			5,74,63,112	6,97,38,725
8. INVESTMENTS	E		4,94,443	4,94,443
9. CURRENT ASSETS, LOANS AND ADVANCES	F	25,86,01,660		18,61,66,456
10. Less : CURRENT LIABILITIES AND PROVISIONS	G	8,75,39,235		5,25,81,335
11. NET CURRENT ASSETS			17,10,62,425	13,35,85,121
12. TOTAL ASSETS (NET)			22,90,19,980	20,38,18,289
13. NOTES TO THE ACCOUNTS	J			

Per our report attached

For **TAM & CO.**
Chartered Accountants
Firm Regn No.122707W

M.Y. BAMBOAT
Partner
Membership No. 105794

S L GOKLANEY *Chairman*

A V SURESH
J N ICHHAPORIA
P V K RAMAN
R GANGULY
K RAMAN VENKATESH } *Directors*

S. RAMESH *CFO*

Mumbai, Dated : 2nd June, 2010

Mumbai, Dated : 2nd June, 2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedule	Rupees	Rupees	Previous Year Rupees
1. INCOME :				
Sales and Other Income	H		73,18,40,227	75,67,23,352
2. EXPENDITURE :				
a) Manufacturing, Trading & Other Expenses	I	65,77,52,031		69,25,19,758
b) Depreciation		1,90,74,987		1,46,08,898
c) Interest		61,71,905		41,74,415
			68,29,98,923	71,13,03,071
3. PROFIT BEFORE TAX			4,88,41,304	4,54,20,281
Provision for Tax				
Current Year tax provision		83,01,000		51,25,000
Less : Deferred Tax (Refer Note 18)		—		—
Fringe Benefit tax provision		—		3,00,000
			83,01,000	54,25,000
4. PROFIT AFTER TAX			4,05,40,304	3,99,95,281
5. Less: PRIOR YEARS' TAX ADJUSTMENTS (NET)			—	—
6. PROFIT AFTER TAX AND PRIOR YEARS' ADJUSTMENTS			4,05,40,304	3,99,95,281
7. PROFIT BROUGHT FORWARD FROM PREVIOUS YEAR			13,29,81,367	9,65,86,086
8. AMOUNT AVAILABLE FOR APPROPRIATIONS			17,35,21,671	13,65,81,367
9. APPROPRIATIONS :				
Transferred to General Reserve		40,00,000		36,00,000
			40,00,000	36,00,000
10. BALANCE CARRIED TO BALANCE SHEET			16,95,21,671	13,29,81,367
Number of Equity Shares			5,00,000	5,00,000
Face Value per share			10	10
Profit After Tax available to Equity Shareholders			4,05,40,304	3,99,95,281
Basic and Diluted Earning Per Share			Rs. 81.08	Rs. 79.99
11. NOTES TO THE ACCOUNTS	J			

Per our report attached

For **TAM & CO.**
Chartered Accountants
Firm Regn No.122707W

M.Y. BAMBOAT
Partner
Membership No. 105794

S L GOKLANEY *Chairman*

A V SURESH
J N ICHHAPORIA
P V K RAMAN
R GANGULY
K RAMAN VENKATESH } *Directors*

S. RAMESH *CFO*

Mumbai, Dated : 2nd June, 2010

Mumbai, Dated : 2nd June, 2010

FORBES AQUAMALL LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

SCHEDULE 'A' – SHARE CAPITAL

	As at 31-03-2010 Rupees	As at 31-03-2009 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 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 31-03-2010 Rupees	As at 31-03-2009 Rupees
1. CAPITAL RESERVE		
Capital Subsidy	2,60,417	2,60,417
2. SHARE PREMIUM ACCOUNT	—	—
3. GENERAL RESERVE		
As per last Balance Sheet	1,30,00,000	94,00,000
Add : Transferred from Profit and Loss Account	40,00,000	36,00,000
	1,70,00,000	1,30,00,000
4. PROFIT AND LOSS ACCOUNT	16,95,21,671	13,29,81,367
	18,67,82,088	14,62,41,784

SCHEDULE 'C' – SECURED LOANS

	As at 31-03-2010 Rupees	As at 31-03-2009 Rupees
1. Cash Credit	3,70,30,478	5,23,69,091
(Secured by hypothecation of stock in trade and book debts further, Secured by corporate guarantee issued by Holding Company)	3,70,30,478	5,23,69,091

SCHEDULE 'D' – FIXED ASSETS

DESCRIPTION OF ASSETS	GROSS BLOCK				DEPRECIATION BLOCK			NET BLOCK		
	AS ON 01-04-2009	ADDI- TIONS	DEDUC- TIONS	AS ON 31-03-2010	AS ON 01-04-2009	FOR THE YEAR	ON DEDUC- TIONS DURING THE YEAR	AS ON 31-03-2010	AS ON 31-03-2010	AS ON 31-03-2009
Buildings	4,71,737	—	1,45,600	3,26,137	2,30,737	22,238	76,521	1,76,454	1,49,683	2,41,000
Electrical Instalations	17,00,593	8,23,042	6,04,479	19,19,156	8,92,686	3,33,187	3,94,558	8,31,315	10,87,841	8,07,907
Computers	18,91,991	3,00,443	7,93,607	13,98,827	11,23,401	3,21,613	7,27,381	7,17,633	6,81,194	7,68,590
Plant & Machinery	1,08,39,699	36,86,758	34,93,066	1,10,33,391	30,98,990	10,69,090	19,73,491	21,94,589	88,38,802	77,40,709
Patterns and Dies	1,03,75,227	1,24,42,793	69,676	2,27,48,344	17,87,025	62,62,948	54,923	79,95,050	1,47,53,294	85,88,202
Intangible Asset	5,20,00,000	—	—	5,20,00,000	1,56,00,000	1,04,00,000	—	2,60,00,000	2,60,00,000	3,64,00,000
Furnitures & Fixtures	25,40,448	1,46,523	5,71,624	21,15,347	9,95,891	3,60,272	4,47,179	9,08,984	12,06,363	15,44,557
Office Equipment	9,77,576	2,65,627	8,27,407	4,15,796	4,58,607	1,93,774	4,76,273	1,76,108	2,39,688	5,18,969
Vehicles	5,69,387	—	—	5,69,387	1,74,875	1,02,139	—	2,77,014	2,92,373	3,94,512
Laboratory Equipment	1,93,835	—	1,93,835	—	1,00,686	9,726	1,10,412	—	—	93,149
Total	8,15,60,493	1,76,65,186	66,99,294	9,25,26,385	2,44,62,898	1,90,74,987	42,60,738	3,92,77,147	5,32,49,238	5,70,97,595
Capital Work-in-progress *					—	—	—	—	42,13,874	1,26,41,129
Grand Total	8,15,60,493	1,76,65,186	66,99,294	9,25,26,385	2,44,62,898	1,90,74,987	42,60,738	3,92,77,147	5,74,63,112	6,97,38,724
Previous Year	6,88,23,054	1,27,37,439	—	8,15,60,493	98,54,000	1,46,08,898	—	2,44,62,898	5,70,97,595	

* Capital Work in progress includes :

i) Rs.42,13,874 (Previous Year Rs.1,26,41,129) of Capital Advances given for development of Patterns & Dies and other Assets

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

SCHEDULE 'E' – INVESTMENTS

	Nos.	Rupees	As at 31-03-2010 Rupees	As at 31-03-2009 Rupees
INVESTMENTS (AT COST)				
LONG TERM INVESTMENTS				
1. TRADE INVESTMENTS - UNQUOTED				
a) Aqua Diagnostic Water Research & Technology Center Ltd.	9,950	99,500		99,500
fully paid Equity Shares of Rs.10/- each	(9,950)	—		
(Figures in brackets indicate that of previous year)			99,500	99,500
2. OTHER INVESTMENTS - QUOTED				
Reliance Industries Limited	174*			
Reliance Petroleum Ltd.	(1,399)	83,940		83,940
(Fully paid Equity Shares of Rs.10/- Each)				
Power Finance Corporation Limited	2,491	2,11,735		2,11,735
(Fully paid Equity Shares of Rs.10/- Each)	(2,491)			
Power Grid Corporation Limited	1,909			
(Fully paid Equity Shares of Rs.10/- Each)	(1,909)	99,268		99,268
			3,94,943	3,94,943
			4,94,443	4,94,443
Less: Diminution in value of Long term Investments				
Diminution in value of Current Investments			—	—
			4,94,443	4,94,443
QUOTED INVESTMENTS				
			3,94,943	3,94,943
UNQUOTED INVESTMENTS				
			99,500	99,500
TOTAL				
			4,94,443	4,94,443
Market Value of Quoted Investment				
			10,33,991	6,76,408

* During the year, due to the merger of Reliance Petroleum Limited with Reliance Industries Limited the share of Reliance petroleum was converted in the ratio of 1:16, Subsequently Reliance Industries also issued bonus shares in the ratio of 1:1

SCHEDULE 'F' – CURRENT LIABILITIES AND PROVISIONS

	Rupees	Rupees	As at 31-03-2010 Rupees	As at 31-03-2009 Rupees
1 CURRENT ASSETS				
i) Stock-in-Trade : *				
Raw Material & Components		7,46,34,852		8,18,49,090
Packing Material		24,37,865		65,17,978
Spares & Accessories		1,400		2,70,084
Finished Goods		23,77,749		1,02,74,791
Stock-in-Transit		1,26,85,047		—
* (As valued and certified by the Management.)			9,21,36,913	9,89,11,943

FORBES AQUAMALL LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

SCHEDULE 'F' - CURRENT ASSETS, LOANS AND ADVANCES

	Rupees	Rupees	As at 31-03-2010 Rupees	As at 31-03-2009 Rupees
ii) Sundry Debtors :				
(Unsecured, Considered Good unless otherwise stated)				
a) Debts outstanding for a period exceeding six months		2,19,53,652		25,44,860
b) Other Debts		<u>8,05,58,686</u>		<u>4,91,71,057</u>
			10,25,12,338	5,17,15,917
iii) Cash and Bank Balances :				
Cash on hand (Including cheques on hand Rs./-)		87,392		21,428
With Scheduled Banks -				
in Current Accounts		3,79,93,799		75,84,702
in Margin Accounts		—		—
in Deposit Accounts (FDR loaded as security with Govt. authorities)		—		—
			<u>3,80,81,191</u>	<u>76,06,130</u>
2 LOANS AND ADVANCES				
i) Advances recoverable in cash or in kind or for value to be received		1,99,16,832		2,12,69,336
ii) Advance Payment of Tax (net of provisions)		32,55,900		31,12,930
iii) Deposits with				
Government Authorities	4,19,966			2,74,131
Other Deposits	<u>22,78,520</u>			<u>32,76,069</u>
		<u>26,98,486</u>		<u>35,50,200</u>
			<u>2,58,71,218</u>	<u>2,79,32,466</u>
			<u><u>25,86,01,660</u></u>	<u><u>18,61,66,456</u></u>

SCHEDULE 'G' – CURRENT LIABILITIES AND PROVISIONS

	Rupees	As at 31-03-2010 Rupees	As at 31-03-2009 Rupees
1 CURRENT LIABILITIES			
Acceptances		60,09,673	27,93,883
Sundry Creditors :			
Small Scale Industrial Undertakings (Refer Note 19)		57,41,201	1,35,30,493
Others		<u>6,64,47,578</u>	<u>3,33,39,435</u>
[Including Rs. Nil (Previous Year Rs. Nil) due to a subsidiary companies]			7,21,88,779
Other Liabilities		60,95,750	17,13,197
2 PROVISIONS			
For Expenses		26,03,244	8,04,065
For Retirement and other employee benefits		3,49,244	1,54,565
For Leave encashment		<u>2,92,545</u>	<u>2,45,697</u>
		<u><u>8,75,39,235</u></u>	<u><u>5,25,81,335</u></u>

SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

SCHEDULE 'H' - SALES AND OTHER INCOME

	Rupees	Rupees	<i>Previous Year Rupees</i>
1) INCOME			
Sales (Gross)	73,38,56,223		78,38,80,714
Less Excise Duty	<u>53,98,002</u>		<u>3,31,87,669</u>
		72,84,58,221	75,06,93,045
2) OTHER INCOME :			
Interest Income :			
From Deposits, Loans and Advances (Gross) (Tax deducted at source Rs. Nil Previous Year Rs. Nil)	39,889		6,42,683
Excess /short Provision written back / off (net)	26,32,959		8,84,552
Miscellaneous Income	<u>7,09,158</u>		<u>45,03,072</u>
		33,82,006	60,30,307
		<u>73,18,40,227</u>	<u>75,67,23,352</u>

SCHEDULE 'I' - MANUFACTURING, TRADING AND OTHER EXPENSES

	Rupees	Rupees	Rupees	<i>Previous Year Rupees</i>
1) Raw Material and Components Consumed		48,96,24,012		59,08,23,268
2) Cost of Raw Material and Components Sold		4,75,78,744		2,50,74,722
3) Packing Material Consumed		2,78,24,811		2,00,45,868
4) Stores Consumed		<u>30,75,717</u>		<u>36,96,395</u>
			56,81,03,284	63,96,40,253
5) Payments to and Provisions for Employees :				
Salaries, Wages and Bonus		98,73,422		99,96,680
Company's Contribution to Provident and Other Funds		6,37,950		5,53,656
Staff Welfare Expenses		<u>7,90,192</u>		<u>7,96,380</u>
			1,13,01,564	1,13,46,716
6) Manufacturing and Other Expenses :				
Power & Fuel		11,87,892		12,27,681
Rent [Net of recoveries Rs. Nil-; (Previous year Rs.Nil)		45,83,542		35,84,356
Repairs and Maintenance -				
Building	—			—
Machinery	28,260			2,73,724
Other Assets	<u>10,68,596</u>			<u>18,09,011</u>
		10,96,856		20,82,735

FORBES AQUAMALL LIMITED

SCHEDULE ANNEXED TO AND FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

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

	Rupees	Rupees	Rupees	<i>Previous Year Rupees</i>
Insurance		12,90,407		10,54,371
Advertisement		19,900		—
Freight and Transportation		1,97,62,733		2,10,53,764
Auditors' Remuneration –				
Audit Fees	1,62,500			1,62,500
Out of pocket expenses	30,968			29,898
Management Services	—			1,500
		1,93,468		1,93,898
Printing and Stationery		4,95,887		3,70,878
Postage and Telephone		6,45,794		7,35,819
Travelling and Conveyance		24,71,343		18,17,360
Legal and Professional Fees		196,39,450		18,05,151
Rates and Taxes		11,37,638		8,84,448
Product Development Expenses		5,07,128		11,90,031
Other Establishment Expenses		1,69,72,161		1,31,58,289
Directors' Sitting Fees		1,25,000		1,05,000
Asset Discarded / Written - Off		3,20,942		—
			7,04,50,141	4,92,63,781
7). Changes in Stock-in-Trade and Work-in-Progress (Other than Raw Material and Components)				
Opening Stock				
Finished Goods	1,02,74,791			25,43,799
Work-in-Progress	—			—
		1,02,74,791		25,43,799
Closing Stock				
Finished Goods	23,77,749			1,02,74,791
Work-in-Progress	—			—
		23,77,749		1,02,74,791
			78,97,042	(77,30,992)
			<u>65,77,52,031</u>	<u>69,25,19,758</u>

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2010

	2009-10		2008-09	
	(Rupees)	(Rupees)	(Rupees)	(Rupees)
NET PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS		4,88,41,304		4,54,20,281
Adjusted For -				
Depreciation	1,90,74,987		1,46,08,898	
(Profit) /loss on sale or discard of Fixed Assets(Net)	3,20,942		—	
Unrealised Foreign Exchange Difference	14,74,521		(10,23,573)	
Intrest Income	(39,889)		(6,42,683)	
Interest and other finance charges	61,71,905		41,74,415	
		2,70,02,466		1,71,17,057
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS		7,58,43,770		6,25,37,338
Changes in -				
Trade and Other Receivables	(5,00,66,723)		(56,53,093)	
Inventories	67,75,030		2,85,34,451	
Trade Payables and others	3,47,16,373		(8,36,83,552)	
Leave Encashment & Gratuity Provision	2,41,527		2,85,957	
	(83,33,793)		(6,05,16,237)	
CASH GENERATED FROM OPERATIONS		(83,33,793)		(6,05,16,237)
		6,75,09,977		20,21,101
Direct Taxes Paid		(84,43,970)		(76,82,692)
(a) NET CASH FROM OPERATING ACTIVITIES		5,90,66,007		(56,61,591)
CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of Fixed Assets(Including adjustment on account of Capital Advances)	(92,37,931)		(1,43,17,137)	
Sale of Fixed Assets	21,17,614		—	
Purchase of Investments	—		(99,500)	
Interest Received	39,889		6,42,683	
(b) NET CASH FROM / (USED) IN INVESTING ACTIVITIES		(70,80,428)		(1,37,73,954)
CASH FLOW FROM FINANCING ACTIVITIES				
Increase / (Decrease) in cash credit account	(1,53,38,613)		1,26,87,320	
Interest Paid	(61,71,905)		(41,74,415)	

FORBES AQUAMALL LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2010

	2009-10		2008-09	
	(Rupees)	(Rupees)	(Rupees)	(Rupees)
(c) NET CASH FROM/ (USED) IN FINANCING ACTIVITIES		(2,15,10,518)		85,12,905
NET INCREASE IN CASH AND CASH EQUIVALENTS		<u>3,04,75,061</u>		<u>(1,09,22,640)</u>
CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE YEAR, COMPRISING :				
Cash, Cheques on hand	21,428		61,324	
Balances with scheduled banks on Current accounts, Margin accounts and Deposit accounts	75,84,702	76,06,130	1,84,67,446	1,85,28,770
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR, COMPRISING :				
Cash, Cheques on hand	87,392		21,428	
Balances with scheduled banks on Current accounts, Margin accounts and Deposit accounts	3,79,93,799	3,80,81,191	75,84,702	76,06,130
NET INCREASE /(DECREASE) AS DISCLOSED ABOVE		<u>3,04,75,061</u>		<u>(1,09,22,640)</u>

Per our report attached

For **TAM & CO.**
Chartered Accountants
Firm Regn No.122707W

M.Y. BAMBOAT
Partner
Membership No. 105794

S L GOKLANEY *Chairman*

A V SURESH
J N ICHHAPORIA
P V K RAMAN
R GANGULY
K RAMAN VENKATESH } *Directors*

S. RAMESH *CFO*

Mumbai, Dated : 2nd June, 2010

Mumbai, Dated : 2nd June, 2010

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010**SCHEDULE 'J'- NOTES TO THE ACCOUNTS****1. SIGNIFICANT ACCOUNTING POLICIES**

a) Basis of Preparation of Financial Statements

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) Use 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 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) Revenue Recognition

Revenue from sale of goods is recognised when substantial risk and rewards of ownership are transferred to customer. Sales include excise duty and are net of Sales returns, damages and discounts.

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. 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.

h) Retirement Benefits

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

i) Research and Development:

Revenue expenditure on Research and Development is charged under the head product development expenses in the year in which it is incurred. Capital Expenditure on Research and Development is included as part of Fixed Asset and depreciated on the basis as other Fixed Assets.

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010**SCHEDULE 'J'- NOTES TO THE ACCOUNTS (Contd.)**

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.

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) Intangible Assets:

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.

m) Impairment of Assets:

In accordance with Accounting Standard (AS-28) on impairment of assets, as at each Balance Sheet date, the carrying amount of assets is tested for impairment so as to determine:

- i. The provision for impairment loss if any required; or
- ii. The reversal, if any, required of impairment loss recognised in previous periods.

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount.

n) Provisions, contingent liabilities and contingent assets :

Provisions are recognised for liabilities that can be measured only by using a substantial degree of estimation, if

- i. the Company has present obligation as a result of a past event.
- ii. a probable outflow of resources is expected to settle the obligation, and
- iii. the amount of the obligation can be reliably estimated

Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in case of

- i. a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation.
- ii. a present obligation arising from past events, when no reliable estimate is possible
- iii. a possible obligation arising from past events where the probability of outflow of resources is not remote

Contingent assets are neither recognised nor disclosed.

Provisions, Contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

2. During the year, the Company has ceased operations at its unit in Meghalaya. The gain or loss on disposal of assets or settlement of liabilities attributable to the cessation of operations are not material and have been recognised in the financial statements.
3. Estimated amount of contracts remaining to be executed on Capital accounts and not provided for – Nil

**SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED
31ST MARCH, 2010**

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

4. Contingent liabilities not provided for : Nil
5. The balances of certain sundry creditors are subject to reconciliation and confirmation.
6. The disclosure required under accounting Standard 15 "Employee Benefits" notified in the companies (Accounting Standards) Rules 2006, are given below :

Defined Contribution Plan

Contributions to defined Contribution plan, recognised are charged off for the year 2009-10 & 2008-09 are as under:

	2009-10 In Rupees	2008-09 In Rupees
Employer's contribution to Provident Fund	1,11,499	1,17,897
Employer's contribution to superannuation fund	1,17,300	1,32,171
Employer's contribution to Pension scheme	1,76,377	1,79,547

Defined Benefit plan

- a Reconciliation of opening and closing balances of Defined obligation

	Gratuity (unfunded)		Leave Encashment (unfunded)	
	2009 – 2010	2008 – 2009	2009 – 2010	2008 – 2009
Defined Benefit obligation at beginning of year	1,54,565	68,313	2,45,697	45,992
Current service cost	70,715	71,330	88,007	1,73,668
Interest cost	12,365	5,465	19,656	3,679
Actuarial (gain) / loss	1,11,599	9,457	(40,826)	36,961
Benefits paid	—	—	(19,989)	(14,603)
Defined Benefit obligation at year end	3,49,244	1,54,565	2,92,545	2,45,697

- b Reconciliation of fair value of assets and obligations

Fair value of plan assets as at 31st March, 2010	—	—	—	—
Present value of obligation as at 31st March, 2010	3,49,244	1,54,565	2,92,545	2,45,697
Amount recognised in Balance Sheet	(3,49,244)	(1,54,565)	(2,92,545)	(2,45,697)

7. The amount of exchange differences included in the profit and loss account is a net loss of Rs.47.52 lacs (previous year net profit – Rs. 30.24 lacs)

	2009-2010 Rupees	2008-2009 Rupees
8. Value of Imports on CIF basis :		
Raw Materials & Components	20,49,42,867	17,72,48,417

FORBES AQUAMALL LIMITED

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

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

9. Raw Materials and Components consumed during the year :

	Unit	For the year ended 31.03.2010		For the year ended 31.03.2009	
		Quantity	Value (Rupees)	Quantity	Value (Rupees)
a) Printed Circuit Boards	Nos	21,852	77,26,813	62,181	2,45,99,404
b) Aluminium	Kgs	3,843	5,85,583	36,922	52,11,884
c) Acrilo Butadyne Styryne (ABS)	Kgs	—	—	29,318	26,56,106
d) Electric Motors	Nos	1,84,368	10,12,13,925	1,63,491	6,99,47,989
e) Body	Nos	1,84,105	4,11,97,756	1,63,491	4,16,78,761
f) Others	—		33,88,99,935	—	44,67,29,124
			<u>48,96,24,012</u>		<u>59,08,23,268</u>

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

	2009-10		2008-09	
	Rupees	% to Total Consumption	Rupees	% to Total Consumption
d) Indigenous	35,43,45,760	72.37	36,72,05,494	62.15
e) Imported	13,52,78,252	27.63	22,36,17,774	37.85
	<u>48,96,24,012</u>	<u>100.00</u>	<u>59,08,23,268</u>	<u>100.00</u>

	2009-2010 Rupees	2008-2009 Rupees
11. Expenditure in Foreign Currency on account of travel, subscription, certification, etc.	- NIL -	- NIL -
12. Earnings in Foreign Exchange Export of Goods on FOB Basis	2,59,80,022	1,26,41,241-

13. 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.	2,00,000 (1,00,000)	21,804 (62,181)
ii) Vacuum Cleaners	Nos.	5,22,500 (3,22,500)	1,84,470 (1,66,446)
iii) Forbes Iron Remover	Nos.	24,000 (24,000)	2,940 (11,851)
iv) Forbes Ironil	Nos.	12,000 (12,000)	3,043 (10,863)
v) 10" Iron Remover Core Assembly	Nos.	24,000 (24,000)	10,951 (2,489)

(Figures in brackets pertain to previous year)

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

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

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

14. (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.	849 (34)	19,47,602 (95,160)	— (849)	— (19,47,602) *	22,653 (61,366)	5,83,77,750 (16,20,33,305)
ii) Vacuum Cleaners	Nos.	1,666 (1,088)	39,57,832 (24,48,000)	971 (1,666)	23,71,721 (39,57,832)	1,85,165 (1,65,868)	60,79,08,302 (54,21,33,393)
iii) Forbes Iron Remover	Nos.	1814 (-)	5,60,526 (-)	— (1,814)	— (5,60,526)	4,754 (10,037)	24,00,960 (50,68,875)
iv) Forbes Ironil	Nos.	1,167 (3)	6,51,186 (639)	— (1,167)	— (6,51,186)	4210 (9,699)	35,78,750 (82,44,650)
v) 10" Iron Remover Core Assembly	Nos.	— (-)	— (-)	— (-)	— (-)	10,951 (2,489)	26,32,520 (6,18,330)
vi) Components		—	—	—	—	—	3,28,61,511 (3,88,08,351)
T O T A L			71,17,146 (25,43,799)		23,71,721 (71,17,146)		70,77,59,793 (75,69,06,904)

* Includes value of Accessories.

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

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

Class of goods	Unit	Opening Stock		Purchases		Closing Stock		Sales / Disposals	
		Nos.	Rs.	Nos.	Rs.	Nos.	Rs.	Nos.	Rs.
i) Vacuum Cleaner	Nos.	1,837 (-)	31,57,645 (-)	13,516 (15,961)	1,62,68,565 (2,78,74,708)	5 (1,837)	6,028 (31,57,645)	15,348 (14,124)	2,60,96,430 (2,69,73,810)
TOTAL		1837 (-)	31,57,645 (-)	13,516 (15,961)	1,62,68,565 (2,78,74,708)	5 (1,837)	6,028 (31,57,645)	15,348 (14,124)	2,60,96,430 (2,69,73,810)

Figures in brackets pertains to previous year

- 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.
- 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.
- In accordance with Accounting Standard on Leases (AS-19) notified under companies (Accounting Standards) Rules, 2006 disclosures in respect of Leases are made below:

FORBES AQUAMALL LIMITED

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010**SCHEDULE 'J'- NOTES TO THE ACCOUNTS (Contd.)**

A. Details of Assets taken on lease – Nil

B. Details of any Office /Residential 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.45.84 lacs (Previous year Rs.35.84 lacs)

18. The Company is entitled to deduction under Section 80IB/80IC of the Income Tax Act, 1961. The Deferred Tax in respect of timing differences which originate during the tax holiday period and reversed during the tax holiday period are not recognised as specified in Accounting Standard 22 "Accounting for Taxes on Income".
19. 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 31st March, 2010 are:

S.No.	SSI Undertaking Name	S.No.	SSI Undertaking Name	S.No.	SSI Undertaking Name
1	Perfect Products, Bangalore	6	East West Automation Technologies Pvt. Ltd., New Delhi	10	D K S Dresses, Chennai
2	S S Industries, Ghaziabad	7	Vijay Raj Enterprises Pvt. Ltd., Gummidipondi	11	Zenith Diecast Pvt. Ltd., Bangalore
3	Pacific Harish Industries Ltd., Chennai	8	Digital Circuits Pvt. Ltd., Bangalore	12	Mantraa Plastech, Chennai
4	Fine Elastomer Products, Chennai	9	N R Industry, Bangalore	13	Advance Products Pvt. Ltd., New Delhi
5	Automatic Spring Industries, Chennai			14	Thermo Packing Industries Pvt. Ltd., Faridabad

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.

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

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

20. 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	1	0
---	---	---	---

Date Month Year

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

Public Issue

			N	I	L				
--	--	--	---	---	---	--	--	--	--

Rights Issue

			N	I	L				
--	--	--	---	---	---	--	--	--	--

Bonus Issue

			N	I	L				
--	--	--	---	---	---	--	--	--	--

Private Placement

			N	I	L				
--	--	--	---	---	---	--	--	--	--

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

Total Liabilities

			3	1	6	5	5	9
--	--	--	---	---	---	---	---	---

Total Assets

			3	1	6	5	5	9
--	--	--	---	---	---	---	---	---

Source of Funds

Paid-Up Capital

					5	0	0	0
--	--	--	--	--	---	---	---	---

Reserves & Surplus

			1	8	6	7	8	2
--	--	--	---	---	---	---	---	---

Secured Loans

				3	7	0	3	0
--	--	--	--	---	---	---	---	---

Unsecured Loans

			N	I	L			
--	--	--	---	---	---	--	--	--

Application of Funds

Net Fixed Assets

				5	7	4	6	3
--	--	--	--	---	---	---	---	---

Investments

						4	9	4
--	--	--	--	--	--	---	---	---

Net Current Assets

			1	7	1	0	6	2
--	--	--	---	---	---	---	---	---

Deferred Tax Assets

						2	0	7
--	--	--	--	--	--	---	---	---

Misc. Expenditure/Preliminary Expenses

			N	I	L			
--	--	--	---	---	---	--	--	--

Accumulated Losses

			N	I	L			
--	--	--	---	---	---	--	--	--

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

Turnover & Other Income

			7	3	1	8	4	0
--	--	--	---	---	---	---	---	---

Total Expenditure

			6	8	2	9	9	9
--	--	--	---	---	---	---	---	---

+ - Profit/Loss Before Tax

✓					4	8	8	4	1
---	--	--	--	--	---	---	---	---	---

+ - Profit/Loss After Tax

✓					4	0	5	4	0
---	--	--	--	--	---	---	---	---	---

Earnings Per Share In Rs.

			8	1	.	0	8
--	--	--	---	---	---	---	---

Dividend Rate%

N	I	L
---	---	---

FORBES AQUAMALL LIMITED

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

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	
---	---	---	---	---	---	--	---	---	---	---	---	---	---	---	--

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

Per our report attached

For **TAM & CO.**

Chartered Accountants

Firm Regn No.122707W

M.Y. BAMBOAT

Partner

Membership No. 105794

S L GOKLANEY

Chairman

A V SURESH

J N ICHHAPORIA

P V K RAMAN

R GANGULY

K RAMAN VENKATESH

Directors

S. RAMESH

CFO

Mumbai, Dated : 2nd June, 2010

Mumbai, Dated : 2nd June, 2010

Details required under Accounting Standard 18 on "Related Party Disclosures " issued by the Institute of Chartered Accountants of India - referred in note No. 16 in Schedule I to the Accounts for the year ended 31st March, 2010.

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 Facility Service (P) Ltd. (formerly known as Forbes Abans Cleaning Solutions (P) Ltd.)
 Forbes Doris & Naess Maritime Ltd.
 Forbes Container Lines Limited
 Forbes Finance Ltd.
 Forbes Sterling Star Ltd.
 Forbes Smart Data Limited
 Latham India Limited
 Pro Handyman India Limited
 Volkart Fleming Shipping & Services Limited
 Forbes Aquatech Limited
 Forbes Tinsley Co. Ltd.
 Forbes Campbell Services Ltd.
 Forbes Technosys Limited
 Forbes Bumi Armada Limited
 Forbes Concept Hospitality Services Ltd.
 Infinite Water Solutions
 Forbes Lux Group
 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	Purchases				
	Goods and Materials	51,42,045	—	—	—
	Fixed Asset	1,13,86,047			
2	Sales				
	Goods and Materials	71,44,81,802	2,22,60,118	—	—
	Fixed Asset	17,81,016	—	—	—
3	Expenses				
	Rent and other service charges	2,18,01,861	—	—	—
	Interest	22,48,767	—	—	—
4	Income				
	Rent and other service charges	24,71,524	—	—	—
5	Finance				
	Loans and Advances Given	—	—	—	—
	Loans and Advances Taken	9,00,00,000	—	—	—
	Repayment of Advances Given	—	—	—	—
	Repayment of Advances Taken	9,00,00,000	—	—	—
6	Dividend paid	—	—	—	—
7	Outstanding				
	Receivables	5,65,92,166	2,57,36,520	—	—
	ICDs Given	—	—	—	—
	Other Deposits	8,28,240			
	Payable	14,294	—	—	—
	Other Deposits	—	—	—	—
	Guarantee	—	—	—	—
	Availed	—	—	—	—
	Utilised	—	—	—	—

FORBES BUMI ARMADA LIMITED

(a Subsidiary Company of Forbes Campbell Finance Limited)

Annual Report and Accounts
for the year ended 31st March, 2010

DIRECTORS:

N.C. Singhal

Chairman

Ashok Barat

Ravi Shankar

Hassan Assad Bassma

Jonathan Edward Duckett

Chan Chee Beng

BANKERS:

IDBI Bank Ltd.

AUDITORS:

U.V. Shah & Co.

REGISTERED OFFICE:

Forbes Building,
Charanjit Rai Marg,
Fort,
Mumbai - 400 001.

DIRECTORS' REPORT

The Shareholders,

Your Directors submit their Report and the Audited Accounts of the Company for the year ended 31st March, 2010.

1. FINANCIAL RESULTS:

	Current Year Rupees	Previous Year Rupees
PROFIT/(LOSS) BEFORE TAX	1,87,51,272	(59,37,191)
Less: Provision for Taxation		
(i) Current Tax	36,50,000	—
(ii) Fringe Benefit Tax	—	36,870
(iii) Deferred Tax (pertaining to previous year)	—	(7,42,741)
(iv) Deferred Tax (pertaining to current year)	24,42,102	(16,76,103)
PROFIT/(LOSS) AFTER TAX	1,26,59,170	(35,55,217)
Add: Balance brought forward from the last year	(68,09,289)	(32,54,072)
Total Amounts Available for Appropriation	58,49,881	(68,09,289)
Less: Appropriations		
(a) Proposed Dividend	9,57,260	—
(b) Tax on Dividend	1,62,686	—
Balance carried to Balance Sheet	47,29,935	(68,09,289)

2. OPERATIONS:

BG Exploration & Production India Limited chartered Accommodation Work Boat "Armada Iman" to support their Brownfield project in Panna Field. The vessel accommodated 120 charterer's personnel on board, operated round the clock in Mumbai High Offshore, and successfully executed USD 2.76 million (Rs.125 million) contract.

Larsen & Toubro Limited subsequently chartered "Armada Iman" for their prestigious Maersk Oil Qatar project. The vessel operated in Al Shaheen Field, offshore Qatar. Contract value was USD 1.9 million (Rs.87 million).

Leighton Contractors awarded USD 1.1 million contract for charter of AHT "Armada Tuah 6" to support their pipelay operations in Mumbai High. Deployment of the vessel, after arrival India, was delayed due to certification issues and breakdown of machineries, leading to cancellation of the contract.

3. DIVIDEND :

The Board of Directors of the Company at their meeting held on 10th June, 2010, have recommended a dividend of 8% (previous year nil) which together with Corporate Dividend Tax, Surcharge and Education Cess, will mean an aggregate outgo of Rs.11.20 lakhs (previous year nil.)

4. DIRECTORATE:

Mr. Hassan A Basma and Mr. Chan Chee Beng are due to retire by rotation. The Board of Directors commend their reappointment as Directors of the Company.

Mr. Kim K Hansen and Mr. Ausmal B Kardin who were appointed Alternate Directors to Mr. J E Duckett and Mr. Hassan A Basma respectively have ceased to be Alternate Directors on 9th April, 2010 and 15th April, 2010 respectively.

5. 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.

FORBES BUMI ARMADA LIMITED

6. PARTICULARS REGARDING EMPLOYEES:

The particulars of employees as required under Section 217(2A) read with the Companies (Particulars of Employees) Rules, 1975 forms part of the Report.

7. 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.

8. DIRECTOR'S RESPONSIBILITY STATEMENT:

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

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

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

Conservation of energy and technology absorption:

The Company's operations involve low energy consumption. Efforts to conserve and optimise the use of energy through operational methods will continue.

Foreign exchange earnings and outgo:

The operating income in foreign currency aggregated to Rs.21,21,07,211 whereas the operating expenses in foreign currency aggregated to Rs.18,64,59,750.

For and on behalf of the
Board of Directors

(N.C. Singhal)
Chairman

Mumbai

Dated: 10th June, 2010.

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 31st March, 2010. 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 15th April, 2009, 24th July, 2009, 14th December, 2009 and 20th January, 2010 and passed Circular Resolution dated 27th April, 2009, 20th July, 2009 and 21st July, 2009, were passed in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed.
5. The company was not required to close its Register of Members during the financial year.
6. The annual general meeting for the financial year ended on 31st March, 2009 was held on 2nd September, 2009 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 transfer / transmission of securities during the financial year. The Company has allotted 50,00,000 Equity shares of Rs.10 each 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.

FORBES BUMI ARMADA LIMITED

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

For **Sanjay Dholakia & Associates**

(SANJAY R. DHOLAKIA)
Practising Company Secretary
Proprietor

Place : Mumbai
Date : 10th June, 2010

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 : 10th June, 2010

ANNEXURE B

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending on 31st March, 2010.

1. Form 23AC for Balance Sheet as at 31/3/2009 and Form 23ACA for Profit & Loss Account for the year ended 31st March, 2009 filed with the Registrar of Companies, Maharashtra on 1st October, 2009.
2. Form 66 for Compliance Certificate for financial year ended 31st March, 2009 in compliance with the provisions of Section 383A of the Companies Act, 1956 was filed with the Registrar of Companies, Maharashtra on 1st October, 2009.
3. Form 20B for Annual Return made up to 2nd September, 2009, filed with the Registrar of Companies, Maharashtra on 23rd October, 2009.
4. Form No. 32 in respect of appointment of Mr. Shaharul R. B. Hassan as an Alternate Director to Mr. Hassan A Basma w e f 28th September, 2007 filed with the Registrar of Companies, Maharashtra on 15th May, 2009.
5. Form No. 32 in respect appointment of Mr. Kim K Hansen as an Alternate Director w e f 15th December, 2008 filed with the Registrar of Companies, Maharashtra on 6th July, 2009.
6. Form No. 32 in respect of resignation of Mr. Kim K Hansen w e f 9th March, 2009 filed with the Registrar of Companies, Maharashtra on 3rd August, 2009.
7. Form No. 32 in respect appointment of Mr. Kim K Hansen as an Alternate Director to Mr. Jonathan E. Duckett w e f 24th July, 2009 filed with the Registrar of Companies, Maharashtra on 24th August, 2009.
8. Form No. 32 in respect of change in designation of Mr. Ashok Barat w e f 2nd September, 2009 filed with the Registrar of Companies, Maharashtra on 15th September, 2009.
9. Form No. 32 in respect appointment of Mr. Ausmal B Kardin as an Alternate Director w e f 14th December, 2009 filed with the Registrar of Companies, Maharashtra on 22nd January, 2010.
10. Form 2 with respect to allotment of 50,00,000 Equity Shares of Rs.10/- each made on 27th April, 2009, filed with the Registrar of Companies, Maharashtra on 15th June, 2009.

For **Sanjay Dholakia & Associates**

(SANJAY R. DHOLAKIA)
Practising Company Secretary
Proprietor

Place : Mumbai
Date : 10th June, 2010

FORBES BUMI ARMADA LIMITED

AUDITORS' REPORT TO THE MEMBERS OF FORBES BUMI ARMADA LIMITED

1. We have audited the attached Balance Sheet of FORBES BUMI ARMADA LIMITED as at 31st March 2010 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 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 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 31st March 2010 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, 2010;
 - (ii) In the case of the Profit and Loss Account of the loss for the year ended on that date; and
 - (iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

(Uday V. Shah)
Proprietor

(Membership No. 35626)
(Firm No. 109814 W)

Mumbai, Dated : 10th June, 2010

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.
- (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 31st March, 2010 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

(Membership No. 35626)
(Firm No. 109814 W)

Mumbai, Dated : 10th June, 2010

FORBES BUMI ARMADA LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule No.	Mar-10 Rupees	Mar-09 Rupees
FUNDS EMPLOYED:			
1. SHARE CAPITAL	"1"	12,500,000	5,000,000
2. RESERVES AND SURPLUS	"2"	4,729,935	—
3. TOTAL SHAREHOLDERS' FUNDS		17,229,935	5,000,000
4. DEFERRED TAX LIABILITY		23,260	—
5. LOANS:	"3"		
(a) Secured		—	—
(b) Unsecured		—	1,800,000
		—	1,800,000
TOTAL FUNDS EMPLOYED		17,253,195	6,800,000
APPLICATION OF FUNDS:			
6. FIXED ASSETS:	"4"		
(a) Gross Block		132,518	99,750
(b) Less: Total Depreciation/Amortisation		28,244	9,077
(c) Less: Total Impairment		—	—
(d) Net Block		104,274	90,673
7. INVESTMENTS		—	—
8. DEFERRED TAX ASSET		—	2,418,844
9. CURRENT ASSETS, LOANS AND ADVANCES	"5"		
(a) Sundry Debtors		78,021,263	—
(b) Cash and Bank Balances		18,405,523	1,594,866
(c) Other Current Assets		31,366	9,810
(d) Loans and Advances		4,058,274	69,580
		100,516,426	1,674,256
10. Less: CURRENT LIABILITIES AND PROVISIONS	"6"		
(a) Liabilities		78,597,560	4,156,192
(b) Provisions		4,769,945	36,870
		83,367,505	4,193,062
11. NET CURRENT ASSETS		17,148,921	(2,518,806)
12. MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)		—	—
13. PROFIT AND LOSS ACCOUNT DEBIT BALANCE		—	6,809,289
TOTAL APPLICATION OF FUNDS		17,253,195	6,800,000

The Accompanying Notes in Schedule 9 are an integral part of the accounts

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

UDAY V. SHAH
Proprietor
M. No. 35626

MUMBAI
Dated : 10th June, 2010

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

Chairman

} Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedule No.	Mar-10 Rupees	Mar-09 Rupees
1. INCOME:			
Operating Income			
Income from Services Rendered	"7"	212,107,211	—
Other Income			
Interest on Fixed Deposits		343,278	157,334
		212,450,489	157,334
2. EXPENDITURE:			
Trading and Other Expenses	"8"	193,613,970	5,910,774
Interest		66,081	174,674
		193,680,051	6,085,448
DEPRECIATION (Per Schedule 3)		19,166	9,077
		193,699,217	6,094,525
PROFIT BEFORE PRIOR PERIOD ITEMS		18,751,272	(5,937,191)
PRIOR PERIOD ITEMS:		—	—
3. PROFIT BEFORE TAXATION AND EXCEPTIONAL ITEMS		18,751,272	(5,937,191)
4. EXCEPTIONAL ITEMS		—	—
5. PROFIT BEFORE TAX /(LOSS)		18,751,272	(5,937,191)
Income tax expense			
– for Wealth-tax		—	—
– for Income-tax Current		3,650,000	—
– for Fringe Benefit Tax		—	36,870
– for Income-tax-Deferred (pertaining to previous year)		—	(742,741)
– for Income-tax-Deferred (pertaining to current year)		2,442,102	(1,676,103)
		6,092,102	(2,381,974)
6. PROFIT AFTER TAX /(LOSS)		12,659,170	(3,555,217)
7. BALANCE BROUGHT FORWARD FROM LAST YEAR		(6,809,289)	(3,254,072)
8. TOTAL AMOUNT AVAILABLE FOR APPROPRIATION		5,849,881	(6,809,289)
Less: Appropriations			
– Proposed Dividend		957,260	—
– Provision for Dividend Distribution Tax		162,686	—
9. BALANCE CARRIED TO BALANCE SHEET		4,729,935	(6,809,289)
Basic and diluted earnings per share of face value of Rs.10 each		10.58	(0.71)

The Notes to Accounts in Schedule 9 are an integral part of the accounts

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

UDAY V. SHAH
Proprietor
M. No. 35626
MUMBAI
Dated : 10th June, 2010

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

Chairman
} Director

FORBES BUMI ARMADA LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	Current Year		Previous Year	
	Rupees	Rupees	Rupees	Rupees
NET PROFIT BEFORE TAX AND EXTRA-ORDINARY ITEMS		18,751,272		(5,937,191)
Adjusted for -				
Depreciation	19,166		9,077	
Foreign Exchange Gain Unrealised	(1,025,876)		—	
Interest and Other Finance Charges	66,081		174,674	
		(940,629)		183,751
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		17,810,643		(5,753,440)
Changes in -				
Trade and Other Receivables	(80,607,065)		(9,810)	
Loans and Advances	(4,014,397)		481,270	
Trade Payables and Others	7,72,47,832		2,379,648	
	(73,73,630)		2,851,108	
OTHER ADJUSTMENTS				
Less: Direct Taxes paid (net of refund)	11,165		39,190	
		(73,84,795)		2,811,918
(a) NET CASH (USED IN) / GENERATED FROM OPERATING ACTIVITIES		1,04,25,848		(2,941,522)
CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of Fixed Assets(including adjustments on account of capital work-in-progress and capital advances)	(32,768)		(99,750)	
(b) NET CASH (USED IN) / GENERATED INVESTING ACTIVITIES		(32,768)		(99,750)
CASH FLOW FROM FINANCING ACTIVITIES:				
Proceeds from Long Term Borrowings	(1,800,000)		1,800,000	
Call Money Received	7,500,000		—	
Interest Paid	(66,081)		(174,674)	
(c) NET CASH (USED IN) / GENERATED FINANCING ACTIVITIES		5,633,919		1,625,326
(d) NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (a)+ (b)+(c)		16,026,999		(1,415,946)
CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE YEAR, COMPRISING:				
Cash, Cheques on hand and remittances in transit	17,824		—	
"Balances with scheduled banks on current accounts and deposit accounts"	1,577,042		3,010,812	
		1,594,866		3,010,812
Foreign Exchange Gain/Loss on Bank Accounts		(783,658)		—
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR, COMPRISING:				
Cash, Cheques on hand and remittances in transit	18,797		17,824	
"Balances with scheduled banks on current accounts and deposit accounts"	18,386,726	18,405,523	1,577,042	1,594,866
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		16,026,999		(1,415,946)

For U.V. SHAH & CO
Chartered Accountants

UDAY V. SHAH
Proprietor
M. No. 35626

MUMBAI
Dated : 10th June, 2010

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

} Chairman
} Director

SCHEDULE "1" TO "9" ANNEXED TO AND FORMING PART OF THE ACCOUNTS

SCHEDULE "1" – SHARE CAPITAL

	Mar-10 Rupees	<i>Mar-09</i> <i>Rupees</i>
1. AUTHORISED:		
1,00,00,000 Equity Shares of Rs.10 each.	100,000,000	100,000,000
2. ISSUED AND SUBSCRIBED:		
5,00,000 Equity Shares of Rs.10/- each fully paid	5,000,000	5,000,000
50,00,000 Equity Shares of Rs.10/- each Rs.1.5 paid up	7,500,000	—
	12,500,000	5,000,000
TOTAL RUPEES	12,500,000	5,000,000

SCHEDULE "2" – RESERVES AND SURPLUS

	Mar-10 Rupees	<i>Mar-09</i> <i>Rupees</i>
Profit & Loss A/c	4,729,935	—
TOTAL RUPEES	4,729,935	—

SCHEDULE "3" – UNSECURED LOANS

	Mar-10 Rupees	<i>Mar-09</i> <i>Rupees</i>
1. SHORT TERM LOANS AND ADVANCES		
From Banks -		
Temporary overdraft from banks	—	—
(i) Short Term and call loans from banks	—	—
(ii) Deferred Credit	—	—
	—	—
From Others -		
(i) Call Deposits	—	—
(ii) (a) Inter-corporate deposits	—	1,800,000
(b) Interest accrued and due	—	—
	—	1,800,000
(iii) Sales tax deferment loan	—	—
	—	1,800,000
TOTAL RUPEES	—	1,800,000

FORBES BUMI ARMADA LIMITED

SCHEDULE "1" TO "9" ANNEXED TO AND FORMING PART OF THE ACCOUNTS

SCHEDULE "4" – 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, 2009	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, 2010	Cumulative Depreciation upto 31st March, 2009	Depreciation for the Year	Depreciation on deductions for the year	Total Depreciation as at 31st March, 2010	Balance as at 31st March, 2010	Balance as at 31st March, 2009
		Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
1.	Furniture, Fixtures & Office Equipment	99,750	32,768	—	132,518	9,078	19,166	—	28,244	104,274	90,672
	TOTAL RUPEES	99,750	32,768	—	132,518	9,078	19,166	—	28,244	104,274	90,672

SCHEDULE "1" TO "9" ANNEXED TO AND FORMING PART OF THE ACCOUNTS

SCHEDULE "5" CURRENT ASSETS, LOANS AND ADVANCES

	<u>Mar-10</u> <u>Rupees</u>	<u>Mar-09</u> <u>Rupees</u>
CURRENT ASSETS:		
SUNDRY DEBTORS:		
(i) Debts Outstanding for a period not exceeding six months:		
(a) Secured, Considered Good	—	—
(a) Secured, Considered Doubtful	—	—
(b) Unsecured, Considered Good	78,021,263	—
(c) Unsecured, Considered Doubtful (see Note no. 17(a) in Schedule 11)	—	—
	<u>78,021,263</u>	<u>—</u>
CASH AND BANK BALANCES:		
(i) Cash, cheques on hand and remittances in transit	18,797	17,824
(ii) Bank Balances:		
A. With Scheduled Banks:	—	—
On Current Accounts	15,730,914	27,042
On Margin Accounts	—	—
On Deposit Accounts	2,655,812	1,550,000
	<u>18,386,726</u>	<u>1,577,042</u>
B. With Others:	—	—
	<u>18,405,523</u>	<u>1,594,866</u>
OTHER CURRENT ASSETS:		
Interest accrued on Fixed Deposits	31,366	9,810
LOANS AND ADVANCES:		
(Unsecured, considered good unless otherwise stated)		
(i) Loans and Advances to Subsidiary Companies		
(a) Unsecured, Considered Good	—	—
(b) Considered Doubtful	—	—
	<u>—</u>	<u>—</u>
Less: Provision for Doubtful Loans and Advances	—	—
	<u>—</u>	<u>—</u>
(ii) (a) Advances Taxes	3,976,835	69,580
(b) Deposit with IDBI under Companies Deposit (Surcharge on Income-tax) Scheme 1986	—	—
(iii) Prepaid Expenses	31,426	—
(iv) TDS Receivable	—	—
(v) Service Tax Credit receivable (input)	50,013	—
	<u>4,058,274</u>	<u>69,580</u>
TOTAL RUPEES	<u><u>100,516,426</u></u>	<u><u>1,674,256</u></u>

FORBES BUMI ARMADA LIMITED

SCHEDULE "1" TO "9" ANNEXED TO AND FORMING PART OF THE ACCOUNTS

SCHEDULE "6" – CURRENT LIABILITIES AND PROVISIONS

	Mar-10 Rupees	<i>Mar-09 Rupees</i>
1. CURRENT LIABILITIES:		
(i) Sundry Creditors	77,689,277	93,964
(ii) Amount Payable to Holding Company	—	1,785,396
(iii) Other Liabilities	849,473	482,934
(iv) Share Application Money pending Allotment	—	1,513,154
(v) Interest accrued but not due on loans	—	138,691
	78,538,750	4,014,139
2. PROVISIONS:		
(i) Tax provisions (Provision for Income Tax, Wealth Tax and Fringe Benefit Tax)	3,650,000	36,870
(ii) Proposed Dividend	957,260	—
(iii) Provision for Dividend Distribution Tax	162,686	—
	4,769,946	36,870
TOTAL RUPEES	8,419,946	73,740

SCHEDULE "7" – TRADING AND OTHER INCOMES

	Mar-10 Rupees	<i>Mar-09 Rupees</i>
1. OPERATING INCOME		
(a) Charter Hire Income	143,415,928	—
(b) Mobilisation Income	68,691,283	—
	212,107,211	—
TOTAL RUPEES	212,107,211	—

SCHEDULE "8" – TRADING AND OTHER EXPENSES

	Mar-10 Rupees	<i>Mar-09 Rupees</i>
1. OPERATING EXPENSES		
Charter Hire Outflow	124,796,347	—
Mobilisation Expenses	61,247,838	—
	186,044,185	—
2. PAYMENTS TO AND PROVISIONS FOR EMPLOYEES:		
(a) Salaries, Wages, Bonus and Commission	3,629,330	2,040,056
	3,629,330	2,040,056
3. SELLING AND DISTRIBUTION EXPENSES:		
(e) Selling & Sales Promotion Expenses	—	—
	—	—
4. OTHER EXPENSES:		
(a) Rent	90,332	105,965
(b) Stamps, Telegrams, Stationery, Printing, Telephones and Other Communication	56,126	69,589
(c) Legal and Professional Charges	397,530	1,649,713
(d) Auditors' Remuneration:		
(i) Audit Fees	11,030	5,515
(ii) Tax Audit Fees	5,515	—
(iii) Company Law Matters	3,861	—
(iv) Other Matters	26,801	—
(vi) Out of Pocket Expenses	—	—
	47,207	5,515
(e) (Gain) / Loss on Foreign Exchange fluctuations(Net)	2,279,377	(99)
(f) Vehicle Expenses	21,928	49,240
(g) Travel and Conveyance	279,566	219,091
(h) Miscellaneous Expenses	768,389	1,771,704
	3,940,455	3,870,718
TOTAL RUPEES	193,613,970	5,910,774

SCHEDULE "1" TO "9" ANNEXED TO AND FORMING PART OF THE ACCOUNTS

SCHEDULE "9" - 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	186,459,750	75,950

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 01.04.2009	Deferred Tax / Liability (-) / Assets (+) for the Current Year	Deferred Tax / Liability (-) / Asset (+) As at 31.03.2010
Depreciation	(10,590)	(12,668)	(23,258)
Carried Forward of Business Losses	2,429,434	(2,429,434)	—
Total	2,418,844	(2,442,102)	(23,258)

FORBES BUMI ARMADA LIMITED

SCHEDULE "1" TO "9" ANNEXED TO AND FORMING PART OF THE ACCOUNTS SCHEDULE "9" – NOTES TO THE ACCOUNTS (Contd.)

4. RELATED PARTY DISCLOSURE

I. List of related parties and relationships

- A. Holding Company / Ultimate Holding Company
Latham India Limited (100% Subsidiary of Forbes & Company Limited)
Forbes & Company Limited (Ultimate Holding Company)
- B. Group companies
Forvol International Services Ltd.
Bumi Armada (Singapore) Pte. Ltd.
Bumi Armada Navigation Sdn Bhd.

II. Transactions with related parties:

Nature of Transactions	31st March, 2010		31st March, 2009	
	Referred to in A above	Referred to in B above	Referred to in A above	Referred to in B above
1. Expenses				
(a) Rent	90,332	—	105,965	—
(b) Travelling Services	—	238,757	—	163,929
(c) Charter Hire Charges	—	124,796,347	—	—
(d) Mobilisation Charges	—	61,247,838	—	—
(e) Guest House Charges	—	75,103	—	—
(f) Reimbursement of Expenses	—	(5,738,462)	—	—
(g) Interest Paid	16,447	—	174,674	—
2. Finance				
(a) Loan Repaid (A/c No. 1)	1,800,000	—	—	—
(b) Loan Payable (A/c No. 1)	—	—	1,800,000	—
(c) Loan Received (A/c No. 2)	—	—	1,785,395	—

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

5. 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.
6. There are no retirement benefits applicable to the employee of the company therefore AS-15 (Retirement Benefits) is not applicable to the company
7. There are no reportable Segments therefore AS-17 (Segment Reporting) is not applicable to the company
8. Figures for previous year have been regrouped and rearranged, wherever necessary.
9. 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
M. No. 35626

MUMBAI
Dated : 10th June, 2010

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

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.	:	U35100MH2006PLC159958	U35100MH2006PLC159958
State Code	:	11	11
Balance Sheet Date	:	March 31, 2010	March 31, 2009
II) Capital Raised During the Year: (Amount in Rs. Thousand)			
Public Issue	:	NIL	NIL
Right Issue	:	7,500	NIL
Bonus Issue	:	NIL	NIL
Private Placement	:	NIL	NIL
III) Position of Mobilisation and Deployment of Funds: (Amount in Rs. Thousand)			
Total Liabilities :	:	17,253	6,800
Total Assets :	:	17,253	6,800
Sources of Funds :			
Paid-up Capital	:	12,500	5,000
Reserves and Surplus	:	4,730	—
Secured Loans	:	—	—
Unsecured Loans	:	—	1,800
Deferred Tax Liability	:	23	—
Application of Funds :			
Net Fixed Assets	:	104	91
Investments	:	—	—
Deferred Tax Assets	:	—	2,419
Net Current Assets	:	17,149	(2,519)
Misc. Expenditure	:	—	—
Accumulated Losses	:	—	6,809
IV) Performance Of Company: (Amount in Rs. Thousand)			
Turnover	:	212,107	—
Other Income	:	343	157
Total Expenditure	:	193,699	6,095
Profit/Loss Before Tax	:	18,751	(5,938)
Profit/Loss After Tax	:	12,659	(3,555)
Earning Per Share in Rs.	:	10.58	(0.71)
Dividend Rate %	:	8.00	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.
Services Description	:	Shipping	Shipping
b) Item Code No. (ITC Code)	:	—	—
Product Description	:	—	—
c) Item Code No. (ITC Code)	:	—	—
Product Description	:	—	—

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

UDAY V. SHAH
Proprietor
M. No. 35626

MUMBAI
Dated : 10th June, 2010

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

FORBES CAMPBELL SERVICES LIMITED

(a wholly owned Subsidiary Company of Forbes Campbell Finance Ltd.)

Annual Report and Accounts
for the year ended 31st March, 2010

DIRECTORS:

C.A. Karnik

Chairman

A.T. Shah

Sunetra Ganesan

BANKERS:

Union Bank of India

AUDITORS:

Messrs. Atul HMV & Associates

REGISTERED OFFICE:

21 A.K. Nayak Marg,

Fort,

Mumbai - 400 001.

DIRECTORS' REPORT

To,

The Shareholders,

Your Directors submit their Report and the Audited Accounts of the Company for the year ended 31st March,2010.

1. FINANCIAL RESULTS:

	Current Year Rupees	Previous Year Rupees
Profit / (Loss) for the year	(1,684)	24,142
<i>Less</i> : Provision for Taxation	—	2,500
Fringe Benefit Tax	—	31,500
Profit / (Loss) after Tax	(1,684)	(9,858)
<i>Add</i> : Amount brought forward from previous year	62,355	72,213
Surplus carried to Balance Sheet	60,671	62,355

2. DIRECTORATE:

Mr. A. T. Shah retires from the Board by rotation and is eligible for re-appointment. The Board of Directors commend his appointment as a Director of the Company.

Mrs. Sunetra Ganesan was appointed as an 'Additional Director' with effect from 10th November, 2009. She holds office upto the date of the ensuing Annual General Meeting and an item regarding her appointment is included in the Notice convening the Annual General Meeting. The Board commend her appointment as Director of the Company.

Mr. R. T. Doshi resigned from the Board on 10th November, 2009. The Board places on record their sincere appreciation for the services rendered by Mr. R. T. Doshi.

3. AUDITORS:

You are requested to appoint Auditors for the current year and authorised the Board to 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 for a part of the financial year.

5. DIRECTORS' RESPONSIBILITY STATEMENT:

"Pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956, the Directors confirm –

- a. that in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- b. that they have selected such accounting policies and applied them consistently and made judgments and

estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the period;

- c. that they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. that they have prepared the annual accounts on a going concern basis".

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, 6th May, 2010

C. A. KARNIK
Chairman

FORBES CAMPBELL SERVICES LIMITED

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 31st March 2010 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 31st March, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 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 31st March 2010,
 - (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

Mumbai, 6th May, 2010

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 31st March, 2010.

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.

4. There are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of stores and assets and for provision of services. There is no sale of goods by the Company. Further, on the basis of our examination of books and records of the Company and according to the information and explanation given to us we have neither come across nor have we been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
5.
 - a) According to the information and explanation given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained u/s 301 of Companies Act, 1956 have been so entered.
 - b) In our opinion and according to the information and explanations given to us, the transaction for sale or services made in pursuance of such contracts or arrangements aggregating during the year to Rs.5,00,000/- or more in respect of each party were made at cost to the Company. In the absence of any comparable prices, we are unable to comment whether the transactions are made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public within the meaning of provision of Section 58A, 58AA or any other relevant provision of the Companies Act, 1956 and the rules framed there under.
7. 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 31st March, 2010. The Company has incurred cash loss in the current financial year, however it has not 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. 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.
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

Mumbai, 6th May, 2010

FORBES CAMPBELL SERVICES LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
1. SOURCES OF FUNDS:			
I SHAREHOLDERS FUNDS :			
(a) Share capital	A	500,000	500,000
(b) Reserves and Surplus	B	60,671	62,355
		<u>560,671</u>	<u>562,355</u>
2. APPLICATION OF FUNDS:			
CURRENT ASSETS, LOANS AND ADVANCES :	C		
(a) Cash and Bank Balances		133,020	299,952
(b) Loans and Advances		821,838	679,367
		<u>954,858</u>	<u>979,319</u>
<i>LESS</i> : CURRENT LIABILITIES AND PROVISIONS:	D	394,187	416,964
NET CURRENT ASSETS		<u>560,671</u>	<u>562,355</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

A.T. Shah
Sunetra Ganesan

}
Directors

Mumbai, Dated 6th May, 2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedule	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
1. INCOME :			
Interest and other Income	E	4,089	915
Service Charges (Net)	F	(5,773)	23,227
2. PROFIT / (LOSS) BEFORE TAX		(1,684)	24,142
3. LESS: PROVISION FOR TAXATION		—	2,500
FRINGE BENEFIT TAX		—	31,500
4. PROFIT/ LOSS AFTER TAX [before prior year adjustment]		(1,684)	(9,858)
5. BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR		62,355	72,213
6. SURPLUS CARRIED TO BALANCE SHEET		60,671	62,355
No. of Equity Shares		50,000	50,000
Face Value pre Share		10	10
Basic & Diluted Earning per Share		(0.03)	(0.20)
7. 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

A.T. Shah
Sunetra Ganesan

Directors

Mumbai, Dated 6th May, 2010

FORBES CAMPBELL SERVICES LIMITED

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT
31ST MARCH, 2010****SCHEDULE 'A' SHARE CAPITAL**

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
1. AUTHORISED :		
50,000 Equity Shares of Rs.10/- each.	500,000	500,000
2. ISSUED, SUBSCRIBED AND PAID-UP:		
50,000 Equity Shares of Rs.10/- each fully paid up.	<u>500,000</u>	<u>500,000</u>

SCHEDULE 'B' RESERVES AND SURPLUS

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
1. SURPLUS :		
Profit and Loss Account Balance	60,671	62,355
	<u>60,671</u>	<u>62,355</u>

SCHEDULE 'C' CURRENT ASSETS, LOANS AND ADVANCES

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
1. CURRENT ASSETS :		
Cash and Bank Balances :		
Cash on hand	7,712	3,294
With Scheduled Banks :		
In Current Accounts	<u>125,308</u>	<u>296,658</u>
	133,020	299,952
2. LOANS AND ADVANCES : (UNSECURED, CONSIDERED GOOD)		
Advances recoverable in cash or in kind or for value to be received :	346,472	274,023
Advance payment of Tax	<u>475,366</u>	<u>405,344</u>
	<u>821,838</u>	<u>679,367</u>
	<u>954,858</u>	<u>979,319</u>

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT
31ST MARCH, 2010**

SCHEDULE 'D' CURRENT LIABILITIES AND PROVISIONS

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
1. CURRENT LIABILITIES :		
Sundry Creditors	177,477	200,254
Advances Received against Services	216,710	216,710
2. PROVISIONS :		
Provision for Fringe Benefit Tax	—	—
	394,187	416,964

SCHEDULE 'E' INTEREST AND OTHER INCOME

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
Sundry Credit Balances Written back	3,626	—
Interest from others	463	915
	4,089	915

SCHEDULE 'F' ESTABLISHMENT EXPENSES

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SERVICE CHARGES RECEIVED (TDS Rs.65022/- P.Y. Rs.78337)	2,918,603	3,240,473
<i>LESS: EXPENSES</i>		
1. Payment to and Provisions for Employees		
(a) Salaries & Allowances	1,476,608	1,650,018
(b) Co's contribution to P.F. & others Funds	161,735	159,229
(c) Staff Welfare	32,667	24,876
	1,671,010	1,834,123
2. Professional Fees	977,640	950,115
3. Motor Car Expenses	133,350	227,618
4. Conveyance Expenses	76,482	84,117
5. Professional Tax	2,500	—
6. Telephone	17,187	23,480
7. Office Expenses	13,450	63,433
8. Miscellaneous Expenses	24,484	26,087
9. Auditors Remuneration		
Audit Fees	7,500	7,500
Service Tax	773	773
Out of Pocket Expenses	—	—
	2,924,376	3,217,246
SERVICE CHARGES (NET)	(5,773)	23,227

FORBES CAMPBELL SERVICES LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

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, 2010

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 31-3-2010

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

B. Fellow Subsidiaries:

As on 31-3-2010

Forbes Bumi Armada Ltd.
Forbes Edumetry Ltd.
Forbes Technosys Ltd.
Aquadiagnostics Water Res. & Tech. Centre Ltd.
E4 Development & Coaching Pvt. Ltd.
Aquamall Water Solutions Ltd.
Eureka Forbes Ltd.
Volkart Fleming Shipping & Services Ltd.

Forbes Smart Data Ltd.
Forbes Aquamall Ltd.
Forbes Facility Centre Pvt. Ltd.
Euro Forbes International Pte. Ltd.
Forbes Enviro Solutions Ltd.
Radiant Energy Sys. Pvt. Ltd.
Waterwings Equip. Pvt. Ltd.

As on 31-3-2009

Forbes Water Ltd.
High Point Properties Ltd. (Upto 8.3.2009)
Forbes Technosys Ltd.
Aquadiagnostics Water Res. & Tech. Centre Ltd.
E4 Development & Coaching Pvt. Ltd.
Aquamall Water Solutions Ltd.
Eureka Forbes Ltd.
Volkart Fleming Shipping & Services Ltd.
Forbes Tinsley Co. Ltd.

Forbes Smart Data Ltd.
Forbes Bumi Armada Ltd.
Forbes Sterling Star Ltd.
Latham India Limited
Forbes Aquamall Ltd.
Forbes Dorbis & Naess Maritime Ltd.
Forbes Container Line Pte. Ltd.
Forbes Facility Centre Pvt. Ltd.
Euro Forbes International Pte. Ltd.

II. Transactions with related parties:

Nature of Transactions	Referred to in "A" Above		Referred to in "B" Above	
	31.03.2010 Rupees	31.03.2009 Rupees	31.03.2010 Rupees	31.03.2009 Rupees
Income				
1. Service Charges (including service tax)	3,052,835	3,501,918	169,127	153,554
Expenses				
2. Service charges paid	—	56,599	—	—
Outstandings				
3. Advances (expense recoverable)	1,838	—	—	—
4. Expenses Payable	1,838	—	—	—
1. All transactions and outstanding balance referred to in table "A" are with a single party Viz. Forbes & Co. Ltd.				
2. 1B 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

A.T. Shah
Sunetra Ganesan

Directors

Mumbai, Dated 6th May, 2010

FORBES CAMPBELL SERVICES LIMITED

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.	1	1	-	1	8	0	7	7	State Code	1	1
Balance Sheet Date	3	1	0	3	2	0	1	0			
	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									
					5	6	1						5	6	1
Source of Funds						Reserves & Surplus									
Paid-Up Capital						Unsecured Loans									
					5	0	0							6	1
Secured Loans						Investments									
			N	I	L				N	I	L				
Application of Funds						Misc. Expenditure									
Net Fixed Assets						Net Current Assets									
			N	I	L				5	6	1				
Accumulated Losses															
			N	I	L										

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

Turnover						Total Expenditure								
					4						6			
+	-	Profit/Loss Before Tax				+	-	Profit/Loss After Tax						
	✓				2		✓				2			
(Please Tick Appropriate box + for Profit, - for Loss)														
Earning Per Share (Rs.)						Dividend Rate (%)								
			(0	.	0	3)				N	I	L

V. General Names of Three Principal Products/Services of the Company (As Per Monetary Terms)

Item Code No. (ITC Code)	Product Description
	S E R V I C E C O .
Item Code No. (ITC Code)	Product Description
Item Code No. (ITC Code)	Product Description

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	2009-2010		2008-2009	
	Rupees	Rupees	Rupees	Rupees
Profit / Loss Before Tax		(1,684)		24,142
Adjusted For				
Interest Received		(463)	—	(915)
Prior Year Adjustment		(3,626)		—
Operating Profit Before				
Working Capital Changes		(5,773)		23,227
Change In				
Creditors	(22,777)		(17,864)	
Advances	(72,449)	(95,226)	148,226	130,362
Income Tax Refund				
Direct Tax Paid	(70,022)	(70,022)	(115,337)	(115,337)
(A) Net Cash From Operating Activities		(171,021)		38,252
Cash Flow From Investing Activities				
Interest Received	463		915	
Prior Year Adjustment	3,626		—	
(B) Net Cash From Investing Activities		4,089		915
Cash Flow From Financing Activities	—		—	
(C) Net Cash From Financing Activities				
Net Increase / Decrease In				
Cash And Cash Equivalents (A)+(B)+(C)		(166,932)		39,167
Cash and Cash Equivalent as at the Commencement of the Year Comprising Cash, Cheques on Hands and Remittances in Transit and Balance With Bank.		299,952		260,785
Cash and Cash Equivalent as at the End of the Year Comprising Cash, Cheques on Hands and Remittances in Transit and Balance With Bank		133,020		299,952
Net Decrease / Increase As Disclosed Above		(166,932)		39,167

As per our Report of even date attached

For **Atul HMV & Associates**
Chartered Accountants

C.A. Karnik

Chairman

HEMANSHU M. VORA
Partner

A.T. Shah
Sunetra Ganesan

Directors

Mumbai, Dated 6th May, 2010

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

(a wholly owned Subsidiary Company)

Annual Report and Accounts
for the year ended 31st March, 2010

DIRECTORS:

Amit Mittal

Chairman

Padmakumar 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, 2010

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 31 March, 2010.

1. Directors

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

Padmakumar Unnikrishnan

Amit Mittal

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 Companies 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.

8. Independent Auditors

Moore Stephens LLP, Certified Public Accountants, have expressed their willingness to accept reappointment.

Board of Directors,

.....
AMIT MITTAL

.....
PADMAKUMAR UNNIKISHNAN

Singapore

Date : 20th July, 2010

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

STATEMENT BY THE DIRECTORS – 31 MARCH, 2010

In the opinion of the directors,

- (a) the financial statements as set out on pages 190 to 203 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 March, 2010 and of the results, changes in equity and cash flows of the Company for the year then ended.
- (b) 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 based on reasons mentioned in note 2(c) to the financial statements.

Board of Directors,

.....

AMIT MITTAL

.....

PADMAKUMAR UNNIKRIISHNAN

Singapore

Date : 20th July, 2010

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 190 to 203, comprising the balance sheet as at 31 March, 2010 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 March, 2010 and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

- (a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets 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 audit 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 31 March, 2010 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 : 20th July, 2010

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

BALANCE SHEET AS AT 31 MARCH, 2010

	Note	01.04.2009 to 31.3.2010		01.04.2008 to 31.3.2009	
		S\$	Rs.	S\$	Rs.
Assets					
Non-Current Assets					
Plant and equipment	8	78,818	2,537,774	38,652	1,326,537
Current Assets					
Trade receivable	9	844,066	27,177,153	1,397,797	47,972,393
Other receivables	10	221,922	7,145,422	232,055	7,964,128
Cash and bank balances	11	1,831,904	58,983,462	300,352	10,308,081
		<u>2,897,892</u>	<u>93,306,037</u>	<u>1,930,204</u>	<u>66,244,601</u>
Total Assets		<u>2,976,710</u>	<u>95,843,811</u>	<u>1,968,856</u>	<u>67,571,138</u>
EQUITY AND LIABILITIES					
Share Capital and Reserves					
Share capital	12	864,960	27,849,896	380,000	13,041,600
Retained earnings		(709,555)	(29,647,712)	309,918	4,451,111
Translation Reserve		(147,733)	(4,756,692)	(78,350)	(2,688,972)
Foreign Currency Translation Reserve		–	6,801,531	–	6,185,275
Total Equity		<u>7,672</u>	<u>247,022</u>	<u>611,568</u>	<u>20,989,014</u>
Current Liabilities					
Trade Payable	13	844,875	27,203,201	1,235,521	42,403,081
Other payables	14	24,163	777,998	10,013	343,646
Advances received from third parties	15	2,100,000	67,615,590	–	–
Income Tax Payable		–	–	111,754	3,835,397
Total Liabilities		<u>2,969,038</u>	<u>95,596,789</u>	<u>1,357,288</u>	<u>46,582,124</u>
Total Equity and Liabilities		<u>2,976,710</u>	<u>95,843,811</u>	<u>1,968,856</u>	<u>67,571,138</u>

PROFIT AND LOSS STATEMENT FOR THE FINANCIAL PERIOD ENDED 31ST MARCH. 2010

	Note	01.04.2009 to 31.3.2010		01.04.2008 to 31.3.2009	
		S\$	Rs.	S\$	Rs.
Revenue	3	91,02,604	304,459,347	22,910,242	729,348,509
Cost of Sales		(9,282,830)	(310,487,456)	(22,602,676)	(719,557,132)
Gross Profit		(180,226)	(6,028,109)	307,566	9,791,376
Other Operating Income		359	12,008	231,297	7,363,350
Administrative Expenses		(762,440)	(25,501,712)	(936,225)	(29,804,762)
Other Operating Expenses		(130,205)	(4,355,032)	–	–
(Loss) / profit before income tax	4	(10,72,512)	(358,72,845)	(3,97,362)	(126,50,035)
Income Tax	7	53,039	(1,774,022)	–	–
(Loss) / profit for the year / period		(1,019,473)	(34,098,824)	(397,362)	(12,650,035)

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

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM 1 APRIL 2009 TO 31 ST MARCH 2010

Particulars	Share Capital		Translation Reserve		Accumulated Loss		Total	
	S\$	Rs.	S\$	Rs.	S\$	Rs.	S\$	Rs.
Balance at 1st April 2008	380,000	10,984,660	(86,171)	(2,490,945)	1,154,730	31,345,736	1,448,559	39,839,451
Translation differences directly recognised in equity	–	–	7,821	(198,027)	–	–	7,821	(198,027)
Total Comprehensive loss for the year	–	–	–	–	(397,362)	(12,650,035)	(397,362)	(12,650,035)
Dividend Paid*	–	–	–	–	(447,450)	(14,244,589)	(447,450)	(14,244,589)
Issuance share during the year								
Foreign Exc rate diff		2,056,940		–		–		(8,242,198)
Balance At 31 March, 2009	380,000	13,041,600	(78,350)	(2,688,972)	309,918	4,451,112	611,568	20,988,998
Balance at 1 April 2009	380,000	13,041,600	(78,350)	(2,688,972)	309,918	4,451,112	611,568	20,988,998
Translation difference recognised directly in equity	–	–	(69,383)	(2,265,747)	–	–	(69,383)	(2,265,747)
Net Profit for the Year					(1,019,473)	(34,098,824)	(1,019,473)	(34,098,824)
Total recognised income and expense for the year	380,000	13,041,600	(69,383)	(2,265,747)	(1,019,473)	(34,098,824)	(1,088,856)	(36,364,571)
Issuance share during the year	484,960	15,614,694	–	–	–	–	484,960	15,614,694
Foreign Exc rate diff		(806,398)		198,027				(7,902)
Balance at 31 March, 2010	864,960	27,849,896	(147,733)	(4,756,692)	(709,555)	(29,647,712)	7,672	247,022

* On 15 January 2009, the Company declared a one-tier tax exempt dividend of S\$1.1775 per ordinary share to be paid to shareholders out of the profits earned for the year ended 31 March 2008.

CASH FLOW STATEMENT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2010

	01.04.2009 to 31.3.2010		01.04.2008 to 31.3.2009	
	S\$	Rs.	S\$	Rs.
Cash Flows from Operating Activities				
(Loss)/Profit before income tax	(1,072,512)	(35,872,845)	(397,362)	(12,650,035)
Adjustments for:				
Depreciation of plant and equipment	26,380	882,345	46,069	1,466,609
Foreign Currency Translation Reserve	–	1,323,622	–	(460,822)
Operating cash flows before working capital changes	(1,046,132)	(33,666,878)	(351,293)	(11,644,249)
Changes in working capital:				
Trade Receivables	528,534	17,017,685	(48,544)	(1,666,030)
Other Receivables	(3,111)	(100,168)	24,419	838,060
Trade Payables	(391,633)	(12,609,760)	923,032	31,678,458
Other Payables	14,150	455,600	8,208	281,699
	(898,192)	(28,903,521)	555,822	19,487,938
Cash generated from / used in operations				
Income Tax paid	(58,715)	(1,963,870)	(94,950)	(3,022,737)
Net cash used in operating activities	(956,907)	(30,867,391)	460,872	16,465,201
Cash Flows from Investing Activities				
Purchase of Plant and equipment	(66,546)	(2,225,797)	(3,443)	(109,608)
Net cash used in investing activities	(66,546)	(2,225,797)	(3,443)	(109,608)
Cash Flows from Financing Activities				
Proceeds from issuance of share capital	484,960	16,220,700	–	–
Advances received from third parties	2,100,000	67,615,590	–	–
Advance from a related Company repaid	–	–	(67,190)	(2,138,996)
Dividend paid	–	–	(447,450)	(14,244,589)
Net cash generated from financing activities	2,584,960	83,836,290	(514,640)	(16,383,585)
(Decrease)/Increase in cash and cash equivalents	1,561,507	50,743,101	(57,211)	(27,992)
Cash and cash equivalents at the beginning of the year/period	300,352	10,308,081	357,563	10,336,073
Foreign Exchange difference	(29,955)	(2,067,720)		
Cash and cash equivalents at the end of the year/period	1,831,904	58,983,462	300,352	10,308,081

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

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2010

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 address of the Company’s registered office and principal place of business is 19 Keppel Road, #03-08 Jit Poh Building, Singapore 089058.

The principal activities of the Company are those of freight forwarding and services allied to the transport of goods.

The Company is a wholly owned subsidiary of Forbes & Company Limited, a Company incorporated under Indian Companies Act, 1913 and publicly listed in India. Forbes & Company Limited is a subsidiary of Sterling Investment Corporation Private Limited which is a subsidiary Company of Shapoorji Pallonji & Company Limited, a Company incorporated in India. The Company’s ultimate controlling Company is Shapoorji Pallonji & Company Limited.

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 judgements, 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 actions, 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 Revised FRS

On 1 April 2009, the Company adopted the following revised FRS that is mandatory for application from that date and which is relevant to the Company.

FRS 1 Presentation of Financial Statements (Revised)

Revised FRS 1 will become effective for the Company’s financial statements for the annual period beginning 1 April 2009. The revised standard requires an entity to present, in a statement of changes in equity, all owner changes in equity. All non-owner changes in equity (i.e. comprehensive income) are required 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.

New/Revised FRS issued but not yet effective

At the date of authorisation of these financial statements, the following revised FRS has been issued and is relevant to the Company but is not yet effective:

FRS 24 (Revised) Related Party Disclosure

The revised FRS 24 simplifies the definition of a related party and provides partial exemption for government-related entities. The revised FRS 24 applies retrospectively for annual periods beginning on or after 1 January 2011 but earlier application is permitted. The Company is in the process of assessing the impact on the financial statements.

(c) Going Concern

The Company incurred a net loss of S\$1,019,473 (2009: S\$397,362) for the year ended 31 March, 2010. These indicates the existence of an uncertainty which may cast doubt as to whether the Company is able to continue as a going concern.

As disclosed in Note 20, a third party has advanced S\$2,100,000 to the Company in the current year which is intended to be subsequently converted to 8% cumulative optionally convertible redeemable preference share. Furthermore, the holding company

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2010 (Contd.)

2. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

(c) **Going Concern (Contd.)**

has undertaken to provide continuing financial support. Accordingly, the directors are of the view that it is appropriate to prepare the financial statements on a going concern basis.

(d) **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. Time charter revenue is recognised over the life of time charter agreements.

(e) **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 directly in equity and accumulated in translation reserve within equity.

(ii) **Foreign currency transactions**

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. 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 profit or loss.

(f) **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 profit or loss, 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.

(g) **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
Containers	–	5 years

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2010 (Contd.)

2. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

(g) Plant and Equipment (Contd.)

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.

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 profit or loss for the year.

(h) 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 profit or loss.

(i) Impairment of Non-Financial Assets

The carrying amounts 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 profit or loss.

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 exist 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 profit or loss.

(j) Trade and Other Payables

Trade and other payables which are normally settled in 30 days, including advances from a related company, are initially measured at fair value and subsequently measured at amortised cost, using the effective interest method.

(k) 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.

(l) Cash and Cash Equivalents

For the purpose of cash flow statement, cash and cash equivalents consist of cash and bank balances.

(m) 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.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2010 (Contd.)

2. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

(n) 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 profit or loss 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

	01.04.2009 to 31.3.2010		01.04.2007 to 31.3.2009	
	S\$	Rs.	S\$	Rs.
Freight Services incme	9,102,604	304,459,347	22,910,242	729,348,509
	<u>9,102,604</u>	<u>304,459,347</u>	<u>22,910,242</u>	<u>729,348,509</u>

4. PROFIT / LOSS BEFORE INCOME TAX

Net loss for the period has ben arrived at after charging:

Depreciation of plant & equipment (Note 8)	26,380	882,345	46,069	1,466,609
Rental – operating lease expense	89,280	2,986,193	74,160	2,360,887
Rental – Office Equipment	2,057	68,802	3,175	101,092
Exchange Loss / (Gain)	130,205	4,355,032	(231,297)	(7,363,350)
	<u>130,205</u>	<u>4,355,032</u>	<u>(231,297)</u>	<u>(7,363,350)</u>

5. STAFF COSTS

Staff salaries and related costs	352,237	11,781,447	424,421	13,511,460
Contribution to defined contribution plans	9,080	303,703	9,910	315,485
	<u>361,317</u>	<u>12,085,150</u>	<u>434,331</u>	<u>13,826,945</u>

6. DIRECTOR'S REMUNERATION

Salaries and other costs	120,000	4,013,700	170,000	5,411,957
Contribution to defined contribution plans	7,836	262,095	10,851	345,442
	<u>127,836</u>	<u>4,275,795</u>	<u>180,851</u>	<u>5,757,399</u>

7. INCOME TAX

(Loss) / profit before income tax	(1,072,512)	(35,872,845)	(397,362)	(12,650,035)
Income Tax befeit at statutory rate of 17 % : (2009:17%)	(182,327)	(5,870,547)	(67,552)	(2,277,006)
Expenses not deductible for tax-purposes	(4,485)	(144,408)	–	–
Over provision of tax in prior financial year	(53,039)	(1,774,022)	–	–
Benefits from previously unutilised tax benefits	186,812	6,014,954	67,552	2,277,006
	<u>(53,039)</u>	<u>(1,774,022)</u>	<u>–</u>	<u>–</u>

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

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2010 (Contd.)

7. INCOME TAX (Contd.)

As at the balance sheet, unutilised tax losses amounting to approximately S\$1,049,575 (2009: S\$420,820) 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. The related tax benefits of S\$178,427 (2009: 71,359) have not been recognised in the financial statements in accordance with accounting policy 2(f).

8. PLANT & EQUIPMENT - 01.04.2010 TO 31.3.2010

	Software System		Computers		Office Equipment		Containers		Furniture & Fittings		Totals	
	S\$	Rs.	S\$	Rs.	S\$	Rs.	S\$	Rs.	S\$	Rs.	S\$	Rs.
2010												
Cost												
At 1 st April 2009	73,265	2,514,455	53,843	1,847,892	1,948	66,855	–	–	18,906	648,854	147,962	5,078,056
Additions	815	27,260	–	–	–	–	65,731	2,198,538	–	–	66,546	2,225,797
At 31 March, 2010	74,080	2,385,220	53,843	1,733,632	1,948	62,722	65,731	2,116,400	18,906	608,733	214,508	6,906,707
Foreign exc rate diff of Gross Block		(156,494)		(114,260)		(4,134)		(82,137)		(40,120)		(397,146)
Accumulated depreciation												
At 1st April 2009	60,666	2,082,057	40,688	1,396,412	947	32,501	–	–	7,009	240,549	109,310	3,751,519
Charge for the year	12,022	402,106	10,187	340,730	390	13,045	–	–	3,781	126,465	26,380	882,345
At 31 March, 2010	72,688	2,340,401	50,875	1,638,068	1,337	43,049	–	–	10,790	347,415	135,690	4,368,933
Foreign exc rate diff of Depr Block		(143,762)		(99,074)		(2,497)		–		(19,599)		(264,931)
Net book value												
At 31 March, 2010	1,392	44,819	2,968	95,563	611	19,673	65,731	2,116,400	8,116	261,318	78,818	2,537,774
2009												
Cost												
At 1 st 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	–	–	–	–	1,106	35,210	3,443	109,608
Additions and at 31 March, 2009	73,265	2,514,455	53,843	1,847,892	1,948	66,855	–	–	18,906	648,854	147,962	5,078,056
Foreign exc rate diff of Gross Block	–	396,583	–	284,609	–	10,545	–	–	–	99,100	–	790,837
Accumulated depreciation												
At 1 st 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 31st March 2009	60,666	2,082,057	40,688	1,396,412	947	32,501	–	–	7,009	240,549	109,310	3,751,519
Foreign exc rate diff of Depr Block	–	256,876	–	168,649	–	3,987	–	–	–	27,290	–	456,803
Net book value At 31 March, 2009	12,599	432,398	13,155	451,480	1,001	34,354	–	–	11,897	408,305	38,652	1,326,537

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2010 (Contd.)

9. TRADE RECEIVABLES

	01.04.2009 to 31.3.2010		01.04.2008 to 31.3.2009	
	S\$	Rs.	S\$	Rs.
Receivables from Customers	40,542	1,305,367	124,778	4,282,381
Receivables from Agents:				
– Related Companies	716,830	23,080,421	903,050	30,992,676
– Third Parties	84,071	2,706,910	367,684	12,618,915
GST Receivable	2,623	84,455	2,285	78,421
	<u>844,066</u>	<u>27,177,153</u>	<u>1,397,797</u>	<u>47,972,393</u>

10. OTHER RECEIVABLES

Deposits	181,780	5,852,934	210,894	7,237,882
Amount due from holding company	3,494	112,499	3,494	119,914
Amount due from director	–	–	7,000	240,240
Others	36,648	1,179,989	10667	366,091
	<u>221,922</u>	<u>7,145,422</u>	<u>232,055</u>	<u>7,964,128</u>

The amount due from a director related to a loan from the Company to a director which has been sanctioned based on repayment of 20 equal installments. The loan is unsecured and interest free. During the financial year, the amount due from a director has been subsequently received.

Amount due from the holding Company represent advances which are unsecured, interest free and repayable on demand.

11. CASH & BANK BALANCE

	01.04.2009 to 31.3.2010		01.04.2008 to 31.3.2009	
	S\$	Rs.	S\$	Rs.
Cash at Bank	1,831,860	58,982,045	300,052	10,297,785
Cash on hand	44	1,417	300	10,296
	<u>1,831,904</u>	<u>58,983,462</u>	<u>300,352</u>	<u>10,308,081</u>

12. SHARE CAPITAL

	01.04.2009 to 31.3.2010		01.04.2008 to 31.3.2009	
	S\$	Rs.	S\$	Rs.
Issued and fully paid:				
At the beginning of the year	380,000	12,235,202	380,000	13,041,600
Issuance of Ordinary Shares	484,960	15,614,694	–	–
At the end of the year	<u>864,960</u>	<u>27,849,896</u>	<u>380,000</u>	<u>13,041,600</u>

The ordinary shares have no par value. The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

13. TRADE PAYABLES

	01.04.2009 to 31.3.2010			01.04.2008 to 31.3.2009	
	No. of Shares	S\$	Rs.	S\$	Rs.
Payables to:					
– A related company	380,000	475,660	15,315,253	579,787	19,898,290
– Third Parties	484,960	369,215	11,887,948	655,734	22,504,791
	<u>864,960</u>	<u>844,875</u>	<u>27,203,201</u>	<u>1,235,521</u>	<u>42,403,081</u>

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

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2010 (Contd.)

14. OTHER PAYABLES

	01.04.2009 to 31.3.2010		01.04.2008 to 31.3.2009	
	S\$	Rs.	S\$	Rs.
Accrued expenses	24,163	777,998	10,013	343,646

15. ADVANCES FROM A THIRD PARTY

The advances from a third party are interest free, unsecured and repayable on demand and denominated in United States dollar.

16. RELATED PARTY TRANSACTIONS

In addition to the related party transactions disclosed elsewhere in the financial statement. The Company had the following significant transactions with related companies during the year at terms agreed between the parties:

	01.04.2009 to 31.3.2010		01.04.2007 to 31.3.2009	
	S\$	Rs.	S\$	Rs.
Agent Commission payable	147,156	4,922,000	344,509	10,967,458
Share Capital Received	484,960	16,220,700	–	–
	632,116	21,142,700	344,509	10,967,458

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.

17. LEASE COMMITMENTS

The Company leased its office premises from 1 August 2006 to 31 July 2010 renewable for such terms and conditions as may be agreed upon with the lessor. The Company also incurs operating lease rental on its office equipment from 1 April 2008 to 31 March, 2013. At the balance sheet date, the Company was committed to make the following payments in respect of operating leases:

	01.04.2009 to 31.3.2010		01.04.2007 to 31.3.2009	
	S\$	Rs.	S\$	Rs.
Payable				
Within 1 year	32,616	1,090,924	92,136	2,933,153
After 1 year but within 5 years	5,712	191,052	38,238	1,217,308
	38,328	1,281,976	130,374	4,150,462

18. 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

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2010 (Contd.)

18. FINANCIAL INSTRUMENTS (Contd.)

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:

	2010		2009	
	S\$	Rs.	S\$	Rs.
Net debt	1,137,134	36,613,327	945,182	32,438,646
Shareholders' equity	7,672	247,022	611,568	20,989,014
Net debt to shareholder's equity Ratio	148.22	148.22	1.55	1.55

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.

There were no changes in the Company's approach to capital management during the year.

(ii) 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 exchange 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 exposures based on the information provided by key management are as follows:

	Singapore dollar	United States dollar	Total	Total
	S\$	S\$	S\$	Rs.
2010				
Financial assets				
Trade receivables	16,090	827,976	844,066	27,177,153
Other receivables	–	218,428	218,428	7,032,923
Due from immediate holding company	3,494	–	3,494	112,499
Cash and cash equivalents	20,688	1,811,216	1,831,904	58,983,462
	40,272	2,857,620	2,897,892	93,306,037
Financial liabilities				
Trade payables	33,686	811,189	844,875	27,203,201
Other payables	24,163	–	24,163	777,998
Due to a third party	–	2,100,000	2,100,000	67,615,590
	57,849	2,911,189	2,969,038	95,596,789
Net financial assets / (liabilities)	(17,577)	(53,569)	(71,146)	(2,290,752)
	Singapore dollar	United States dollar	Total	Total
2009	S\$	S\$	S\$	Rs.
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
	185,046	1,745,158	1,930,204	66,244,601

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

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2010 (Contd.)

18. FINANCIAL INSTRUMENTS (Contd.)

Financial liabilities

Trade payables	170,653	1,064,868	1,235,521	42,403,081
Other payables	10,013	–	10,013	343,646
	<u>180,666</u>	<u>1,064,868</u>	<u>1,245,534</u>	<u>42,746,727</u>
Net financial assets / (liabilities)	<u>4,380</u>	<u>680,290</u>	<u>684,670</u>	<u>23,497,874</u>

Sensitivity Analysis

A change of 5% (2009: 5%) (taking into consideration both strengthening and weakening aspect) of United State's dollar against the Singapore dollar 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.
2010				
US\$ against S\$				
— strengthened	(273)	(8,790)	(2,678)	(86,226)
— weakened	273	8,790	2,678	86,226
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
2009				
US\$ against S\$				
— strengthened	(182)	(6,246)	34,014	1,167,360
— weakened	182	6,246	(34,014)	(1,167,360)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

(iii) 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 3 agents (2009: 4 agents) that individually represented more than 10% (2009: 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 are past due and/or impaired except trade receivables.

The age analysis of trade receivables past due but not impaired is as follows:

	Neither Past due nor impaired		Past Due but not Impaired				Total	
			0-3 months		3-6 months			
	S\$	Rs.	S\$	Rs.	S\$	Rs.	S\$	Rs.
2010								
Trade receivables	<u>181,250</u>	<u>5,835,869</u>	<u>110,343</u>	<u>3,552,813</u>	<u>552,473</u>	<u>17,788,470</u>	<u>844,066</u>	<u>27,177,153</u>
2009								
Trade receivables	<u>469,747</u>	<u>16,121,717</u>	<u>928,050</u>	<u>31,850,676</u>	<u>–</u>	<u>–</u>	<u>1,397,797</u>	<u>47,972,393</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2010 (Contd.)

18. FINANCIAL INSTRUMENTS (Contd.)

(iv) 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. No maturity profile is presented as all financial liabilities mature within one year.

(b) Fair Value of Financial Assets and Liabilities

The carrying amount of current assets and liabilities are assumed to approximate their fair values due to the short term maturity of these financial instruments

19. COMPARATIVE FIGURES

Certain reclassifications have been made to the 2009 comparative figures in the statement of cash flows in order to fairly reflect the underlying nature of the relevant accounts as set out below:

	Before reclassification		After reclassification		Effect	
	2009		2009		2009	
	S\$	Rs.	S\$	Rs.	S\$	Rs.
Statement of Cash Flows						
Net cash generated from operating activities	385,861	14,518,610	460,872	16,465,201	75,011	1,946,591
Net cash used in financing activities	(447,450)	(14,244,589)	(514,640)	(16,383,585)	(67,190)	(2,138,996)
Foreign exchange difference on translation to presentation currency	7,821	198,027	-	-	(7,821)	(198,027)

Included under "Cash Flows from Operating Activities" was an amount of S\$67,190 (Rs.21,38,996/-) relating to the non-trade movements of advances due from a related company. The amount was reclassified from "Cash Flows from Operating Activities" to "Cash Flows from Financing Activities" to conform with the current year's presentation.

20. SUBSEQUENT EVENT

At the Extraordinary General Meeting held by the Company on 3 June 2010, the shareholders have passed a resolution to convert the advance received from a third party amounting to S\$2,100,000 i.e. Rs.6,76,15,590 (US\$1,500,000) reflected in the financial statements as at 31 March, 2010 (note 15), into 8% cumulative optionally convertible redeemable preference shares of SGD 1 each ("RCPS"). The Article of Association shall be amended to reflect the terms of the RCPS agreement.

"The Company is still in the process of executing the preference shares agreement. The classification of the preference shares as equity or financial liability will depend on the rights, preferences and restrictions attached to the preference shares as per the preference share agreement.

FORBES EDUMETRY LIMITED

(a Subsidiary Company of Forbes Campbell Finance Limited)

Annual Report and Accounts
for the year ended 31st March, 2010

DIRECTORS:

Ravishankar Srinivasan *Chairman*
Chandrasekaran R. Rajam
Eddie D. Poonawala
Amit Mittal

BANKERS:

IDBI Bank Ltd.

AUDITORS:

Messrs. K. Venkatachalam Aiyer & Co.

REGISTERED OFFICE:

Forbes Building, Charanjit Rai Marg,
Fort, Mumbai - 400 001.

DIRECTORS' REPORT

The Shareholders,

The Directors submit their Report and the Audited Accounts of the Company for the year ended 31st March, 2010.

1. FINANCIAL RESULTS:

	Current Year ended 31.3.2010 Rupees	Previous Year ended 31.3.2009 Rupees
Profit / (Loss) before tax	(31,93,098)	(1,11,42,361)
Less: Provision for tax – Deferred Tax	–	–
Profit / (Loss) after tax	(31,93,098)	(1,11,42,361)
Balance brought forward from previous year	(5,72,67,912)	(4,61,25,551)
Profit / (Loss) carried to Balance Sheet	(6,04,61,010)	(5,72,67,912)

2. OPERATIONS:

The Company serves Universities in the area of learning outcomes management. The Company is a knowledge process outsourcing (KPO) service aimed at US and international Universities to provide assessment service. It offers end to end solutions for learning outcomes including the design, measurement and monitoring of academic programmes. The Company posted a turnover of Rs.41.86 lakhs during the year, an increase of 60% over last year. Loss before tax reduced from Rs.111.42 lakhs to Rs.31.93 lakhs.

3. DIRECTORATE:

Mr. Eddie Poonawala, retires from the Board by rotation and is eligible for re-appointment. Your Directors commends his re-appointment.

4. AUDITORS AND AUDIT REPORT:

You are requested to appoint Auditors for the current year and to fix their remuneration. The retiring Auditors Messrs. K. Venkatachalam Aiyer & Co., Chartered Accountants, offer themselves for re-appointment as Auditors of the Company.

5. COMPLIANCE AUDIT CERTIFICATE:

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

6. PARTICULARS REGARDING EMPLOYEEES:

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.

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 had been followed and

that there are no material departures;

- (b) that they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- (c) that they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of 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 earned Rs.33,60,933 in foreign exchange during the year. There were no outgo in foreign exchange during the year.

For and on behalf of the Board of Directors,

Eddie Poonawala }
Amit Mittal } *Directors*

Mumbai, Dated: 24th June, 2010

FORBES EDUMETRY LIMITED

FORM
[SEE RULE 3]
COMPLIANCE CERTIFICATE

To

The Members,

FORBES EDUMETRY LIMITED

We have examined the registers, records, books and papers of Forbes Edumetry Limited, (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2010. 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 18th June, 2009, 4th September, 2009, 17th November, 2009 and 3rd February, 2010 and signed Circular Resolution dated 27th May, 2009, 4th November, 2009, 9th January, 2010, 17th March, 2010 and 22nd March, 2010 in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed.
5. The Company was not required to close its Register of Members during the financial year.
6. The annual general meeting for the financial year ended on 31st March, 2009 was held on 29th September, 2009 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. One extra ordinary general meetings were held on 27th May, 2009 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 issued duplicate share certificates in respect of 3,60,000 equity shares to Tikassel Holdings Limited after complying with the provisions of the Act during the financial year.
13. The Company has:
 - (i) not made any allotment / transmission of securities during the financial year. However the Company has transferred 3,60,000 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 was no change in 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 accepted inter-corporate deposits during the financial year.
24. The Company has made borrowings by way of inter corporate deposits during the financial year.
25. The Company has not made any investments, given loans and given guarantees to other bodies corporate and consequently no entries have been made in the register kept for the purpose during the year.
26. The Company has not altered the provisions of the memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its articles of association during the financial year.
31. There was no prosecution initiated against or show cause notices received by the Company during the financial year for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year under certification as per provisions of Section 417(1) of the Act.
33. The Company was not required to 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 : 24th June, 2010

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.
5. Register of Contracts u/s. 301.

For **Sanjay Dholakia & Associates**

(SANJAY R. DHOLAKIA)
Practising Company Secretary
Proprietor

Place : Mumbai

Date : 24th June, 2010

Annexure B

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending on 31st March, 2010.

1. Form 23AC for Balance Sheet as at 31/3/2009 and Form 23ACA for Profit & Loss Account for the year ended 31st March, 2009 filed with the Registrar of Companies, Maharashtra on 28th October, 2009.
2. Form 66 for Compliance Certificate for the year ended 31st March, 2009, as required u/s. 383A of the Companies Act, 1956, was filed with the Registrar of Companies, Maharashtra on 28th October, 2009.
3. Form 20B for Annual Return made up to 29th September, 2009 filed with the Registrar of Companies, Maharashtra on 28th October, 2009.
4. Form 32, in respect of regularization of appointment of one Director w.e.f. 29th September, 2009 was filed with the Registrar of Companies, Maharashtra on 23rd October, 2009.

For **Sanjay Dholakia & Associates**

(SANJAY R. DHOLAKIA)
Practising Company Secretary
Proprietor

Place : Mumbai

Date : 24th June, 2010

AUDITORS' REPORT TO THE MEMBERS OF FORBES EDUMETRY LIMITED

1. We have audited the attached Balance Sheet of **M/s. FORBES EDUMETRY LIMITED** as at 31st March, 2010 and the Profit and Loss Account 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 the 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 includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (the 'Order') issued by the Central Government of India in terms of sub-section 4(A) 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 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 standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - v. On the basis of the written representation received from the directors, as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March, 2010 from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010, and
 - (b) In the case of the Profit and Loss Account, of the Loss for the year ended on that date.

For **K. VENKATACHALAM AIYER & CO.**
Chartered Accountants

M. SIVAKUMAR
Partner

(Membership No. 23844)
Firm Regn. No. 0046105

Place : Bangalore,
Date : 24th June, 2010

ANNEXURE TO AUDITORS' REPORT

Annexure Referred to in paragraph 3 of our report of even date

1. FIXED ASSETS

- (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets;
- (b) The Company has a system or physical verification of fixed assets, which has been explained to us as a continuous process;
- (c) We are informed that accordingly the Company has verified fixed assets during the year and as explained to us, no discrepancies noticed on such verification;

- (d) In our opinion and as shown by the books and records, the Company has not disposed off substantial part of fixed assets during the year and the going concern status of the Company is not affected.

2. INVENTORY

The Company do not deal or trade in inventory and therefore reporting under CARO will not arise.

3. LOAN GRANTED OR TAKEN BY COMPANY

The Company has taken loans from parties listed in the register maintained under Section 301 of the Companies Act. In our opinion and according to the information and explanations given to us the transactions have been made at interest rates and terms which are reasonable having regard to the prevailing market conditions.

4. INTERNAL CONTROL FOR PURCHASE OF FIXED ASSETS, PURCHASE OF INVENTORY AND SALE OF GOODS

In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases fixed assets and since the Company is not trading in goods the internal control for purchase of inventory and also for the sale of goods does not arise. There are adequate internal control procedures commensurate with the size of the Company and the nature of the business with regard to Income from Date Servicing Charges.

5. DIRECTOR INTERESTED CONTRACTS

- (a) To the best of our knowledge and belief and according to the information and explanation given to us we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 of the Act have been so entered.
- (b) In our opinion and according to the information and explanations given to us these transactions have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

6. DEPOSIT FROM PUBLIC

The Company has not accepted any deposits from the public, hence the question of compliance with the provisions of Sections 58A and 58AA of the Companies Act, 1956 and Companies (Acceptance of Deposits) Rules, 1975 does not arise.

7. INTERNAL AUDIT SYSTEM

In our opinion, the Company does not have an internal audit system commensurate with the size and nature of its business.

8. COST RECORDS

The provisions relating to maintenance of cost records under Section 209 (i)(d) of the Companies Act, 1956 do not apply to the Company.

9. STATUTORY DUES AND DISPUTED TAXES

In respect of statutory dues:

- (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Customs Duty, Excise Duty, Cess and other material dues applicable to it.
- (b) According to the information and explanations given to us, no disputed amounts were payable in respect of Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty or Cess.

10. SICK COMPANY

In our opinion, the accumulated losses of the Company at the end of the financial year are more than its net worth and the Company has incurred cash losses during the year or in the financial year immediately preceding year. Therefore, the Company is a Sick Company.

11. DEFAULT IN PAYMENT OF FINANCIAL DUES

In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or banks.

12. DOCUMENTATION IN RESPECT OF LOANS GRANTED

According to the information and explanation given to us, the Company has not granted loans or advances in the nature of loans to parties on the basis of security by way of pledge of shares, debentures and other securities.

13. CHIT FUNDS

The Company is not a chit fund or a Nidhi/mutual benefit fund/society. Therefore, the provisions of Clause 4(xiii) of the Companies (Auditors' Report) Order, 2003 as amended by the Companies (Auditors' Report) (Amendment) Order, 2004 are not applicable to the Company.

14. DEALING / TRADING OF SHARES AND OTHER INSTRUMENTS

The Company does not deal or trade in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Companies (Auditors' Report) Order, 2003 as amended by the Companies (Auditors' Report) (Amendment) Order, 2004 are not applicable to the Company.

15. GUARANTEE FOR LOANS

According to the information and explanations given to us, the Company has not given any guarantee on behalf of others.

16. END USE OF FUNDS RAISED THROUGH TERM LOANS

- (a) According to the information and explanation given to use, the Company has not taken any term loan.
- (b) According to the information and explanation given to use and on an, overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been use for long term investment. However, unsecured loans which is of long term has been utilized for short term and activities of the Company i.e. funds for operations.

17. PREFERENTIAL ALLOTMENT

According to the information and explanation given to us, during the period covered by our audit report, the Company has not made any preferential allotment of shares.

18. ISSUE OF DEBENTURES

- (a) The Company has not issued Debentures during the year. Accordingly the provisions of Clause 4(xix) of the Companies (Auditors' Report) Order, 2003 as amended by the Companies (Auditors' Report) (Amendment) Order, 2004 are not applicable to the Company.
- (b) During the period covered by our Audit Report, the Company has not raised any money by public issues.

19. FRAUDS

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

For **K. VENKATACHALAM AIYER & CO.**
Chartered Accountants

M. SIVAKUMAR
Partner
(Membership No. 23844)
Firm Regn. No. 0046105

Place : Bangalore,
Date : 24th June, 2010

FORBES EDUMETRY LIMITED

BALANCE SHEET AS AT 31ST MARCH 2010

	Schedule	Rupees	As at 31.03.2010 Rupees	Rupees	As at 31.03.2009 Rupees
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	1	28,800,000		28,800,000	
Reserves and Surplus		—	28,800,000	—	28,800,000
Loan Funds					
Secured Loans		—		—	
Unsecured Loans		39,272,938	39,272,938	37,076,000	37,076,000
Deferred Tax Liability			—		—
TOTAL			68,072,938		65,876,000
APPLICATION OF FUNDS					
Fixed Assets					
(a) Gross Block	2	2,980,599		2,965,231	
(b) Less: Depreciation		1,475,406		1,011,317	
(c) Net block		1,505,193		1,953,914	—
(d) Capital work in progress (including Capital Advance)		9,511,801	11,016,994	9,511,801	11,465,715
Investments					
Current Assets, Loans & Advances	3		—		—
(a) Receivables		624,621		2,595,484	
(b) Cash and Bank Balances		551,892		109,657	
(c) Loans & Advances		363,624	1,540,137	1,535,659	4,240,801
Less : Current Liabilities & Provisions	4				
(a) Liabilities		4,945,203		7,171,456	
(b) Provision		—	4,945,203	—	7,171,456
Net Current Assets			(3,405,066)		(2,930,655)
Miscellaneous Expenditure (to the extent not written off)					
Preliminary Expenses			—		73,028
Profit & Loss Account (Debit Balance)			60,461,010		57,267,912
Total			68,072,938		65,876,000
Significant Accounting Policies / Notes on Accounts	7				

As per our report of even date

For and on behalf of Board

For **K. VENKATACHALAM AIYER & CO.**
Chartered Accountants

RAVISHANKAR SRINIVASAN

Chairman

M. SIVAKUMAR
Partner

Membership No.: 023844
Firm Regn. No. 0046105
Dated : 24.06.2010

EDDIE D. POONAWALA
AMIT MITTAL

Directors

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

	Schedule	For the year ended 31.03.2010 Rupees	For the year ended 31.03.2009 Rupees
Income			
Services rendered & other Income	5	4,186,483	2,602,941
		<u>4,186,483</u>	<u>2,602,941</u>
Expenditure			
Administrative & other expenses	6	3,345,865	4,721,392
Staff costs		3,550,804	8,545,734
Financial Expenses		18,823	12,630
Depreciation		464,090	465,546
		<u>7,379,581</u>	<u>13,745,302</u>
Profit / (Loss) before tax		(3,193,098)	(11,142,361)
<i>Less : Provision for Income Tax-</i>			
Current Tax		—	—
Deferred Tax		—	—
		<u>(3,193,098)</u>	<u>(11,142,361)</u>
<i>Add : Surplus brought forward from previous year</i>		(57,267,912)	(46,125,551)
Profit / (Loss) after tax carried to Balance Sheet		<u>(60,461,010)</u>	<u>(57,267,912)</u>
No. of Equity Shares		2,880,000	2,880,000
Face Value Per Share		10	10
Basic and Diluted Earnings Per Share		(1.11)	(3.87)
Significant Accounting Policies / Notes to the Accounts	7		

As per our report of even date

For **K. VENKATACHALAM AIYER & CO.**
Chartered Accountants

M. SIVAKUMAR
Partner
Membership No.: 023844
Firm Regn. No. 0046105
Dated : 24.06.2010

For and on behalf of Board

RAVISHANKAR SRINIVASAN *Chairman*

EDDIE D. POONAWALA
AMIT MITTAL } *Directors*

FORBES EDUMETRY LIMITED

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SCHEDULE '1' – SHARE CAPITAL		
AUTHORISED		
30,00,000 Equity Shares of Rs.10/- each	30,000,000	30,000,000
ISSUED, SUBSCRIBED AND PAID-UP		
28,80,000 Equity Shares of Rs.10/- each fully paid up	28,800,000	28,800,000

SCHEDULE '2' - FIXED ASSETS

Sr. No.	Description of Asset	COST			DEPRECIATION				Net book value as at 31.3.2010	Net book value as at 31.3.2009
		As at 1.4.2009	Additions/ (Deductions)	As at 31.3.2010	Up to 31.3.2009	DEPRN %	For the period	Up to 31.3.2010		
1	Computers									
	- Computer and other assets	2,823,344	15,368	2,838,712	982,705	16.21%	456,946	1,439,651	1,399,061	1,840,639
2	Equipments	97,579	–	97,579	7,164	4.75%	4,635	11,799	85,780	90,415
3	Furniture and Fixture	44,308	–	44,308	21,448	6.33%	2,508	23,956	20,352	22,860
	Sub Total	2,965,231	15,368	2,980,599	1,011,317		464,090	1,475,406	1,505,193	1,953,914
4	Capital Work in Progress	9,511,801	–	9,511,801	–	–	–		9,511,801	6,838,760
	TOTAL	12,477,032	15,368	12,492,400	1,011,317	–	464,090	1,475,406	11,016,994	8,792,674

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

SCHEDULE '3' – CURRENT ASSETS, LOANS AND ADVANCES

	Rupees	As at 31.03.2010 Rupees	Rupees	As at 31.03.2009 Rupees
(a) Receivables:				
Sundry Debtors:				
Unsecured				
Other Debts	624,621	–	2,595,484	–
– Considered Doubtful	–		–	
	624,621		2,595,484	
Less : Provision for Doubtful debts	–		–	
	624,621		2,595,484	
		624,621		2,595,484
		624,621		2,595,484
** (Includes amount due from Edumetry Inc, a Company under the same management Rs624,622 (Previous year Rs.2,595,484)				
(b) Cash and bank balances				
Cash on hand	0.57		2,609	
Bank balances:				
with Scheduled Banks:				
On Current Accounts	551,892		107,048	
On Deposit Accounts	–		–	
		551,892		109,657
		551,892		109,657
(c) Loans and Advances (unsecured, considered good)				
Inter-corporate deposits		–		–
Advances recoverable in cash or in kind or for value to be received	300,100		1,320,100	
Other Current Assets	63,524		215,559	
		363,624		1,535,659
		363,624		1,535,659

SCHEDULE '4' – CURRENT LIABILITIES AND PROVISIONS

Current Liabilities:

Sundry Creditors	552,080		1,051,241	
— Due to Small Scale Industries	–		–	
— Duties and Taxes	126,655		397,630	
— Provisions	3,636,728		3,607,265	
Other Liabilities	629,740		2,088,101	
Due to Directors	–		27,219	
		4,945,203		7,171,456
		4,945,203		7,171,456

FORBES EDUMETRY LIMITED

SCHEDULE FORMING PART OF THE PROFIT & LOSS ACCOUNT**SCHEDULE '5' – SERVICES RENDERED & OTHER INCOME**

	Rupees	As at 31.03.2010 Rupees	Rupees	As at 31.03.2009 Rupees
Service Income		3,360,933		2,584,958
Foreign Exchange Gain/Loss		825,550		–
Interest on Deposit (Gross)		–		17,983
		<u>4,186,483</u>		<u>2,602,941</u>

SCHEDULE '6' – ADMINISTRATIVE EXPENSES

Electricity & Water Charges	32,865		189,542	
Audit Fees	27,575		–	
General Expenses	84,685		96,594	
Legal & Registration Charges	3,304		2,000	
Professional Charges	2,111,793		877,175	
Repairs & Maintenance	246,584		389,629	
Telephone & Communication Charges	77,617		376,436	
Travelling & Conveyance	–		94,748	
Rates & Taxes	–		–	
Rent	613,218		1,478,400	
Recruitment charges	–		329,640	
Other Expenses	63,202		815,014	
Office Maintenance	11,993		63,976	
Preliminary Expenses Written Off	73,028		–	
Sales & Marketing Expenses	–		8,238	
		<u>3,345,865</u>		<u>4,721,392</u>
		<u>3,345,865</u>		<u>4,721,392</u>

SCHEDULE ANNEXED TO & FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010 AND THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE.

SCHEDULE 7 : SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES:

i. Basis of Accounting

The finance statements are prepared under the historical cost convention on accrual basis and are in accordance with the requirement of the Companies Act, 1956, and comply with the Accounting Standards referred to in sub-section (3C) of the Section 211 of the said Act.

ii. Tax on Income

Current tax is the amount of tax payable on taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961. It is - nil- on account of loss sustained by the Company.

iii. Revenue recognition

The Company recognizes income from services rendered on actual basis upon completion of contract related services. Interest income and other income are recognized on accrual basis.

iv. Fixed Assets and Depreciation

Fixed Assets are stated at cost (Gross Block) less accumulated depreciation. Capital Work-in-Progress includes advances. Director costs are capitalised until the assets are ready to be put to use. The borrowing cost is capitalised to the extent the borrowed money is used for creation of assets requiring substantial period of time. The Company depreciates Fixed Assets under the Straight Line Method according to the rates prescribed under Schedule XIV of the Companies Act, 1956.

v. Foreign Currency Transaction

Transactions in the foreign currency are recorded at the exchange rate prevailing on the date of transaction. Monetary items denominated in foreign currency and outstanding at the balance sheet date are translated at the exchange rate prevailing at the year end. Non monetary items denominated in foreign currency are carried at the exchange in force at the date of transaction. Exchange difference arising on the foreign currency transaction are recognised as income or expenses in the period in which they arise, except that exchange difference arising on repayment/revaluation of the borrowings in foreign currencies and on currently swaps in respect underlying rupees borrowings, which borrowings are utilised towards capital expenditure are adjusted to the carrying cost of the fixed assets.

vi. Miscellaneous expenditure

Preliminary expenses are being written off over a period of five years.

vii. Segment Reporting

Based on guiding principles given in accounting standard on Segment Reporting (AS 17 issued by the Institute of Chartered Accountants of India) the Company's Primary Business segment is Service income on account of Evaluation of test papers. As the company's business activity falls within a single primary business segment, the disclosure requirements of AS-17 in this regard are not applicable.

1. Deferred Taxation

The Company, in line with AS-22, Taxes on Income, has not recognized DTL/DTA in view of the lack of virtual certainty of there being enough future profits.

1. Notes to the Accounts.

- i. There is no contingent liability at the Balance Sheet date.
- ii. There is no unexpired capital commitment as at the Balance Sheet date.
- iii. Balances of Debtors and Creditors are subject to confirmation.
- iv. Earnings Per Share (EPS)

FORBES EDUMETRY LIMITED

	<u>2009-10 (Rs.)</u>	<u>2008-09 (Rs.)</u>
Profit/(Loss) after Taxation((35,37,138)	(1,11,42,361)
Number of Equity Share Outstanding	28,80,000	28,80,000
Nominal Value of Equity Share	10	10
Earning per share (Face Value Rs.10 per share) Basic/Diluted	(1.23)	(3.87)
v. Income/Expenditure in Foreign Exchange		
	<u>2009-10 (Rs.)</u>	<u>2008-09 (Rs.)</u>
Income	33,60,933	25,84,958
Expenditure	NIL	NIL
vi. Auditors' Remuneration		
	<u>2009-10 (Rs.)</u>	<u>2008-09 (Rs.)</u>
Statutory Audit Current Year	25,000	25,000
Out-of-Pocket Expenses	NIL	NIL
Total	25,000	25,000
vii. No amount is due to Small Scale Industries (SSI) as at 31st March, 2010.		
viii. The Company is in process of compiling the list of Micro small medium enterprise as defined under Micro, Small, Medium enterprises Act, 2007. The Company does not have any amount due towards principal interest to the said enterprise.		
ix. As required by the Accounting Standard 18 the transaction with related parties is disclosed below:		
	<u>2009-10 (Rs.)</u>	<u>2008-09 (Rs.)</u>
<u>Transactions</u> <u>Associate</u>		
Interest paid Forbes & Company Ltd.	NIL	NIL
Loans taken Forbes & Company Ltd.	10,00,000	1,08,50,000
Loans taken Latham India Ltd.	NIL	28,26,000
Service Income Edumetry Inc.	33,60,933	25,84,958
x. The figures for the previous period have been regrouped and rearranged wherever possible and necessary for comparability.		
xi. The disclosure under Part II of the Companies Act, 1956 has been made to the extent applicable to the Company.		

As per our report of even date

For and on behalf of Board

For **K. VENKATACHALAM AIYER & CO.**
Chartered Accountants

RAVISHANKAR SRINIVASAN *Chairman*

M. SIVAKUMAR
Partner
Membership No.: 023844
Firm Regn. No. 0046105
Dated : 24.06.2010

EDDIE D. POONAWALA
AMIT MITTAL } *Directors*

INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956

I. Registration Details

Registration No.	157375	State code	11
Balance Sheet Date	31.03.2010		

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	68,073	Total Assets*	68,073
Sources of Funds		Application of Funds	
Paid-up Capital	28,800	Fixed Assets	11,017
Reserves and Surplus	–	Net Current Assets	(3,405)
Unsecured Loans	39,273	Misc. Expenditure	–
		Accumulated Loss	60,461

* Net of Current Liabilities and Provisions

IV. Performance of the Company (Amount in Rs.'000)

Turnover	4,186
Total Expenditure	7,380
Profit/(Loss) before Tax	(3,193)
Profit/(Loss) after Tax	(3,193)
Earning per Share in Rs.	(1.11)
Dividend Rate	–

V. Generic names of three principal products/services of Company (as per monetary terms)

Item Code No.	Nil	Product Description	Education Business
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As per our report of even date

For **K. VENKATACHALAM AIYER & CO.**
Chartered Accountants

M. SIVAKUMAR
Partner
Membership No.: 023844
Firm Regn. No. 0046105
Dated : 24.06.2010

For and on behalf of Board

RAVISHANKAR SRINIVASAN *Chairman*

EDDIE D. POONAWALA
AMIT MITTAL } *Directors*

FORBES EDUMETRY LIMITED**STATEMENT OF CASH FLOWS AS AT 31ST MARCH 2010**

	31 st March, 2010 Rupees	31 st March, 2009 Rupees
Earnings before Interest and Taxation	(3,193,098)	(11,142,361)
<i>Add</i> : Preliminary Expenses Written Off	73,028	–
<i>Add</i> : Depreciation	464,090	465,546
Cash Flow from Operations	(2,655,980)	(10,676,815)
<i>Less</i> : Fixed Assets Purchase	15,368	2,276,370
<i>Less</i> : Changes in Working Capital	(2,113,583)	1,267,920
Operating Free Cash Flow (before interest)	(557,765)	(14,326,523)
<i>Add</i> : New Loans - Bank	–	–
<i>Add</i> : New Loans - Group	1,000,000	13,676,000
<i>Add</i> : Sale of property/Equipment	–	–
<i>Less</i> : Interest	–	–
<i>Less</i> : Loan Repayment	–	–
Cash Flow from Financing	1,000,000	13,676,000
Net Cash Flow	442,235	(650,523)
Opening Cash Balance	109,657	760,180
Closing Cash Balance	551,892	109,657

For and on behalf of Board

RAVISHANKAR SRINIVASAN

*Chairman*EDDIE D. POONAWALA
AMIT MITTAL} *Directors*

Dated : 24.06.2010

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, 2010

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

OPERATION OFFICE :

Konkan Co-op Hsg. Soc Ltd

Konkan Nagar Hall

Ground Floor

Plot No 123; Lt P K Marg

Mahim (West)

Mumbai 400 016

FORBES FACILITY SERVICES PVT. LTD.
(Formerly known as Forbes Abans Cleaning Solutions Pvt. Ltd.)

DIRECTORS' REPORT

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 31st March 2010.

1. FINANCIAL RESULTS :

	Year ended 31st Mar 2010	<i>Rs. in Lacs</i> Year ended 31st Mar 2009
Income From Operation & Other Income	2210.10	1868.05
Profit/(Loss) before Depreciation	128.62	95.21
Less : Depreciation	48.49	45.19
Profit/(Loss) before Tax	80.13	50.02
Less: Provision for Taxation	22.15	15.32
Profit/(Loss) after Tax	57.98	34.70
Profit/(Loss) b/fd of previous year	28.71	(5.99)
Balance carried to Balance Sheet	86.70	28.71

2. OPERATIONS:

During the year 2009-10, your Company strengthened the operations through investment in infrastructure and manpower with the future in mind. There has been an increase in manpower costs due to increase in minimum wages and benefits to the workforce. However, the Company was able to offset these costs through improved operational efficiency and productivity.

There has been a significant increase in competition and we have been able to retain most of our customers through good service and responsiveness. Your Company has diversified more into commercial / institutional space also and expanded operations geographically to optimize and leverage the infrastructure and build business for the future.

During the year under review, the Company recorded a turnover of Rs.2210.10 Lacs, a growth of 18% over the previous year and has made a profit of Rs.80.13 Lacs, a growth of 60% 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.86.70 Lacs to the next year.

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 11% during this year through its existing satisfied customers.
- Your Company has successfully launched the year of renewals wherein contracts which have completed 3 and 5 year tenures are being renewed. The renewal also gives a satisfactory performance receipt from the customers in line with your company's strategy of 'Retain, Gain & Grow'.
- 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.
- 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. S.L. Goklaney has resigned from the office of Chairman & Director of the Company with effect from May 24, 2010 and the Board has recorded its deep appreciation of the services rendered by him during his tenure as Director & Chairman of the Company.

Pursuant to Article 17 of the Articles of Association of the Company and the provisions of section 256 of the Companies Act, 1956, Mr. J.N. Ichhaporia and Mr. Marzin R. Shroff will retire at the forthcoming Annual General Meeting of the Company and being eligible, offer themselves for reappointment.

5. AUDITORS

M/s. Batliboi & Purohit were re-appointed at the last Annual General Meeting of the Company held on July 7, 2009, 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, 2010, 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

Conservation of Energy

The operation of the Company do not require 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.

Technology Absorption :

Nil

(b) FOREIGN EXCHANGE EARNING AND OUTGO

There was no earning and outgo of foreign exchange during the year.

For and behalf of the Board of Directors

A. V. Suresh
CHAIRMAN

Mumbai, May 24, 2010

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,
B1/B2, 7th Floor, 701, Marathon Innova,
Off Ganpatrao Kadam Marg,
Lower Parel, Mumbai- 400 013

We have examined the registers, records, books and papers of **Forbes Facility Services Private Limited** (“the Company”) as required to be maintained under the Companies Act, 1956, (“the Act”) and the Rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2010. 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. 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, 2009 to March 31, 2010, as under:
 - i. May 27, 2009
 - ii. September 23, 2009
 - iii. December 21, 2009
 - iv. March 23, 2010

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, 2009, was held on July 7, 2009, 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.

Place : MUMBAI

Date : May 17, 2010

Signature:

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

C. P. No.: 3439

ANNEXURE A

Registers as maintained by the Company

- i) Applications and Allotment of shares
- ii) Register of Members
- iii) Register of Directors
- iv) Register of Transfers
- v) Register of Director' shareholdings
- vi) Register of Charges.
- vii) Register of contracts u/s 301.
- viii) Register of contracts u/s 301(3)
- ix) Minute Book of Board Meetings
- x) Minute Books of General Meetings.

ANNEXURE B

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending on 31st March, 2010.

- i) Form No. 23AC and Form No. 23ACA (Annual Accounts for the year ending March 31, 2009)
- ii) Form No. 20B (Annual Return for the year ending March 31, 2009).
- iii) Form 66 for filing Compliance Report of M/s R.R. Mallar & Associates.
- iv) Form No. 18 for shifting of Registered Office.

**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 31st March 2010, 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 31st March, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 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 31st March, 2010;
 - (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
Firm Regn No. 101048W

ATUL MEHTA
Partner
M.No.15935

Place : Mumbai
Date : 24.05.2010

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) 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.40 lakhs and the year- end balance of loans granted to such party was Rs.40 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) In respect of loans granted, repayment of the principal amount is as stipulated and no interest is due at the end of the year.
- (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 taken unsecured loan from one party covered in the register maintained under section 301 of the Companies Act, 1956 during the previous year. The maximum amount involved is Rs.1.15 crores and the year-end balance is Rs.1.15 crores.
- (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 loan are not prima facie prejudicial to the interest of the company.
- (g) 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 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 has an internal audit system, the scope and coverage of which, in our opinion requires to be enlarged to be 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.
- (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 Sales Tax of Rs.76,392.*
- (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 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
Firm Regn No. 101048W

ATUL MEHTA
Partner
M.No.15935

Place : Mumbai
Date : 24.05.2010

FORBES FACILITY SERVICES PVT. LTD.
(Formerly known as Forbes Abans Cleaning Solutions Pvt. Ltd.)

BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule	31st March, 2010		31st March, 2009	
		Rupees	Rupees	Rupees	Rupees
FUNDS EMPLOYED :					
SHARE CAPITAL	A		1,00,00,000		1,00,00,000
RESERVES AND SURPLUS	B		86,70,004		28,71,533
TOTAL SHAREHOLDERS' FUNDS			1,86,70,004		1,28,71,533
SECURED LOANS	C		100,09,995		50,52,555
UNSECURED LOANS	D		125,60,989		118,38,473
DEFERRED TAX LIABILITY (Net)			—		1,79,878
TOTAL FUNDS EMPLOYED			4,12,40,988		2,99,42,439
APPLICATION OF FUNDS :					
FIXED ASSETS :	E				
Gross Block			4,95,01,497		3,85,48,418
Less : Depreciation			1,63,90,628		1,16,32,416
Net Block			3,31,10,869		2,69,16,002
CURRENT ASSETS, LOANS AND ADVANCES	F		8,04,05,047		5,91,51,292
Less : CURRENT LIABILITIES AND PROVISIONS	G		7,23,80,267		5,61,24,855
NET CURRENT ASSETS			80,24,780		30,26,437
MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)	H		—		—
DEFERRED TAX ASSET (Net)			1,05,339		—
TOTAL ASSETS (NET)			4,12,40,988		2,99,42,439
NOTES TO THE ACCOUNTS	M				

Per our report attached

For **BATLIBOI & PUROHIT**
Chartered Accountants
Firm Regn No. 101048W

ATUL MEHTA
Partner
Membership No. 15935

C A KARNIK
A V SURESH
J N ICHHAPORIA
S K PALEKAR

Directors

Mumbai, Dated : 24th May, 2010

Mumbai, Dated : 24th May, 2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedule	31st March, 2010		31st March, 2009	
		Rupees	Rupees	Rupees	Rupees
INCOME	I				
INCOME FROM SERVICES RENDERED		21,99,01,027		18,61,20,551	
OTHER INCOME		11,08,564	22,10,09,591	6,84,104	18,68,04,655
EXPENDITURE					
COST OF SERVICE RENDERED	J	11,53,78,669		10,38,36,268	
EMPLOYEES COSTS	K	6,31,18,326		4,68,48,050	
ADMINISTRATIVE AND OTHER CHARGES	L	2,67,54,299		2,40,47,126	
DEPRECIATION		48,48,798		45,18,913	
INTEREST		28,96,245		25,51,969	
			21,29,96,337		18,18,02,326
PROFIT BEFORE TAX			80,13,254		50,02,329
PROVISION FOR TAXATION -					
CURRENT YEAR TAX PROVISION - NET		25,00,000		14,22,169	
ADD: FRINGE BENEFIT TAX		—		4,30,000	
ADD: DEFERRED TAX (Refer Note 12)		(2,85,217)	22,14,783	(3,20,152)	15,32,017
PROFIT AFTER TAX			57,98,471		34,70,312
PROFIT B/F OF PREVIOUS YEAR			28,71,533		(5,98,779)
BALANCE CARRIED TO BALANCE SHEET			86,70,004		28,71,533
NO. OF EQUITY SHARES			10,00,000		10,00,000
FACE VALUE PER SHARE			10.00		10.00
BASIC EARNING PER SHARE			5.80		3.47
NOTES TO THE ACCOUNTS	M				

Per our report attached

For **BATLIBOI & PUROHIT**

Chartered Accountants

Firm Regn No. 101048W

ATUL MEHTA

Partner

Membership No. 15935

C A KARNIK
A V SURESH
J N ICHHAPORIA
S K PALEKAR

} Directors

Mumbai, Dated : 24th May, 2010

Mumbai, Dated : 24th May, 2010

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, 2010

	31st March, 2010		31st March, 2009	
	Rupees	Rupees	Rupees	Rupees

SCHEDULE 'A' : SHARE CAPITAL

AUTHORISED:

20,00,000 (Previous Year 20,00,000) Equity Shares of Rs.10 each 2,00,00,000 2,00,00,000

ISSUED, SUBSCRIBED AND PAID-UP:

10,00,000 (Previous Year 10,00,000) Equity Shares of Rs.10 each fully paid-up..... 1,00,00,000 1,00,00,000

[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)]

SCHEDULE "B" - RESERVES AND SURPLUS

	31st March, 2010		31st March, 2009	
	Rupees	Rupees	Rupees	Rupees
PROFIT AND LOSS ACCOUNT		<u><u>86,70,004</u></u>		<u><u>28,71,533</u></u>

SCHEDULE "C" - SECURED LOANS

	31st March, 2010		31st March, 2009	
	Rupees	Rupees	Rupees	Rupees
Term Loan From Bank (Secured by Hypothecation of Fixed Assets, Stock and Receivables)		50,346		12,07,214
Cash Credit From Bank (Secured by Hypothecation of Current Assets)		99,59,649		38,45,341
		<u><u>100,09,995</u></u>		<u><u>50,52,555</u></u>

SCHEDULE "D" - UNSECURED LOANS

	31st March, 2010		31st March, 2009	
	Rupees	Rupees	Rupees	Rupees
Inter-Corporate Deposit (Taken from Holding Company)	1,15,00,000		1,15,00,000	
Interest Accrued & Due	10,60,989		3,38,473	
		<u><u>1,25,60,989</u></u>		<u><u>1,18,38,473</u></u>
		<u><u>1,25,60,989</u></u>		<u><u>1,18,38,473</u></u>

SCHEDULE 'E' : FIXED ASSETS

Description of Assets	GROSS BLOCK				DEPRECIATION				NET VALUE	
	As on 01-04-2009	ADDITION	DELETION	As on 31-03-2010	As on 01-04-2009	Depreciation for the year during the year	Depreciation on deductions	As on 31-03-2010	As on 31-03-2010	As at 31-03-2009
Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
1 Plant & Machinery	35,535,993	10,761,983	180,661	46,117,315	10,124,784	42,97,270	15,249	14,406,805	31,710,510	25,411,209
2 Furniture & Fixtures	623,907	18,336	263,250	378,993	144,352	79,760	75,337	148,775	230,218	479,555
3 Electrical Fittings	31,735	—	—	31,735	13,788	2,497	—	16,285	15,450	17,947
4 Computers	1,255,257	584,671	—	1,839,928	691,786	353,356	—	1,045,142	794,786	563,471
5 Vehicles	1,101,526	—	—	1,101,526	657,706	114,906	—	772,612	328,914	443,820
6 Office Equipment	—	32,000	—	32,000	—	1,009	—	1,009	30,991	—
Total	<u><u>38,548,418</u></u>	<u><u>11,396,990</u></u>	<u><u>443,911</u></u>	<u><u>49,501,497</u></u>	<u><u>11,632,416</u></u>	<u><u>4,848,798</u></u>	<u><u>90,586</u></u>	<u><u>16,390,628</u></u>	<u><u>33,110,869</u></u>	<u><u>26,916,002</u></u>
Previous Year	32,873,114	6,286,537	611,233	38,548,418	7,258,563	4,518,913	145,060	11,632,416	26,916,002	25,614,551

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

	31st March, 2010		31st March, 2009	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE "F" - CURRENT ASSETS, LOANS AND ADVANCES				
CURRENT ASSETS :				
[I] Stock-in-trade *				
Stores and other consumables * (As valued and certified by the Management)	16,02,270		13,50,768	
		16,02,270		13,50,768
[ii] Sundry Debtors (Unsecured)				
[a] Debts outstanding for a period exceeding six months				
(i) Considered Good	120,53,953		74,34,636	
(ii) Considered Doubtful	15,00,284		6,49,837	
[b] Other debts, Considered Good	4,45,29,805		3,72,68,261	
	5,80,84,042		4,53,52,734	
Less : Provision for Doubtful Debts	15,00,284	5,65,83,758	6,49,837	4,47,02,897
[iii] Cash and Bank Balances :				
[a] Cash, cheques on hand	1,07,915		1,63,670	
[b] with Scheduled Banks :				
In Current Accounts	53,23,456		33,28,699	
Margin Money FD				
In Deposit Accounts*	308,917	57,40,288	304,720	37,97,089
* (lodged with Sales Tax department & Customers)				
LOANS AND ADVANCES				
(Unsecured, Considered Good unless otherwise stated) :				
[i] Advances recoverable in cash or in kind or for value to be received	16,76,705		17,24,877	
[ii] Advance Payment of Tax (Net of Rs 57,91,669/- (Previous year Rs 32,91,669/- Provision for tax)	93,28,067		67,60,060	
[iii] Other Deposits :				
With Government authorities	37,500		37,500	
With Others	12,27,955		7,78,102	
[iv] Inter Corporate Deposits	42,08,504		—	
		1,64,78,731		93,00,539
		8,04,05,047		5,91,51,292

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, 2010

	31st March, 2010		31st March, 2009	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE "G" - CURRENT LIABILITIES AND PROVISIONS				
CURRENT LIABILITIES				
Sundry Creditors :				
Others (Including Rs.3,95,76,438/- (Previous Year Rs.2,57,47,479/- due to Holding Company)	5,99,73,376	5,99,73,377	4,25,59,991	4,25,59,991
Other Liabilities (Net of Rs 1,10,98,981/- (Previous year Rs 11,64,246/- Service tax input credit)		101,24,899		86,11,091
PROVISIONS :				
For Expenses		6,29,053		38,85,824
For Retirement and other employee benefits		12,96,992		9,08,447
For Leave Encashment		3,55,946		1,59,502
		7,23,80,267		5,61,24,855

	31st March, 2010		31st March, 2009	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE "H" - MISCELLANEOUS EXPENDITURE (TO THE EXTENT NOT WRITTEN-OFF OR ADJUSTED)				
Preliminary Expenses				
Total Expenses incurred	—		2,09,578	
Less : written -off during the year	—		2,09,578	

**SCHEDULES ANNEXED TO AND FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE
YEAR ENDED 31ST MARCH 2010**

	31st March, 2010		31st March, 2009	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE "I" - INCOME				
Cleaning Services Rendered		21,99,01,027		18,61,20,551
Other Income :				
Sales- Food and Beverages		8,72,696		6,84,104
Interest Income		2,35,868		—
		22,10,09,591		18,68,04,655

	31st March, 2010		31st March, 2009	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE "J" - COST OF SERVICES RENDERED				
Service Charges		9,50,08,843		8,49,83,307
Stores and other consumables		2,03,69,826		1,88,52,961
		11,53,78,669		10,38,36,268

SCHEDULES ANNEXED TO AND FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

	31st March, 2010		31st March, 2009	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE "K" - PAYMENTS TO AND PROVISION FOR EMPLOYEES :				
Salaries, Wages and Bonus		5,41,44,406		3,92,59,528
Company's Contribution to Provident and Other Funds		42,39,379		30,37,522
Gratuity		2,53,987		2,16,634
Staff Welfare Expenses		44,80,554		43,34,366
		<u>6,31,18,326</u>		<u>4,68,48,050</u>

SCHEDULE "L" - ADMINISTRATIVE AND OTHER EXPENSES

	31st March, 2010		31st March, 2009	
	Rupees	Rupees	Rupees	Rupees
Rent		41,44,310		33,79,687
Administrative Services		—		23,42,280
Repairs and Maintenance -				
Office premises		—	96,350	
Machinery	32,34,958		23,71,387	
Others	57,589	32,92,547	12,711	24,80,448
Auditors Remuneration :				
Audit Fees	1,00,000		1,00,000	
Tax Audit Fee	30,000		30,000	
Out of Pocket Expense	2,500	1,32,500	2,500	1,32,500
Postage, Telegrams, Telephones		15,99,017		15,79,713
Power and Fuel		7,86,016		10,03,564
Travelling and Conveyance		31,81,736		23,95,822
Loss on Sale of Assets		31,743		1,92,786
Printing and Stationery		8,10,147		8,21,798
Legal and Professional Fees		43,86,460		20,05,831
Transportation charges		20,12,132		20,00,388
Vehicles expenses		10,24,060		9,24,323
Miscellaneous expenditure written-off		—		2,09,578
Provision for Doubtful Debts		8,50,447		6,49,837
Sundry Debtors/ Balances Written-off		20,027		1,64,903
Director's sitting Fees		60,000		51,000
Insurance		16,31,924		9,45,927
Other Establishment Expenses		27,91,233		27,66,741
		<u>2,67,54,299</u>		<u>2,40,47,126</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, 2010**

SCHEDULE 'M' – NOTES TO THE ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

(a) 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.

(b) Use 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.

(c) 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.

(d) 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.

(e) 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.

(f) 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.

(g) 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

(h) 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.

(i) Earning Per Share

Basic earning per share are calculated by dividing the net profit or loss for the year 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. Nil*).
3. Contingent Liabilities not provided for on account of Bank Guarantees issued on behalf of the Company Rs.5 Lacs (*Previous Year Rs.2.5 Lacs*)

**SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED
31ST MARCH, 2010**

SCHEDULE 'M' – NOTES TO THE ACCOUNTS (Contd.)

	2009-10 Rupees	2008-09 Rupees
4. (a) Remittance in Foreign Currency :	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	21,98,78,090	18,61,20,551
8. <u>Employee Benefits</u>		
Defined contribution plan		
The total employers contribution to Provident fund & Pension Fund	26,66,016	18,31,870
Defined benefit plan		
The net value of the defined benefit commitment is detailed below:		
	Gratuity (non funded)	Leave Encashment (non funded)
Present value of commitments	8,04,152	3,55,946
Net liability in the balance sheet	<u>8,04,152</u>	<u>3,55,946</u>
9. <u>Related Party Disclosures</u>		
(i) Names of related parties and nature of related party relationship:		
A Enterprises collectively having more than one half of voting power		
Eureka Forbes Limited		Sterling Investment Corp. Pvt. Ltd.
Forbes & Co. Limited		Cyrus Investments Ltd.
Shapoorji Pallonji & Co. Ltd.		
B Enterprises that are controlled - (Subsidiary Companies)		
C Fellow Subsidiaries		
Aquamall Water Solutions Limited		Euro Forbes International Pte. Ltd.
Forbes Water Ltd.		Forbes Aquamall Limited
D Enterprises that are under common control		
Forbes Concept Hospitality Services Pvt. Ltd.		Infinite Water Solutions Pvt. Ltd.
Forbes Finance Ltd.		Latham India Ltd.
Forbes Sterling Star Ltd.		Next Gen Publishing Ltd.
Forbes Doris & Naess Maritime Ltd.		Volkart Fleming Shipping & Services Ltd.

FORBES FACILITY SERVICES PVT. LTD.
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**SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED
31ST MARCH, 2010**

SCHEDULE 'M' – NOTES TO THE ACCOUNTS (Contd.)

(ii) Transactions with related parties

Nature of Transactions	Related Party			
	Referred to in A above		Referred to in C above	Referred to in D above
	Rs.		Rs.	Rs.
	Eureka Forbes Ltd.	Shapoorji Pallonji & Co. Ltd.	Aquamall Water Solutions Ltd.	Forbes concept Hospitality Services Pvt. Ltd.
	Rs.	Rs.	Rs.	Rs.
<u>Purchases</u>				
Goods and Materials	36,25,984	—	—	—
Services	31,88,376	—	—	,6,750
Fixed Assets	97,77,919	—	—	—
<u>Sales & Services</u>				
Services Rendered	13,17,281	15,30,747	2,519,131	—
<u>Expenses</u>				
Rent	7,03,540	—	3,60,000	—
Share of common expenses	34,32,582	—	2,000	—
Travel & Accomodation Expenses	13,000	—	—	—
Interest	24,14,775	—	—	—
<u>Income</u>				
Interest	—	—	—	231,671
<u>Financing</u>				
Inter-Corporate Deposit given	—	—	—	4,000,000
<u>Outstanding</u>				
Receivable	—	8,85,317	52,586	—
Inter-Corporate Deposit Accepted	1,15,00,000	—	—	—
Inter-Corporate Deposit Given	—	—	—	4,000,000
Payable	3,95,76,438	—	—	319,691

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

SCHEDULE 'M' – NOTES TO THE ACCOUNTS (Contd.)

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. The Company has taken various residential/commercial premises under cancelable operating lease. Lease rental expenses included in the Profit & Loss Account for the year is Rs.41.44 lakhs (Previous Year Rs.33.80 lakhs).
13. Deferred tax asset (net) as specified in Accounting Standard 22 " Accounting of taxes on income" has been worked out using the applicable rate of tax based on the impact of timing differences between financial statement and estimated taxable income for the current year.

The movement of provision for deferred tax is given below :

Provision for Deferred Tax	Opening as on 01.04.2009 Asset/ (Liability)	Asset /(Liability) during the year	Closing As At 31.03.2010 Asset/ (Liability)
Depreciation	(5,25,220)	(152,659)	(6,77,879)
Others	345,343	4,37,876	7,83,219
Total	(1,79,877)	2,85,217	1,05,340

13. Figures for the previous year have been regrouped, rearranged or reclassified, wherever necessary.

Per our report attached
For **BATLIBOI & PUROHIT**
Chartered Accountants
Firm Regn No. 101048W

ATUL MEHTA
Partner
Membership No. 15935

Mumbai, Dated : 24th May, 2010

C A KARNIK
A V SURESH
J N ICHHAPORIA
S K PALEKAR

} Directors

Mumbai, Dated : 24th May, 2010

FORBES FACILITY SERVICES PVT. LTD.
(Formerly known as Forbes Abans Cleaning Solutions Pvt. Ltd.)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	2009-2010		2008-2009	
	Rupees	Rupees	Rupees	Rupees
NET PROFIT BEFORE TAX		8,013,256		50,02,330
Add / (Less) :				
Depreciation	48,48,798		45,18,913	
Miscellaneous expenditure written-off	—		2,09,578	
Loss/(profit) on sale of fixed Assets	31,743		1,92,786	
Interest on Term loan / others	28,96,244		25,51,970	
		77,76,785		74,73,247
OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS		1,57,90,040		1,24,75,577
Changes in -				
Trade and Other Receivables	(1,24,91,046)		(1,04,71,194)	
Inventories	(2,51,502)		1,42,519	
Trade Payables and others	1,62,55,412		92,19,647	
CASH GENERATED FROM OPERATIONS		35,12,863		(11,09,028)
		1,93,02,903		1,13,66,550
Direct Taxes Paid		(50,68,010)		(47,91,148)
(A) NET CASH FROM OPERATING ACTIVITIES		142,34,894		65,75,402
CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of Fixed Assets	(11,396,990)		(62,86,537)	
Sale of Fixed Assets	321,583		2,73,385	
(B) NET CASH FROM /USED IN INVESTING ACTIVITIES		(110,75,407)		(60,13,152)
CASH FLOW FROM FINANCING ACTIVITIES				
Issue of Equity Shares				
Inter-Corporate Deposit accepted / (granted)	(40,00,000)		75,00,000	
Increase / (Decrease) in Bank Borrowings	61,14,308		(9,25,761)	
Interest Paid	(21,73,728)		(24,47,328)	
Term Loan Repaid	(11,56,869)		(13,60,641)	
(C) NET CASH FROM/ USED IN FINANCING ACTIVITIES		(12,16,289)		27,66,270
NET INCREASE IN CASH AND CASH EQUIVALENTS		19,43,198		33,28,520
CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT 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	36,33,419		87,512	
		37,97,090		4,68,569
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR, COMPRISING :				
Cash, Cheques on hand	1,07,915		1,63,670	
Balances with scheduled banks on current account, Margin accounts and Deposit accounts	56,32,373		36,33,419	
		57,40,288		37,97,089
NET INCREASE / (DECREASE) AS DISCLOSED ABOVE		19,43,198		33,28,520

Per our report attached
For **BATLIBOI & PUROHIT**
Chartered Accountants
Firm Regn No. 101048W

ATUL MEHTA
Partner
Membership No. 15935

Mumbai, Dated : 24th May, 2010

C A KARNIK
A V SURESH
J N ICHHAPORIA
S K PALEKAR

Directors

Mumbai, Dated : 24th May, 2010

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; text-align: center;"><tr><td>1</td><td>4</td><td>7</td><td>7</td><td>4</td><td>2</td></tr></table>	1	4	7	7	4	2	State Code	<table border="1" style="display: inline-table; border-collapse: collapse; text-align: center;"><tr><td>1</td><td>1</td></tr></table>	1	1													
1	4	7	7	4	2																				
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	Balance Sheet Date	<table border="1" style="display: inline-table; border-collapse: collapse; text-align: center;"><tr><td>3</td><td>1</td></tr></table> / <table border="1" style="display: inline-table; border-collapse: collapse; text-align: center;"><tr><td>0</td><td>3</td></tr></table> / <table border="1" style="display: inline-table; border-collapse: collapse; text-align: center;"><tr><td>1</td><td>0</td></tr></table>	3	1	0	3	1	0																	
3	1																								
0	3																								
1	0																								
		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; text-align: center;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>								Rights Issue	<table border="1" style="display: inline-table; border-collapse: collapse; text-align: center;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>														
	Bonus Issue	<table border="1" style="display: inline-table; border-collapse: collapse; text-align: center;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>								Private Placement	<table border="1" style="display: inline-table; border-collapse: collapse; text-align: center;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>														
III.	Position of mobilisation and Deployment of Funds (Amount in Rs. Thousands)																								
	Total Liabilities	<table border="1" style="display: inline-table; border-collapse: collapse; text-align: center;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>												Total Assets	<table border="1" style="display: inline-table; border-collapse: collapse; text-align: center;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>										
	Source of Funds																								
	Paid-Up Capital	<table border="1" style="display: inline-table; border-collapse: collapse; text-align: center;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>												Reserves & Surplus	<table border="1" style="display: inline-table; border-collapse: collapse; text-align: center;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>										
	Secured Loans	<table border="1" style="display: inline-table; border-collapse: collapse; text-align: center;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>												Unsecured Loans	<table border="1" style="display: inline-table; border-collapse: collapse; text-align: center;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>										
	Deferred Tax Liability	<table border="1" style="display: inline-table; border-collapse: collapse; text-align: center;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>																							
	Application of Funds																								
	Net Fixed Assets	<table border="1" style="display: inline-table; border-collapse: collapse; text-align: center;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>												Investments	<table border="1" style="display: inline-table; border-collapse: collapse; text-align: center;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>										
	Net Current Assets	<table border="1" style="display: inline-table; border-collapse: collapse; text-align: center;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>												Misc. Expenditure	<table border="1" style="display: inline-table; border-collapse: collapse; text-align: center;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>										
	Deferred Tax Asset	<table border="1" style="display: inline-table; border-collapse: collapse; text-align: center;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>												Accumulated Losses	<table border="1" style="display: inline-table; border-collapse: collapse; text-align: center;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>										
IV.	Performance of Company (Amount in Rs. Thousands)																								
	Turnover	<table border="1" style="display: inline-table; border-collapse: collapse; text-align: center;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>												Total Expenditure	<table border="1" style="display: inline-table; border-collapse: collapse; text-align: center;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>										
	Profit/Loss Before Tax	<table border="1" style="display: inline-table; border-collapse: collapse; text-align: center;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>												Profit/Loss After Tax	<table border="1" style="display: inline-table; border-collapse: collapse; text-align: center;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>										
	Earnings Per Share In Rs.	<table border="1" style="display: inline-table; border-collapse: collapse; text-align: center;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>												Dividend Rate %	<table border="1" style="display: inline-table; border-collapse: collapse; text-align: center;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>										
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; text-align: center;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>																							
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Per our report attached
 For **BATLIBOI & PUROHIT**
 Chartered Accountants
 Firm Regn No. 101048W

ATUL MEHTA
 Partner
 Membership No. 15935
 Mumbai, Dated : 24th May, 2010

C A KARNIK A V SURESH J N ICHHAPORIA S K PALEKAR	}	Directors
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Mumbai, Dated : 24th May, 2010

FORBES SMART DATA LIMITED

(a wholly owned Subsidiary Company of Forbes Campbell Finance Limited)

Annual Report and Accounts
for the year ended 31st March, 2010

DIRECTORS :

S.P. Kadakia

Chairman

A.T. Shah

Sunetra Ganesan

BANKERS:

IDBI Bank Ltd.

AUDITORS:

Messrs. U.V. Shah & Co.

REGISTERED OFFICE:

Forbes Building,

Charanjit Rai Marg,

Fort,

Mumbai - 400 001.

DIRECTORS' REPORT

To,
The Shareholders,

1. Your Directors submit their Report and the Audited Accounts of the Company for the year 31st March, 2010.

2. OPERATIONS:

The Company has not commenced commercial activity. There was no activity during the period ended 31st March, 2010. The Company earned an interest of Rs. 36,000 on an inter corporate deposit placed with the holding company, Forbes & Company Limited.

3. DIRECTORATE:

Mrs. Sunetra Ganesan and Mr. S.P. Kadakia were appointed Additional Directors on 10th November, 2009 and 29th March, 2010 respectively. In terms of the provisions of section 260 of the Companies Act, 1956, they hold office upto the date of the forthcoming Annual General Meeting. Mr. A.T. Shah is due for retirement by rotation. The Board of Directors commends their appointment as Directors of the Company. Mr. R.T. Doshi and Mr. Gautam Mukherji resigned from the Board on 10th November, 2009 and 31st March, 2010 respectively. The Board places on record their sincere appreciation for the services rendered by Mr. Doshi and Mr. Mukherji to the Company and the Board.

4. AUDITORS:

You are requested to appoint Auditors for the current year and authorise the Board to fix their remuneration. The retiring Auditors, M/s U.V. Shah & Co., Chartered Accountants, offer themselves for re-appointment.

5. PARTICULARS REGARDING EMPLOYEES:

The Company did not have any employee who was entitled to receipt of remuneration of Rs. 24,00,000 or more in aggregate throughout the financial year or Rs. 2,00,000 or more per month for a part of the financial year.

6. DIRECTORS' RESPONSIBILITY STATEMENT:

"Pursuant to the provisions of section 217 (2AA) of the Companies Act, 1956, the Directors confirm –

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

7. INFORMATION REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.**A. Conservation of energy and technology absorption.**

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

B. Foreign Exchange earning and outgo

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

For and on behalf of
the Board of Directors

S.P. Kadakia
Chairman

FORBES SMART DATA LIMITED

AUDITORS' REPORT

AUDITORS' REPORT TO THE MEMBERS OF FORBES SMART DATA LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2010

1. We have audited the attached Balance Sheet of FORBES SMART DATA LIMITED as at 31st March, 2010 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 31st March, 2010 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, 2010 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
Firm Regn No. : 109814W

Mumbai, 30th June, 2010

ANNEXURE TO THE AUDITORS' REPORT

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

- i) The Company has no Fixed Assets during the year and hence Clause 4(i) of the Companies (Auditors Report) Order, 2003 (as amended) is not applicable.
- ii) As explained to us, the Company has no opening inventory or any closing inventory. Hence the physical verification of inventory was not necessitated and hence Clause 4(ii) of the Companies (Auditors Report) Order 2003, (as amended) is not applicable.
- iii) (a) As per the information and explanations given to us, the Company has not granted any loan, secured or unsecured to companies, firm or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4 (iii) (b), (c) and (d) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.

- (b) The Company has not taken any loans during the year, secured or unsecured, from the Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, clauses (iii) (f), and (iii) (g) of paragraph 4 of the Order are not applicable
- 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) 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) The Company have not entered into transaction in excess of Rs 5 lakhs in respect of any party, and hence clause 4 (v) (b) of the Companies (Auditors Report) Order, 2003 (as amended) is not applicable pertaining to the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time.
- 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) The paid up capital and reserves of the Company are not in excess of Rs. 50 Lakhs as at the commencement of the year and the average annual turnover is not more than Rs. 5 Crores for the period of three immediately preceding years and hence the Company does not have an Internal Audit.
- 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 31st March, 2010 for a period of more than six months from the date they became payable except Profession tax payable for the year 2007-2010.
- 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 Accountant

UDAY V. SHAH
Proprietor

(Membership No 35626)
(Firm No. 109814W)

FORBES SMART DATA LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule	Rupees	As at 31st March, 2010 Rupees	As at 31st March, 2009 Rupees
SOURCES OF FUNDS :				
Share Capital	1		500,000	500,000
Reserves & Surplus			—	—
Total Shareholders Fund			500,000	500,000
Loan:				
Secured			—	—
Unsecured			—	—
Total			500,000	500,000
APPLICATION OF FUNDS :				
Current Assets, Loans & Advances				
(a) Sundry Debtors	2	—	—	—
(b) Cash and Bank Balances		57,479		39,378
(c) Loans and advances		318,123		312,610
		375,602		351,988
Less: Current liabilities & provisions	3	14,809		13,557
Net Current assets			360,793	338,431
Deferred Tax Asset (See Note 1)			—	16,352
Miscellaneous Expenditure (to the extent not written off)			74,387	111,581
Profit and Loss Debit Balance			64,820	33,636
Total			500,000	500,000

NOTES TO THE ACCOUNTS (PER SCHEDULE '4')

As per our report of even date attached.

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

S.P. Kadakia

*Chairman*A.T. Shah }
Sunetra Ganesan }*Directors***UDAY V. SHAH***Proprietor*

(Membership No. 35626)

(Firm No. 109814W)

Mumbai, 30th June, 2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	<u>Rupees</u>	<u>31st March, 2010</u> Rupees	<u>31st March, 2009</u> Rupees
1. INCOME:			
Interest		36,000	27,000
2. EXPENDITURE:			
Preliminary Expenses	37,194		37,194
Professional Tax	2,500		2,500
Filing Fees	3,000		2,500
Misc Exp	10		50
Auditors remuneration			
Audit Fees	2,500		2,500
Service tax	258		309
Other services	5,370		2,246
		50,832	47,299
3. Profit / (Loss) before tax		(14,832)	(20,299)
4. Less : Provision for taxation			
Current Year		—	—
Deferred Tax		16,352	(6,272)
5. Profit / (Loss) after tax		(31,184)	(14,027)
6. Balance brought forward		(33,636)	(19,609)
7. Balance carried to Balance Sheet		(64,820)	(33,636)

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

S.P. Kadakia

Chairman

UDAY V. SHAH
Proprietor
(Membership No. 35626)
(Firm No. 109814W)
Mumbai, 30th June, 2010

A.T. Shah }
Sunetra Ganesan }

Directors

FORBES SMART DATA LIMITED

SCHEDULES "1" TO "4" ANNEXED TO & FORMING PART OF THE ACCOUNTS

	Rupees	As at 31st March, 2010 Rupees	As at 31st March, 2009 Rupees
SCHEDULE '1' - SHARE CAPITAL			
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 Campbell 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	57,479	39,378
---------------------	--------	--------

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)	18,123	12,610
	318,123	312,610
	375,602	351,988

SCHEDULE '3' - CURRENT LIABILITIES AND PROVISIONS**Current liabilities**

Sundry creditors (No outstanding dues of Small Scale Industrial Undertakings)	—	—
---	---	---

Provisions

Provision for Expenses	14,809	13,557
	14,809	13,557

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.

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. Being Reversal of existing Deferred Tax Assets made due to absence of Reasonable Certainty that sufficient future taxable income will be available against which Deferred Tax Asset can be realised.

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 2009	Adjustments in Current Year	Deferred Tax (Liability) / Assets as on 31st March, 2010
Business Loss	16,352	(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:**

Shapoorji Pallonji & Company Ltd. (Ultimate Holding Company)
Sterling Investment Corporation Pvt. Ltd.
Forbes & Company Ltd.
Forbes Campbell Finance Ltd. (erstwhile Latham India Limited)

B. Enterprises that are under common control:

1. Aquamall Water Solutions Ltd.
2. Aquadignostics Water Research & Technology Centre Ltd.
3. Eureka Forbes Ltd.
4. Euro Forbes International Pte. Ltd.
5. E 4 Development & Coaching Ltd.
6. Forbes Aquamall Ltd.
7. Forbes Bumi Armada Ltd.
8. Forbes Container Lines Pte Ltd.
9. Forbes Campbell Services Ltd.
10. Forbes Enviro Solutions Ltd. (earlier know as Forbes Water Ltd.)

FORBES SMART DATA LIMITED

11. Forbes Edumetry Ltd.
12. Forbes Facility Services Pvt. Ltd. (Formerly known as Forbes Abans Cleaning Solutions Pvt. Ltd.)
13. Forbes Technosys Ltd.
14. Next Gen Publishing Ltd. (from 26.3.2009 to 14.2.2010)
15. Radiant Energy Systems Pvt. Ltd.
16. Volkart Fleming Shipping & Services Ltd.
17. Waterwings Equipments Pvt. Ltd.

C. Key Managerial Personnel:

1. Mr. S.P. Kadakia
2. Mr. A.T. Shah
3. Mrs. Sunetra Ganesan

II. TRANSACTIONS WITH RELATED PARTIES:

Nature of Transactions	31st March, 2010		31st March, 2009	
	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	36,000	—	27,000	—
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.

As per our report of even date attached.

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

S.P. Kadakia *Chairman*

A.T. Shah }
Sunetra Ganesan } *Directors*

UDAY V. SHAH
Proprietor
(Membership No. 35626)
(Firm No. 109814W)

Mumbai, 30th June, 2010

INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956.

I. Registration Details

Registration No.	U72100MH2006PLC161311	State code	11
Balance Sheet Date	31st March, 2010		

II. Capital Raised during the year (Amount in Rs. '000)

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. '000)

Total Liabilities	500	Total Assets*	500
-------------------	-----	---------------	-----

Sources of Funds

Paid-up Capital	500
Reserves and Surplus	—
Unsecured Loans	—

Application of Funds

Fixed Assets	—
Net Current Assets	361
Deferred Tax Assets	—
Misc. Expenditure	74
Profit and Loss	65

* Net of Current Liabilities and Provisions

IV. Performance of the Company (Amount in Rs. '000)

Turnover	36
Total Expenditure	51
Profit / (Loss) before Tax	(15)
Profit/ (Loss) after Tax	(31)
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	—
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S.P. Kadakia *Chairman*
A.T. Shah }
Sunetra Ganesan } *Directors*

FORBES SMART DATA LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	2009-2010		2008-2009	
	Rupees	Rupees	Rupees	Rupees
PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS		(14,832)		(20,299)
Adjusted for.: Interest Received	(36,000)		(27,000)	
for preoperative expenses	37,194	1,194	37,194	10,194
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS		(13,638)		(10,105)
Changes in				
Trade and other receivables	—	—	—	—
Trade payables and others	1,252	1,252	815	815
CASH GENERATED FROM OPERATIONS		(12,386)		(9,290)
Less: Direct Taxes paid (Net)		5,513		5,562
(A) NET CASH FLOW FROM OPERATING ACTIVITIES		(17,899)		(14,852)
CASH FLOW FROM INVESTING ACTIVITIES				
Interest Received on Loans				
Intercorporate deposit	36,000		27,000	
(B) NET CASH FLOW FROM INVESTING ACTIVITIES		36,000		27,000
CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Issue of Share Capital		—		—
CASH FLOW FROM FINANCING ACTIVITIES BEFORE EXTRA ORDINARY ITEMS		—		—
Less: Pre-operative Expenditure		—		—
(C) CASH FLOW FROM FINANCING ACTIVITIES		—		—
NET DECREASE/INCREASE IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)		18,101		12,148
CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE YEAR, COMPRISING:				
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
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR, COMPRISING:				
Cash, Cheques on hand & Remittances in transit	—	—	—	—
Balance with scheduled banks on Current accounts and Deposit accounts	57,479	57,479	39,378	39,378
		18,101		12,148

As per our report of even date attached.

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

UDAY V. SHAH
Proprietor
(Membership No. 35626)
(Firm No. 109814W)

S.P. Kadakia *Chairman*

A.T. Shah }
Sunetra Ganesan } *Directors*

Mumbai, 30th June, 2010

FORBES TECHNOSYS LIMITED

(a wholly owned Subsidiary Company of Forbes Campbell Finance Ltd.)

Annual Report and Accounts
for the year ended 31st March, 2010

DIRECTORS:

Ashok Barat

Chairman

C.A. Karnik

Amit Mittal

S. Kuppuswamy

BANKERS:

Union Bank of India

Development Credit Bank Limited

Vijaya Bank

AUDITORS:

Messrs. Deloitte Haskins & Sells

REGISTERED OFFICE:

Forbes Building,

Charanjit Rai Marg,

Fort, Mumbai - 400 001.

DIRECTORS' REPORT

Your Directors submit their Report and the Audited Accounts of the Company for the year ended 31st March 2010.

1. FINANCIAL RESULTS:

	Current Year Rupees in lakhs	<i>Previous Year</i> <i>Rupees in lakhs</i>
Revenue	2964.36	276.15
Profit /(Loss) after Tax	(586.81)	(834.58)
Add: Balance brought forward	(1710.28)	(875.70)
Less: Reduction in share capital	(1710.28)	—
Balance carried to Balance Sheet	<u>(586.81)</u>	<u>(1710.28)</u>

2. OPERATIONS:

The Company posted a significant increase in turnover due to the acquisition of business related to the Business Automation Group (BAG) from Forbes & Company Limited.

There has been a significant reduction in loss compared with the previous year on account of higher revenues and changes in the product mix.

The Company had secured a large contract from State Bank of India (SBI) for deployment of 490 kiosks at a value of Rs. 5.24 crores. The Company is expanding its manufacturing operations which got ISO 9001 : 2008 certification during the year to execute the SBI order.

The Company has fully deployed and made operational its kiosks for payment collection in Punjab State Electricity Board (PSEB), TATA Indicom, BSNL, TATA Power and several other Electricity Boards across India.

The Company continues to invest in the development of new products and entry into new market segments. It has launched several new models of kiosks and has a strong order book of over 500 kiosks for deployment on a transaction fee model.

3. FUTURE PLANS & STRATEGY:

The payment systems landscape in the country is undergoing radical changes and in the next 3-4 years existing payment systems are set to be replaced with next generation systems. Any time bill payments & deposits, imaged based cheque processing, financial inclusion systems are high on the agenda of regulators and the Government of India. This opportunity can be addressed through a deep understanding of requirements of Indian organizations and consumers and the ability to develop appropriate and affordable technology.

The Company has been actively engaged in the development of new solutions and services through its Centre for Innovation and is launching a series of products to address the Financial inclusion opportunity in India. This includes a new generation of Multi-function ATMs that are biometrically

enabled, can be solar powered and portable MICRO ATMs for banking correspondents. Using high technology building blocks these new products meet the emerging requirements of Indian consumers including Cash withdrawal, Cash deposit, image based Cheque deposit, funds transfer etc. and are also configured for UID and other Government initiatives like Nrega disbursements. The Company is establishing a state-of-the-art NNOCC (National Network Operations and Control Centre) that will serve as a backend for Transaction Kiosks and ATMs.

The Company is also engaged in the roll-out of India's first multi-platform (Kiosks, ATMs, PCs, Handheld terminals and Mobile Phone) transaction network. This will be a multi-city, multi-channel, multi-modal transaction network that will enable financial transactions like any time bill payments, mobile recharges, ticket bookings and a host of other services.

4. CAPITAL REDUCTION :

During the year the Company proposed capital reduction to adjust accumulated losses (Profit and loss account debit balance) against paid up equity share capital, not represented by equivalent assets. In accordance with the Order dated 26th February, 2010 passed by the Honourable High Court, Bombay the Company cancelled and extinguished 1,71,02,800 equity shares of Rs.10 each against debit balance of profit and loss account amounting to Rs.17,10,28,000 as at 31st March, 2009.

5. DIRECTORATE:

Mr. Rahul Jain resigned from the Board on 4th September, 2009. The Board places on record their sincere appreciation of the services rendered by Mr. Jain.

Mr. Ashok Barat retires from the Board by rotation and is eligible for re-appointment.

Mr. S. Kuppuswamy was appointed as an Additional Director with effect from 4th September, 2009 and pursuant to the provisions of Section 260 of the Companies Act, 1956, Mr.

Kuppuswamy holds office upto the date of forthcoming Annual General Meeting.

The Notice of Annual General Meeting includes proposals for re-appointment of Mr. Barat and appointment of Mr. Kuppuswamy as Directors of the Company.

The Board recommends the proposals.

6. AUDITORS AND AUDIT REPORT:

You are requested to appoint Auditors for the current year and to fix their remuneration. The retiring Auditors M/s. Deloitte Haskin & Sells Chartered Accountants, offer themselves for re-appointment as Auditors of the Company.

Auditors comments in their Report are self explanatory.

7. 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.

8. DIRECTORS' RESPONSIBILITY STATEMENT :

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

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

- (b) that they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the period ;

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

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

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

The required particulars are annexed hereto which forms a part of this Report.

For and on behalf of
the Board of Directors

Place : Mumbai
Dated : 28th July, 2010

Ashok Barat
Director

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 and wherever possible, energy conservation measures have already been implemented and there are no major areas where further energy conservation measures can be undertaken. 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 | |
| b) Recurring | NIL |
| c) Total | |
| d) Total R&D expenditure as percentage of total turnover. | |

FORBES TECHNOSYS LIMITED

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 N.A.
 - b) Year of Import
 - c) Has technology been fully absorbed?
 - d) If not fully absorbed areas where this has not taken place, reasons therefore and future plans of action. —

C. Foreign Exchange Earnings and Outgo:

1. Activities relating to exports; initiatives taken to increase exports; markets for products and services; and export plans. N.A.
 2. Total Foreign Exchange used and earned.

Earned	Nil
Used	Rs. 2,10,78,038
-

STATEMENT UNDER SECTION 217(2A) READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2010.

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.	Mr. Ajay Singh (51) M.Sc. PGDCS, DIM	VP & CEO 31 years	57,97,036	Director Product Management- Vistaar Technologies Inc.

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

NOTES:

1. Remuneration as shown above include Salary, Other Allowances, Company's Contribution to Provident 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 Directors of the Company.
-

AUDITORS' REPORT TO THE MEMBERS OF FORBES TECHNOSYS LIMITED

1. We have audited the attached Balance Sheet of **FORBES TECHNOSYS LIMITED** ("the Company") as at 31st March, 2010, 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. 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 the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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 (CARO) issued by the Central Government in terms of Section 227(4A) 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 as follows:
 - (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, 2010;
 - (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.
5. On the basis of the written representations received from the Directors as on 31st March, 2010 taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of Section 274(1) (g) of the Companies Act, 1956.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No. 117365W)

Place : Mumbai
Dated : 28th July, 2010

Z. F. Billimoria
Partner
(Membership No.42791)

ANNEXURE TO THE AUDITORS' REPORT

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

- (i) Having regard to the nature of the Company's business/activities/result etc, clauses (vi), (viii), (xii), (xiii), (xiv), (xv), (xix) and (xx) of CARO are not applicable.
- (ii) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular 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.
 - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii) In respect of its inventory:
 - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
 - (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iv) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register under Section 301 of the Companies Act, 1956.
- (v) In respect of loans, secured or unsecured, taken by the Company from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:
 - (a) The Company has taken loans aggregating Rs. 2,96,19,471/- from one party during the year. At the year-end, the outstanding balance of such loans taken aggregated Rs. NIL and the maximum amount involved during the year was Rs.1,00,00,000/- (number of party - one).
 - (b) The rate of interest and other terms and conditions of such loans are, in our opinion, prima facie not prejudicial to the interests of the Company.
 - (c) The payments of principal amounts and interest in respect of such loans are regular/as per stipulations.
- (vi) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (vii) The Company has not entered into any transactions that needed to be entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956.
- (viii) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (ix) According to the information and explanations given to us in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2010 for a period of more than six months from the date they became payable, other than an amount of Rs. 2,44,225/- in respect of VAT.
 - (c) According to the information and explanations given to us, there were no dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on 31st March, 2010 on account of disputes.

- (x) The Company has accumulated losses at the end of the financial year; which are in excess of fifty percent of its net worth. The Company has incurred cash losses in the current financial year and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks, and financial institutions.
- (xii) In our opinion and according to the information and explanations given to us, the term loans have been prima facie applied for the purposes for which they were obtained, other than temporary deployment pending application.
- (xiii) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long- term investment.
- (xiv) According to the information and explanations given to us, the Company has made preferential allotment of shares to the Holding Company which is a party covered in the Register maintained under Section 301 of the Companies Act, 1956 at a price which is prima facie not prejudicial to the interests of the Company.
- (xv) To the best of our knowledge and according to the information and explanations given to us, no fraud by and on the Company has been noticed or reported during the year.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No.117365W)

Z. F. Billimoria
Partner
(Membership No. 42791)

Place : Mumbai
Dated : 28th July, 2010

FORBES TECHNOSYS LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule No.	As at 31st March, 2010 Rupees	As at 31st March, 2009 Rupees
FUNDS EMPLOYED:			
1. SHARE CAPITAL	"1"	68,972,000	210,000,000
2. RESERVES AND SURPLUS		—	—
3. TOTAL SHAREHOLDERS' FUNDS		68,972,000	210,000,000
4. LOANS:			
(a) Secured	"2"	50,707,110	19,949,333
5. TOTAL FUNDS EMPLOYED		<u>119,679,110</u>	<u>229,949,333</u>
APPLICATION OF FUNDS:			
6. FIXED ASSETS:			
(a) Gross Block		105,983,787	72,065,781
(b) Less: Depreciation/Amortisation		46,369,739	35,805,471
(c) Less: Impairment		12,735,756	12,735,756
(d) Net Block	"3"	46,878,292	23,524,553
(e) Capital work-in-progress including Advances for capital expenditure		3,613,726	3,488,233
		50,492,018	27,012,786
7. CURRENT ASSETS, LOANS AND ADVANCES	"4"		
(a) Inventories		50,954,828	11,501,469
(b) Sundry Debtors		72,707,861	10,812,705
(c) Cash and Bank Balances		8,360,876	2,939,297
(d) Other Current Assets		539,991	46,508
(e) Loans and Advances		12,290,587	27,770,790
		144,854,143	53,070,769
8. Less: CURRENT LIABILITIES AND PROVISIONS	"5"		
(a) Liabilities		127,893,800	20,424,054
(b) Provisions		6,453,826	738,168
		134,347,626	21,162,222
9. NET CURRENT ASSETS		10,506,517	31,908,547
10. Profit and Loss Account		58,680,575	171,028,000
11. TOTAL ASSETS		<u>119,679,110</u>	<u>229,949,333</u>

NOTES TO THE ACCOUNTS (per Schedule "7")

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

Z. F. BILLIMORIA
Partner
Membership No. 42791

Mumbai, Dated: 28 July, 2010

For and on behalf of the Board

Ashok Barat *Chairman*

C.A. Karnik
Amit Mittal
S. Kuppuswamy } *Directors*

V. K. Vora *Company Secretary*

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	For the year ended 31st March, 2010 Rupees	For the year ended 31st March, 2009 Rupees
1. INCOME:		
(a) (i) GROSS SALES		
(1) From Trading	208,027,265	20,262,090
(2) From Manufacturing	17,107,847	296,040
Less: Excise Duty Paid	1,436,432	22,537
Net Sales	<u>223,698,680</u>	<u>20,535,593</u>
(ii) SERVICES - (Gross)	71,555,956	6,354,032
(b) OTHER INCOME:		
(i) Interest on Inter Corporate Deposit (Tax deducted at source Rs. NIL, Previous Year Rs. 1,34,210/-)	—	640,411
(ii) Interest on Fixed Deposit (Tax deducted at source Rs.27,084/-, Previous Year Rs. 12,067/-)	398,961	67,418
(iii) Interest on Staff Loan	14,520	17,823
(iv) Profit on Foreign Exchange Fluctuations	756,728	—
(v) Bad Debts/Advances Written back	11,526	—
	<u>296,436,371</u>	<u>27,615,277</u>
2. EXPENDITURE:		
Manufacturing, Trading and Other Expenses (Per Schedule 6)	337,850,311	71,142,729
Finance Charges (As per Schedule 6)	7,472,910	10,801,648
	<u>345,323,221</u>	<u>81,944,377</u>
DEPRECIATION / AMORTISATION (Per Schedule 3)	9,793,725	16,986,616
	<u>(58,680,575)</u>	<u>(71,315,716)</u>
Less : Provision for Impairment	—	12,735,756
3. LOSS BEFORE TAX	<u>(58,680,575)</u>	<u>(84,051,472)</u>
4. PROVISION FOR TAX		
– Current Year		
Fringe Benefit Tax	—	409,927
– Excess provision for tax for Earlier Years		
Income Tax	—	(964,310)
Fringe Benefit Tax	—	(38,959)
5. LOSS AFTER TAX	<u>(58,680,575)</u>	<u>(83,458,130)</u>
6. BALANCE BROUGHT FORWARD FROM LAST YEAR	<u>(171,028,000)</u>	<u>(87,569,870)</u>
7. LESS : REDUCTION OF SHARE CAPITAL (Refer Note 2 of Schedule "7")	<u>(171,028,000)</u>	<u>—</u>
8. BALANCE CARRIED TO BALANCE SHEET	<u>(58,680,575)</u>	<u>(171,028,000)</u>
Earnings per share (Refer to note 9 of Schedule "7"):		
Basic & Diluted	(2.92)	(9.62)

NOTES TO THE ACCOUNTS (per Schedule "7")

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants**Z. F. BILLIMORIA**
Partner
Membership No. 42791

Mumbai, Dated: 28 July, 2010

For and on behalf of the Board

Ashok Barat

Chairman

C.A. Karnik

Amit Mittal

S. Kuppuswamy

Directors

V. K Vora

Company Secretary

FORBES TECHNOSYS LIMITED

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

	As at 31st March, 2010 Rupees	<i>As at 31st March, 2009 Rupees</i>
SCHEDULE "1" - SHARE CAPITAL		
1. AUTHORISED:		
24,000,000 Equity Shares (Previous Year 21,000,000) of Rs.10 each	240,000,000	<i>210,000,000</i>
2. ISSUED, SUBSCRIBED AND PAID-UP		
Fully paid up Shares (Refer Note 2 of Schedule "7")		
68,97,200 (Previous Year 21,000,000) Equity Shares of Rs.10 each fully paid up	68,972,000	<i>210,000,000</i>
All the Shares are held by Forbes Campbell Finance Limited (formerly known as Latham India Limited) the holding company and it's nominees The Ultimate holding Company is Shapoorji Pallonji and Company Limited		
TOTAL RUPEES	<u>68,972,000</u>	<u><i>210,000,000</i></u>

	As at 31st March, 2010 Rupees	<i>As at 31st March, 2009 Rupees</i>
SCHEDULE "2" – SECURED LOANS		
FROM BANKS		
1. Term Loan from Development Credit Bank Limited (Secured by Hypotheciation of Fixed Assets) (Repayable within one year is Rs.8,004,000/-) (Previous Year is Rs.6,670,000/-)	16,663,000	<i>15,442,000</i>
2. Cash Credit From Development Credit Bank Limited (Secured by Hypotheciation of Current Assets)	34,044,110	<i>4,507,333</i>
TOTAL RUPEES	<u>50,707,110</u>	<u><i>19,949,333</i></u>

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

SCHEDULE "3" – FIXED ASSET

(Rupees)

Description of Assets	GROSS BLOCK				DEPRECIATION AND AMORTISATION					Impairment	NET BLOCK		
	Total Cost upto 31st March, 2009	Cost of additions during the year	Cost of transfer during the year	Cost of deductions during the year	Total Cost upto 31st March, 2010	Cumulative Depreciation upto 31st March, 2009	Depreciation for the year	Depreciation transfer	Depreciation on deductions for the year	Total Depreciation as at 31st March, 2010	Balance as at 31st March, 2010	Balance as at 31st March, 2010	Balance as at 31st March, 2009
TANGIBLE ASSETS													
1. Furniture and fittings	416,133	38,831	3,357,629	—	3,812,593	31,358	236,784	392,625	—	660,767	—	3,151,826	384,775
2. Data Processing Equipment	19,210,046	10,964,098	735,551	208,736	30,700,959	2,035,592	4,376,271	261,265	8,288	6,664,842	—	24,036,117	17,174,454
3. Vehicles	186,099	—	1,149,558	—	1,335,657	30,963	222,309	756,895	—	1,010,166	—	325,491	155,136
4. Office Equipment	484,753	668,899	—	—	1,153,652	76,575	55,983	—	30,939	101,619	—	1,052,033	408,178
Total Tangible Assets	20,297,031	11,671,828	5,242,738	208,736	37,002,861	2,174,488	4,891,347	1,410,785	39,227	8,437,394	—	28,565,467	18,122,543
INTANGIBLE ASSETS													
5. Intellectual Property / Distribution Rights	44,988,039	—	—	—	44,988,039	32,252,283	—	—	—	32,252,283	12,735,756	—	—
6. Bill Payment and Cheque Deposit Software	6,780,711	671,484	—	601,016	6,851,179	1,378,700	1,474,036	—	601,016	2,251,720	—	4,599,459	5,402,011
7. Goodwill *	—	17,141,708	—	—	17,141,708	—	3,428,342	—	—	3,428,342	—	13,713,366	—
Total Intangible Assets	51,768,750	17,813,192	—	601,016	68,980,926	33,630,983	4,902,378	—	601,016	37,932,345	12,735,756	18,312,825	5,402,011
TOTAL ASSETS	72,065,781	29,485,020	5,242,738	809,752	105,983,787	35,805,471	9,793,725	1,410,785	640,243	46,369,739	12,735,756	46,878,292	23,524,554
Previous Year	55,460,814	18,975,351	—	2,370,384	72,065,781	19,340,345	16,986,616	—	521,490	35,805,471	12,735,756	23,524,554	36,120,469

* Refer to note 3 of Schedule "7".

As at	<i>As at</i>
31st March,	<i>31st March,</i>
2010	<i>2009</i>
Rupees	<i>Rupees</i>

SCHEDULE "4" CURRENT ASSETS, LOANS AND ADVANCES

CURRENT ASSETS:

(a) INVENTORIES:

(i) Raw Materials and Components	14,996,385	<i>2,965,640</i>
(ii) Stock-in-Process	346,206	<i>3,038,860</i>
(iii) Finished Goods	35,612,237	<i>5,496,969</i>
	<u>50,954,828</u>	<u><i>11,501,469</i></u>

(b) SUNDRY DEBTORS:

(i) Debts outstanding for a period exceeding six months:		
(a) Unsecured, Considered Good	2,534,373	<i>5,878,275</i>
(b) Unsecured, Considered Doubtful	13,476,433	<i>653,026</i>
	<u>16,010,806</u>	<u><i>6,531,301</i></u>
(ii) Other debts:		
(a) Unsecured, Considered Good	70,173,488	<i>4,934,430</i>
	<u>70,173,488</u>	<u><i>4,934,430</i></u>
Less: Provision for doubtful debts	13,476,433	<i>653,026</i>
	<u>72,707,861</u>	<u><i>10,812,705</i></u>

FORBES TECHNOSYS LIMITED

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

SCHEDULE "4" CURRENT ASSETS, LOANS AND ADVANCES (Contd.)

	As at 31st March, 2010 Rupees	As at 31st March, 2009 Rupees
(c) CASH AND BANK BALANCES:		
(i) Cash on hand	38,721	73,108
(ii) Bank Balances:		
With Scheduled Banks:		
On Current Accounts	207,463	1,466,147
On Deposit Accounts	8,114,692	1,400,043
(Rs. 47,20,872/- in lien with Banks) (Previous Year Rs. 14,00,043/-)	<u>8,360,876</u>	<u>2,939,297</u>
(d) OTHER CURRENT ASSETS:		
Interest accrued on deposit with bank	539,991	46,508
(e) LOANS AND ADVANCES:		
(Unsecured, Considered Good)		
(i) Advances recoverable in cash or in kind or for value to be received	9,860,849	26,355,260
(ii) Balances with Central Excise and Other Government Authorities	976,165	969,893
(iii) Taxes paid less provision including FBT	<u>1,453,573</u>	<u>445,637</u>
	12,290,587	27,770,790
TOTAL RUPEES	<u><u>144,854,143</u></u>	<u><u>53,070,769</u></u>

SCHEDULE "5" – CURRENT LIABILITIES AND PROVISIONS

	As at 31st March, 2010 Rupees	As at 31st March, 2009 Rupees
1. CURRENT LIABILITIES:		
(i) Sundry Creditors		
(a) Due to small, micro and medium enterprise	334,838	—
(b) Others	102,652,354	17,944,808
(ii) Customers'/Security Deposits, credit balances and advances against supplies and services to be rendered	10,028,664	100,432
(iii) Other Liabilities	<u>14,877,944</u>	<u>2,378,813</u>
	127,893,800	20,424,054
2. PROVISIONS:		
(i) Provision for income tax, FBT (net of advance FBT payment of Rs. NIL) (Previous Year Rs. 2,88,064/-)	327,250	121,863
(ii) Gratuity	3,476,267	265,860
(iii) Compensated absences	<u>2,650,309</u>	<u>350,445</u>
	6,453,826	738,168
TOTAL RUPEES	<u><u>134,347,626</u></u>	<u><u>21,162,222</u></u>

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

	For the Year ended 31st March, 2010 Rupees	<i>For the Year ended 31st March, 2009 Rupees</i>
SCHEDULE "6" – MANUFACTURING, TRADING AND OTHER EXPENSES		
1. MATERIALS CONSUMED:		
Raw Materials and Components:		
Opening Stock	2,965,640	—
Add: Purchases	24,684,936	5,426,968
	<u>27,650,576</u>	<u>5,426,968</u>
Less: Closing Stock	14,996,385	2,965,640
	<u>12,654,191</u>	<u>2,461,328</u>
2. PURCHASES OF TRADING STOCKS	169,754,584	5,545,611
3. SERVICES CHARGES	—	1,999,428
4. POWER AND FUEL	1,344,337	376,656
5. PAYMENTS TO AND PROVISIONS FOR EMPLOYEES:		
(a) Salaries, Wages, Bonus and Commission	64,822,568	26,034,463
(b) Company's Contribution to Provident Fund and Other Funds	3,624,193	657,648
(c) Workmen and Staff Welfare Expenses	318,823	167,836
(d) Medical reimbursement	638,742	217,945
(e) Refreshment expenses	215,929	62,496
(f) Job Related Expenses	251,571	103,110
(g) Training, Seminar & Other Expenses	277,482	182,445
	<u>70,149,308</u>	<u>27,425,943</u>
6. SELLING AND DISTRIBUTION EXPENSES:		
(a) Commission to Dealers	19,021,856	287,164
(b) Freight & Octroi Charges	4,091,907	360,129
(c) Advertisement Expenses	1,808,192	200,142
	<u>24,921,955</u>	<u>847,435</u>
7. OTHER EXPENSES:		
(a) Rent	1,862,024	1,355,360
(b) Communication Expenses	8,002,558	2,763,028
(c) Repairs and maintenance - others	1,537,219	437,849
(d) Loss on Foreign Exchange fluctuations	—	794,987
(e) Legal and Professional Charges	16,892,695	4,423,464
(f) ROC & Other filing fees	284,433	735,520
(g) Bad Debts/Advances written off	—	62,872
(h) Fixed Assets written off	—	819,407
(i) Stock written off	—	819,381

FORBES TECHNOSYS LIMITED

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

	For the Year ended 31st March, 2010 Rupees	<i>For the Year ended 31st March, 2009 Rupees</i>
SCHEDULE "6" – MANUFACTURING, TRADING AND OTHER EXPENSES (Contd.)		
(j) Provision for Doubtful Debts	—	653,026
(k) Auditors' Remuneration:	—	
(i) Audit Fees	500,000	200,000
(ii) Tax Audit Fees (Rs. 50000/- A.Y 2009-10)	100,000	—
(iii) Other Matters	46,812	—
(l) Vehicle Expenses	752,334	454,373
(m) Travel, Conveyance and Hotel	14,877,155	4,142,947
(n) Insurance Premium	508,415	60,046
(o) Annual Maintenance & Service Charges	288,097	6,191,079
(p) Business Development expenses	869,216	168,319
(q) Research and Development Expenses	—	77,101
(r) Managed Assets Service Provider's (MASP) charges	5,896,930	1,860,041
(s) Other expenses	6,750,102	3,019,556
	<u>59,167,990</u>	<u>29,038,355</u>
8. ADJUSTMENT OF STOCKS:		
Opening Stocks:		11,983,801
Stock-in-Process	3,038,860	
Finished Goods	5,496,969	
	<u>8,535,829</u>	
Stocks transferred on purchase of business	27,280,559	—
Less: Closing Stocks:		
Stock-in-Process	346,206	3,038,860
Finished Goods	35,612,237	5,496,969
	<u>35,958,443</u>	<u>8,535,829</u>
(Increase) / Decrease in stocks	(142,055)	3,447,972
	<u>337,850,311</u>	<u>71,142,728</u>
9. FINANCE CHARGES		
Bank Charges	2,569,426	938,204
Interest on ICDs	2,013,323	9,113,466
Interest on Term Loan	2,852,928	438,808
Interest on Others	37,233	311,170
	<u>7,472,910</u>	<u>10,801,648</u>
TOTAL RUPEES	<u>345,323,221</u>	<u>81,944,376</u>

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

SCHEDULE "7" - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

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 *		25%

* During the year company changed its rate of depreciation on vehicles to 25% from 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
3.	Goodwill	Amortised over a period of 5 years

SCHEDULE "1" TO "7" ANNEXED TO AND FORMING PART OF THE ACCOUNTS**SCHEDULE "7" - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (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 the lower of the acquisition / production cost and the corresponding net realisable value. 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	Standard cost adjusted for variances based on weighted average purchase price.
2.	Stock In Process	Aggregate of cost of materials, other direct costs and absorbed production overheads (including depreciation) upto stage of completion on standard cost adjusted for variances
3.	Finished Goods Produced	Aggregate of cost of materials, other direct costs and absorbed production overheads (including depreciation) on standard cost adjusted for variances and excise duty.
	Traded	Standard cost adjusted for variances based on weighted average purchase price.

The net realisable value is calculated as the estimated sales price less estimated completion and selling costs. An assessment of obsolescence in inventories is conducted regularly during the year. The value of inventories is adjusted for the estimated decrease in value attributable to items that are no longer sold or slow moving or physically damaged. If the net realisable value is lower than the acquisition cost, the carrying values are reduced to the net realisable value determined as aforesaid.

F. REVENUE RECOGNITION:

Revenue is recognised to the extent it is probable that the economic benefits will flow to the company & the revenue can be reliably measured.

(i) Sale of Product: Revenue is recognised at the time of despatch of goods.

(ii) Service Income: Revenue is recognised as & when services are rendered or as per contractual agreement.

(iii) Rental Income: Recognised pro rata over the period of contract.

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 "7" ANNEXED TO AND FORMING PART OF THE ACCOUNTS
SCHEDULE "7" - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (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 the 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. a) During the year company has gone for capital restructuring. As per the scheme of restructuring as approved by Hon'ble High Court, Bombay vide its order dated 26th February 2010, the Issue, Subscribed & Paid Up Share Capital has been reduced from 21,00,00,000 (2,10,00,000 equity shares of Rs. 10 each) to Rs. 3,89,72,000 (38,97,200 equity shares of Rs. 10 each) by cancelling and extinguishing 1,71,02,800 equity shares of Rs. 10/- each against debit balance of Profit and Loss Account amounting to Rs. 17,10,28,000/- as at March 31, 2009.
- b) During the year company increased its capital by way of Right Issue of 3,000,000 shares of Rs. 10/- each fully paid up shares amounting to Rs. 30,000,000/-.
3. On 1st April, 2009, the Company purchased Bradma Automation Group Business from Forbes & Co. Ltd for a price consideration of Rs. 10 Lacs. The Company took over Asset worth Rs. 5,69,27,846/- & Liabilities worth Rs. 7,30,69,554/- .The transaction resulted in creation of Intangible Asset in Form of "Goodwill" . Pursuant to purchase, all the Assets are in the process of being transferred in the Company's Name.

4. CONTINGENT LIABILITIES NOT PROVIDED FOR:

Rupees

	Current Year	<i>Previous Year</i>
Guarantees issued by bank	27,163,764	12,595,025

5. Estimated amount of Contracts remaining to be executed on Capital Account and not provided for Rs. 3,35,00,000/- (Previous Year Rs. 5,217,000/-)
6. "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. 3,34,838/- (Previous Year Rs. Nil). There in no interest payable to such parties."

FORBES TECHNOSYS LIMITED

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

SCHEDULE "7" - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (Contd.)

7. DISCLOSURES FOR RETIREMENT BENEFITS:

(a) Defined Contribution Plans

Contributions to defined contribution schemes such as P.F etc. are charged to P & L account as incurred. The company also provides for retirement / post retirement benefits in the form of Gratuity. Such defined benefits are charged to the Profit & Loss account based on valuations, as at balance sheet date, conducted by independent actuaries.

The Company recognised a charge of Rs.16,50,481 (Previous year Rs.657,648) for Provident Fund contribution in the Profit and Loss Account.

(b) Defined Benefit Plans	Rupees	
	Current Year	Previous Year (Refer Note 2 below)"
	NON FUNDED – GRATUITY	NON FUNDED – GRATUITY
(I) Change in Benefit Obligation		
Liability at the beginning of the year	265,860	105,713
Interest Cost	21,269	17,009
Current Service Cost	162,011	106,905
Liability transferred in	2,244,918	—
Benefits Paid	(250,962)	—
Actuarial (gain)/loss on obligations	1,033,171	36,233
Liability at the end of the year	3,476,267	265,860
(II) Expenses Recognised in the Profit and Loss Account		
Current Service Cost	162,011	106,905
Interest Cost	21,269	17,009
Expected Return on Plan Assets	—	—
Net Actuarial (Gain)/loss to be recognized	1,033,171	36,233
Expenses Recognised in Profit and Loss Account	1,216,451	160,147
(III) Actuarial Assumptions		
Discount Rate Current	8.25%	8%
Salary Escalation Current	6%	5%
Mortality Table	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate

Particulars	As at 31st March 2010	As at 31st March 2009	As at 31st March 2008
(IV) Balance Sheet Reconciliation			
Opening Net Liability	265,860	105,713	—
Expense as above	1,216,451	160,147	—
Employers Contribution	—	—	—
Amount Recognised in Balance Sheet	3,476,267	265,860	—
Experience adjustment arising on plan liability [loss/(gain)]	492,469	36,233	—

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

SCHEDULE "7" - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (Contd.)

* Notes :

1. Accounting Standard 15 (Revised 2005) 'Employee Benefits' requires the disclosure of the information mentioned under 2(a)(viii) above related to 'Net Asset / (Liability) recognised in balance sheet' for the past four years. However the information is available only for pas two years since the date of implementation of the Standard.
2. 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.
3. The above information is as certified by the actuary and relied upon by the auditors.
4. Since the Company has not done an actuarial Valuation in the year 2007-2008, the disclosures have not been given.
- (b) Compensated absences recognized in the statement of profit and loss account for the year, under employee cost in schedule 6 is Rs.2,650,309 (for the year ended 31.03.2009 Rs. 350,445)
- 8 The Company has a single business segment (namely Business Automation) 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 customers outside India.
9. **EARNINGS PER SHARE IS COMPUTED AS UNDER:**

		Rupees	
Sr. No.	Particulars	Current Year	Previous Year
1.	Loss after tax	(58,680,576)	(83,458,130)
2.	Weighted average number of equity shares outstanding during the year	20,092,357	8,673,973
3.	Earning per share (Face value being Rs. 10 per share) - (Basic & Diluted)	(2.92)	(9.62)

10 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.

11. (i) Value of Imports calculated on C.I.F. basis (Excluding items in transit and value of items locally purchased):

		Current Year	Previous Year
		Rupees	Rupees
(a)	Raw Materials & Components	12,109,317	4,559,836
(b)	Purchases for resale	7,904,139	2,177,288
		<u>20,013,456</u>	<u>6,737,124</u>
(ii)	Expenditure in Foreign Currencies for:		
(a)	Licenses / Service Charges	838,474	2,713,066
(b)	Foreign Travel	226,108	3,634
		<u>1,064,582</u>	<u>2,716,700</u>

12. (a) Raw Materials and Components consumed:

		Current Year		Previous Year	
		Quantity (In Nos.)	Value Rupees	Quantity (In Nos.)	Value Rupees
(i)	Raw Materials:				
	Capacity Cashbox	28	348,059	4	33,705
	Touch Screen	50	1,110,396	8	166,360
	TFT Monitor	1	6,491	5	31,792
	Cash Acceptor	38	1,806,756	10	418,572
	Processor	4	17,353	5	16,750
	Kiosks Enclosure	206	2,360,162	21	314,397
	Personal Computer	77	943,366	12	173,075
	Barcode Scanner	46	731,067	11	102,400
	OEM MICR Module	67	764,318	14	93,500
	Thermal Printer	82	855,327	25	217,060
	Others		3,710,890		893,717
			<u>12,654,191</u>		<u>2,461,328</u>

FORBES TECHNOSYS LIMITED

SCHEDULE "1" TO "7" ANNEXED TO AND FORMING PART OF THE ACCOUNTS**SCHEDULE "7" - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (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	
	<u>% to Total Consumption</u>	<u>Value Rupees</u>	<u>% to Total Consumption</u>	<u>Value Rupees</u>
Raw Materials and Components:				
(i) Direct Imports at landed cost	27%	9,144,020	21%	505,175
(ii) Others – Including value of imported items locally purchased	73%	3,510,717	79%	1,956,153
	<u>100</u>	<u>12,654,191</u>	<u>100</u>	<u>2,461,328</u>

13. (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 Ltd (Ultimate Holding Company)
2. Sterling Investment Corporation Private Limited
3. Forbes & Company Limited
4. Forbes Campbell Finance Limited

(B) Fellow Subsidiaries (with whom there are transactions):

1. Eureka Forbes Ltd.

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

SCHEDULE "7" - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (Contd.)

(ii) Transactions with related parties for the year ended 31st March, 2010:

(Rupees)

Nature of Transactions	Referred to in A above	Referred to in B above	Total
Purchases			
1. Goods and Materials	671,458	—	671,458
Sales			
2. Goods and Materials	—	—	—
Expenses			
3. Rent and other Service Charges*	2,763,509	103,700	2,867,209
4. Interest Paid	2,013,323	—	2,013,323
5. Other Service Charges	25,330	—	25,330
Finance			
6. Deposits Taken	29,619,471	—	29,619,471
7. Repayment of Deposits Taken	29,619,471	—	29,619,471
8. Repayment of Deposits Given	—	—	—
Outstandings			
9. Sundry Creditors	3,561,520	135,330	3,696,850
10. Sundry Debtors	1,160,078	—	1,160,078

(iii) The above Transactions include:-

- All the amount referred in table 'A' are with single party viz, Forbes & Company Limited
- * Includes Rs. 1,141,900/- towards reimbursement of expenses an account of Custom Duty, Warehouse Charges, etc.

13. (b) Related Party Disclosures (Previous Year)

(i) Names of related parties and nature of related party relationship.

(A) Holding Company/ Ultimate Holding Company:

- Shapoorji Pallonji & Company Limited (Ultimate Holding Company)
- Sterling Investment Corporation Private Limited (Holding Company)
- Forbes & Company Limited (Holding Company)
- Forbes Finance Limited (Holding Company)

(B) Fellow Subsidiaries (with whom there are transactions):

- Eureka Forbes Limited
- Gokak Textiles Limited

FORBES TECHNOSYS LIMITED

SCHEDULE "1" TO "7" ANNEXED TO AND FORMING PART OF THE ACCOUNTS**SCHEDULE "7" - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (Contd.)****(ii) Transactions with related parties for the year ended 31st March, 2009:**

Nature of Transactions	Referred to in A above	Referred to in B above	Total
Purchases			
1. Goods and Materials	86,736	—	86,736
Sales			
2. Goods and Materials	2,444,240	—	2,444,240
Expenses			
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
Income			
6. Interest Received	640,411	—	640,411
Finance			
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
Outstandings			
13. Sundry Creditors	—	192,744	192,744

(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

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

SCHEDULE "7" - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (Contd.)

14. (a) Information for each class of goods manufactured and traded during the year ended 31st March, 2010

Product	Unit	Licensed Capacity (Per Annum)	Installed Capacity	Actual Production	Quantity Mfg.	Opening Stock		Purchases		Stock Transferred on Demerger		Capitalised		Closing Stock		Sales	
						Quantity	Value Rupees	Quantity	Value Rupees	Quantity	Value Rupees	Quantity	Value Rupees	Quantity	Value Rupees	Quantity	Value Rupees
For Traded goods																	
1. Cheque Truncation System (Hardware) *	NOS.	—	—	—	26	1,168,592	104	2,964,677					137	1,175,664	104	4,297,881	
2. Cheque Truncation System (Software)**	NOS.	—	—	—	6	421,270	93	1,084,739					16	119,080	3	10,363	
3. Kiosk ***	NOS	—	—	—	1	45,000							—	—	—		
4. Business Automation Products****	NOS	—	—	—		1,345,687		165,705,168			27,280,559			26,091,695		203,719,021	
From Manufactured Finished goods																	
5. Kiosks (Finished Goods)	NOS.	—	1,200	263	263	2,516,420	—	—				79	8,975,150	62	8,225,798	144	15,671,416
TOTAL RUPEES						5,496,969		169,754,584			27,280,559		8,975,150		35,612,237		223,698,680

* 4 Numbers of Cheque Truncation System (Hardware) were dismantled and 115 Nos were added as Stock & 4 Nos written off during the year. The Net effect is 111 Nos.

** 80 Nos added to Other Machines make them functional.

*** Scrapped by the year

**** Comprise of Diverse automation products of different items, Various sizes, etc.

14. (b) Information for each class of goods traded during the year ended 31st March, 2009

Product	Unit	Licensed Capacity (Per Annum)	Installed Capacity	Actual Production	Quantity Mfg.	Opening Stock		Purchases		Stock Transferred on Demerger		Capitalised		Closing Stock		Sales	
						Quantity	Value Rupees	Quantity	Value Rupees	Quantity	Value Rupees	Quantity	Value Rupees	Quantity	Value Rupees	Quantity	Value Rupees
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	1,345,687		3,435,681
4. Kiosk **	NOS.				51	6,094,165								1	45,000	29	6,113,320
From Manufactured Finished goods								5,545,610							2,980,548		20,262,090
5. Kiosks (Finished Goods)	NOS.	—	1,200	75	75	—						52	9,127,437	22	2,516,420	1	273,503
TOTAL RUPEES						11,983,801		5,545,610					9,127,437		5,496,968		20,535,593

* Comprise of Diverse automation products of different items, Various sizes, etc.

** 21 Numbers of Kiosks Machines were dismantled and utilised in manufacturing activity

15. Amounts Payable in Foreign Currency

Import Goods & Services	Current Year	Previous Year
EURO	9,889	6,612
US \$	66,080	103,308

16. Figures of previous years have been regrouped wherever necessary.

For and on behalf of Board

Ashok Barat

Chairman

C. A. Karnik

Amit Mittal

S. Kuppaswamy

Directors

V. K. Vora

Company Secretary

FORBES TECHNOSYS LIMITED

INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956**I. Registration Details**

Registration No.	062425	State code	11
Balance Sheet Date	31.03.2010		

II. Capital Raised during the year (Amount in Rs. '000)

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	30,000

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. '000)

Total Liabilities	119,679	Total Assets*	119,679
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Sources of Funds

Paid-up Capital	68,972
Reserves and Surplus	–
Secured Loans	50,707

Application of Funds

Fixed Assets	50,492
Net Current Assets	10,506
Accumulated Loss	58,681

* Net of Current Liabilities and Provisions

IV. Performance of the Company (Amount in Rs. '000)

Turnover	296,436
Total Expenditure	345,323
Profit before Tax	(58,681)
Profit after Tax	(58,681)
Earning per Share in Rs.	(2.92)
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
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Ashok Barat *Chairman*

C.A. Karnik
Amit Mittal
S. Kuppuswamy } *Directors*

V. K. Vora *Company Secretary*

Mumbai, Dated: 28 July, 2010

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	For the year ended 31st March, 2010		For the year ended 31st March, 2009	
	Rupees		Rupees	
NET LOSS BEFORE TAX		(58,680,575)		(84,051,472)
Adjusted for -				
Depreciation	9,793,725		16,986,616	
Interest Income	(413,481)		(725,652)	
Provision for Impairment	—		12,735,756	
Interest and Other Finance Charges	7,472,910		10,801,648	
Provision for Doubtful Debts	—		653,026	
Unrealised Foreign Exchange Fluctuation Loss	(604,829)		794,987	
Bad Debts written off	11,526		62,872	
Assets Written Off	—		819,407	
Stock written off	—		819,381	
Provision for Employee Benefits	5,510,271		616,305	
		21,770,123		43,564,346
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		(36,910,452)		(40,487,126)
Changes in -				
Trade and Other Receivables	(36,124,053)		(396,313)	
Loans and Advances	15,480,202		(18,753,911)	
Inventories	(14,650,387)		(337,050)	
Trade Payables and Others	35,332,272		13,888,332	
	38,034		(5,598,942)	
CASH USED IN OPERATING ACTIVITIES		(36,872,418)		(46,086,068)
Less:- Taxes Paid		1,129,799		517,682
(a) NET CASH USED IN OPERATING ACTIVITIES		(38,002,217)		(46,603,750)
CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of Fixed Assets (including adjustments on account of capital work-in-progress and capital advances)	(12,468,805)		(16,248,963)	
Increase in Bank Deposits (maturity more than three months)	—		(1,305,043)	
Proceeds from sale of Fixed assets	169,509		—	
Inter Corporate Deposits Placed	(29,619,471)		(50,000,000)	
Inter Corporate Deposits Refunded	29,619,471		50,000,000	
Interest Received	80,003		532,867	
Consideration for acquiring new division	(1,000,000)		—	
(b) NET CASH USED IN INVESTING ACTIVITIES		(13,219,293)		(17,021,139)
CASH FLOW FROM FINANCING ACTIVITIES:				
Proceeds from Long Term Borrowings	8,558,000		19,949,333	
Repayment of Long Term Borrowings	(7,337,000)		—	

FORBES TECHNOSYS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010 (Contd.)

	For the year ended 31st March, 2010		For the year ended 31st March, 2009	
	Rupees		Rupees	
Proceeds from issue of Shares	30,000,000		165,000,000	
Proceeds from Short Term Borrowings	29,536,777		61,800,000	
Repayment of Short Term Borrowings	—		(170,800,000)	
Interest Paid	(7,472,910)		(10,801,648)	
(c) NET CASH FLOW FROM FINANCING ACTIVITIES		53,284,867		65,147,685
(d) NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (a)+(b)+(c) "		2,063,357		1,522,796
CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE YEAR, COMPRISING OF:				
Cash on hand	73,108		63,028	
Balances with scheduled banks on current accounts	1,466,147		—	
Balances with scheduled banks on deposit accounts	1,400,043		1,353,474	
		2,939,298		1,416,502
Add: CASH AND CASH EQUIVALENTS TRANSFERRED ON ACCOUNT OF SLUMP SALE				
Cash, Cheques on hand and remittances in transit	—		—	
Balances with scheduled banks on current accounts	3,358,221	3,358,221		—
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR, COMPRISING OF:				
Cash on hand	38,721		73,108	
Balances with scheduled banks on current accounts	207,463		1,466,147	
Balances with scheduled banks on deposit accounts	8,114,692		1,400,043	
		8,360,876		2,939,298
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		2,063,357		1,522,796

NOTES TO THE ACCOUNTS (per Schedule "7")

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

Z. F. BILLIMORIA
Partner
Membership No. 42791

Mumbai, Dated: 28 July, 2010

For and on behalf of the Board

Ashok Barat *Chairman*

C.A. Karnik
Amit Mittal
S. Kuppuswamy } *Directors*

V. K Vora *Company Secretary*

FORBES ENVIRO SOLUTIONS LIMITED
(Formerly known as Forbes Water Limited)

(a wholly owned Subsidiary Company of Eureka Forbes Limited)

Annual Report and Accounts
for the year ended 31st March, 2010

DIRECTORS:

S. L. Goklaney

Chairman

J. N. Ichhaporia

A. V. Suresh

Marzin Shroff

PRINCIPAL BANKERS:

HDFC BANK

AUDITORS:

TAM & Co.

CORPORATE OFFICE:

B1/B2 701 Marathon Innova,

7th Floor,

Off Ganpatrao Kadam Marg,

Lower Parel (W)

Mumbai - 400 013

REGISTERED OFFICE:

Bhupesh Gupta Bhavan,

1st Floor, 85,

Sayani Road,

Prabhadevi,

Mumbai - 400 025

FORBES ENVIRO SOLUTIONS LIMITED
(Formerly known as Forbes Water Limited)

DIRECTORS' REPORT

To,

The Members,

The Directors are pleased to submit their Report and the First Audited Accounts of the Company for the year ended 31st March, 2010.

1. FINANCIAL RESULTS:

	Current Year Rupees
Income From Operation & Other Income	Nil
Profit/(Loss) before Depreciation	(1,03,000)
Less : Depreciation	Nil
Profit/(Loss) before Tax	(1,03,000)
Less: Provision for Taxation	Nil
Profit/(Loss) after Tax	(1,03,000)
Profit/(Loss) b/fd of previous year	Nil
Balance carried to Balance Sheet	<u>(1,03,000)</u>

2. OPERATIONS :

During the year the Company had applied with the Registrar of Companies for change in name of Company from "Forbes Water Limited" to "Forbes Enviro Solutions Limited" and were granted the same under the Companies Act 1956 on 12th January, 2010. The Company is yet to commence its commercial operation.

(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.

(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

3. CAPITAL

During the year under review, Eureka Forbes Limited subscribed the paid up share capital of the Company which stands at Rs.5,00,000/- comprising 50,000 equity shares of Rs.10/- each.

7. INFORMATION PURSUANT TO COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988:

(a) CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION.

Since the Company is yet to commence operations 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

There are no earnings or expenses in Foreign Exchange.

4. DIRECTORS

None of the Directors retire by rotation as specified in the Articles.

5. AUDITORS

M/s TAM & Co. were appointed as the first statutory auditor for the Company on 22nd January 2009 and were to hold office till the conclusion of the 1st Annual General Meeting of the Company hence, they retire at this Annual General Meeting and offer themselves for re-appointment.

6. DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA), your Directors confirm that: -

(i) In the preparation of the Annual Accounts for the period ended March 31, 2010, the applicable accounting standards have been followed along with proper explanation relating to material departures.

For and on behalf of the Board of Directors

Mumbai, May 31, 2010

A. V. Sureah
Director

**AUDITORS' REPORT TO THE MEMBERS OF
FORBES ENVIRO SOLUTIONS LIMITED**

1. We have audited the attached Balance Sheet of FORBES ENVIRO SOLUTIONS LIMITED as at 31st March, 2010, 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. These 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 sub-Section (4A) of section 227 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, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in compliance 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 31st March, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with notes thereon 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:
 - i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - 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 the Cash Flow statement, of the Cash Flows of the Company for the period ended on that date.

For **T A M & CO.**
Chartered Accountants
Firm Reg. No. 122707W

M.Y. Bamboat
Partner
Membership No. 105794

Place : Mumbai,
Date : May 31, 2010

FORBES ENVIRO SOLUTIONS LIMITED
(Formerly known as Forbes Water Limited)

ANNEXURE TO THE AUDITOR'S REPORT

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

i) The Company has not commenced any business operations during the period under audit; hence clauses (i) to (xxi) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable.

For **T A M & CO.**
Chartered Accountants
Firm Reg. No. 122707W

M.Y. Bamboat
Partner
Membership No. 105794

Place : Mumbai,
Date : May 31, 2010

BALANCE SHEET AS AT 31ST MARCH, 2010

	<u>Schedule</u>	<u>Rupees</u>	<u>As At 31-03-2010 Rupees</u>
FUNDS EMPLOYED:			
1. SHARE CAPITAL	A		5,00,000
2. TOTAL FUNDS EMPLOYED			<u>5,00,000</u>
 APPLICATION OF FUNDS:			
3. CURRENT ASSETS, LOANS AND ADVANCES	B	5,00,000	
4. Less : CURRENT LIABILITIES AND PROVISIONS	C	<u>1,03,000</u>	
5. NET CURRENT ASSETS			3,97,000
6. PROFIT AND LOSS ACCOUNT			103,000
7. TOTAL ASSETS (NET)			<u>5,00,000</u>
8. NOTES TO THE ACCOUNTS	E		

Per our report attached

For **TAM & CO.**
Chartered Accountants
Firm Reg. No. 122707W

M.Y. BAMBOAT
Partner
Membership No. 105794

Mumbai, Dated : May 31, 2010

A V SURESH	}	<i>Directors</i>
J N ICHHAPORIA		

Mumbai, Dated : May 31, 2010

FORBES ENVIRO SOLUTIONS LIMITED
(Formerly known as Forbes Water Limited)

PROFIT AND LOSS ACCOUNT FOR THE PERIOD 26TH NOVEMBER 2008 TO 31ST MARCH 2010

	<u>Schedule</u>	<u>Current Period Rupees</u>
1. INCOME :		
Sales and Other Income		—
2. EXPENDITURE :		
a) Administration Expenses	D	103,000
3. LOSS BEFORE TAX		(103,000)
Current Year tax provision		—
4. LOSS AFTER TAX		(103,000)
5. LOSS CARRIED TO BALANCE SHEET		(103,000)
Number of Equity Shares		50,000
Weighted average number of equity shares		
Face Value per share		10
Basic and Diluted Earning Per Share		(2.06)
6. NOTES TO THE ACCOUNTS	E	

Per our report attached

For **TAM & CO.**
Chartered Accountants
 Firm Reg. No. 122707W

M.Y. BAMBOAT
Partner
 Membership No. 105794

Mumbai, Dated : May 31, 2010

A V SURESH	}	<i>Directors</i>
J N ICHHAPORIA		

Mumbai, Dated : May 31, 2010

CASH FLOW STATEMENT FOR THE PERIOD 26TH NOVEMBER 2008 TO 31ST MARCH 2010

	<u>Rupees</u>	<u>Rupees</u>
NET LOSS BEFORE TAX AND EXTRA ORDINARY ITEMS		(1,03,000)
OPERATING LOSS BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS		(1,03,000)
Changes in -		
Trade Payables and others	<u>1,03,000</u>	
CASH GENERATED FROM OPERATIONS		<u>1,03,000</u>
(a) NET CASH FROM OPERATING ACTIVITIES		
CASH FLOW FROM INVESTING ACTIVITIES:		—
(b) NET CASH FROM /(USED) IN INVESTING ACTIVITIES		
CASH FLOW FROM FINANCING ACTIVITIES		
Share Capital	<u>5,00,000</u>	
(c) NET CASH FROM/ (USED) IN FINANCING ACTIVITIES		<u>5,00,000</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		<u>5,00,000</u>
CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE PERIOD, COMPRISING :		—
CASH AND CASH EQUIVALENTS AS AT THE END OF THE PERIOD, COMPRISING :		
Balances with scheduled banks on Current accounts,	<u>5,00,000</u>	
NET INCREASE /(DECREASE) AS DISCLOSED ABOVE		<u>5,00,000</u>

Per our report attached

For **TAM & CO.**

Chartered Accountants

Firm Reg. No. 122707W

M.Y. BAMBOAT

Partner

Membership No. 105794

Mumbai, Dated : May 31, 2010

A V SURESH

J N ICHHAPORIA

} *Directors*

Mumbai, Dated : May 31, 2010

FORBES ENVIRO SOLUTIONS LIMITED
(Formerly known as Forbes Water Limited)

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31 ST MARCH, 2010

As At
31-03-2010
Rupees

SCHEDULE 'A' - SHARE CAPITAL

AUTHORISED :

50000 Equity Shares of Rs.10/- each 5,00,000

ISSUED, SUBSCRIBED AND PAID UP :

50000 Equity Shares of Rs.10/- each 5,00,000

[50,000 Shares are held by the Holding Company Eureka Forbes Limited including 6 shares held jointly with nominees]

SCHEDULE 'B' - CURRENT ASSETS, LOANS AND ADVANCES

As At
31-03-2010
Rupees

	Rupees	Rupees
1 CURRENT ASSETS		
i) Cash and Bank Balances :		
With Scheduled Banks -		
in Current Accounts	5,00,000	5,00,000
		<u>5,00,000</u>

SCHEDULE 'C' - CURRENT LIABILITIES AND PROVISIONS

As At
31-03-2010
Rupees

	Rupees	Rupees
1 CURRENT LIABILITIES		
Sundry Creditors :		
Others	92,700	92,700
Other Liabilities		10,300
		<u>1,03,000</u>

SCHEDULE 'D' - ADMINISTRATION EXPENSES

As At
31-03-2010
Rupees

	Rupees	Rupees	Rupees
1 OPERATIONAL AND OTHER EXPENSES :			
Legal and Professional Fees		25,000	
Auditors' Remuneration -			
Audit Fees	5,000		
		5,000	
Preliminary Expenses		73,000	
			<u>103,000</u>
			<u>103,000</u>

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE PERIOD ENDED 31ST MARCH, 2010

SCHEDULE 'E' - NOTES TO THE ACCOUNTS

1. Forbes Enviro Solutions Limited ("the Company", formerly known as Forbes Water Limited) is a wholly owned subsidiary of Eureka Forbes Limited, a Company incorporated under the Companies Act, 1956. The Company was incorporated on 26th November 2008 and got the certificate of commencement of business on 26th May 2009. These are the first annual accounts of the Company for the period starting from 26th November 2008 and ended on 31st March, 2010.
2. 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. 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) Revenue Recognition
Sales are recognised when goods are supplied and are recorded net of sales returns, discounts, rebates and sales tax/ VAT.
 - (c) 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.
3. 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.
4. There are no amounts, principal or interest, payable to any suppliers covered 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 are not applicable.
5. Information required in terms of Part IV of Schedule VI of the Companies Act, 1956 is attached.

Per our report attached

For **TAM & CO.**

Chartered Accountants

Firm Reg. No. 122707W

M.Y. BAMBOAT

Partner

Membership No. 105794

Mumbai, Dated : May 31, 2010

A V SURESH

J N ICHHAPORIA

} *Directors*

Mumbai, Dated : May 31, 2010

FORBES ENVIRO SOLUTIONS LIMITED
(Formerly known as Forbes Water Limited)

Details required under Accounting Standard 18 on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India - referred in note 3 in Schedule E to the Accounts for the period ended 31st March, 2010.

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

A Enterprises collectively having more than one half of voting power

Eureka Forbes Limited	Sterling Investment Corp. Pvt. Ltd.
Forbes & Co. Limited	Cyrus Investments Ltd.
Shapoorji Pallonji & Co. Ltd.	

B Enterprises that are controlled - (Subsidiary Companies)

C Fellow Subsidiaries

Aquamall Water Solutions Limited	Euro Forbes International Pte. Ltd.
Forbes Facility Services Pvt Ltd.	Forbes Aquamall Limited

D Enterprises that are under common control

Forbes Concept Hospitality Services Pvt. Ltd.	Infinite Water Solutions Pvt. Ltd.
Forbes Finance Ltd.	Latham India Ltd.
Forbes Sterling Star Ltd.	Next Gen Publishing Ltd.
Forbes Doris & Naess Maritime Ltd.	Volkart Fleming Shipping & Services 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
Equity Infusion	5,00,000			

Information referred to in Note 5 in Schedule E to the Accounts for the period ended 31st March, 2010

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. State Code

Balance Sheet Date
 Date Month Year

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

Public Issue	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Rights Issue	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Bonus Issue	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Private Placement	<input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="0"/>

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

Total Liabilities	<input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="0"/>	Total Assets	<input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="0"/>
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Source of Funds

Paid-Up Capital	<input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="0"/>	Reserves & Surplus	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Secured Loans	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Unsecured Loans	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>

Application of Funds

Net Fixed Assets	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Investments	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Net Current Assets	<input type="text" value="3"/> <input type="text" value="9"/> <input type="text" value="7"/>	Deferred Tax Assets	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Misc. Expenditure	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Accumulated Losses	<input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="3"/>

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

Turnover & Other Income	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Total Expenditure	<input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="3"/>
+ - Profit/Loss Before Tax	<input type="text" value="✓"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="3"/>	+ - Profit/Loss After Tax	<input type="text" value="✓"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="3"/>
Earnings Per Share In Rs.	<input type="text" value="-"/> <input type="text" value="0"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="6"/>	Dividend Rate %	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>

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

Item code No. (ITC Code)

Product Description

For TAM & CO.
 Chartered Accountants
 Firm Reg. No. 122707W

M.Y. BAMBOAT
 Partner
 Membership No. 105794

Mumbai, Dated : May 31, 2010

A V SURESH }
 J N ICHHAPORIA } Directors

Mumbai, Dated : May 31, 2010

FORBES CAMPBELL FINANCE LIMITED
(Formerly known as LATHAM INDIA LIMITED)

(a wholly owned Subsidiary Company)

Annual Report and Accounts
for the year ended 31st March, 2010

DIRECTORS:

Ashok Barat *Chairman*
Amit Mittal
C.A. Karnik
A.T. Shah
S.P. Kadakia
Sunetra Ganesan

BANKERS:

Standard Chartered Bank
Canara Bank

AUDITORS:

Messrs. Deloitte Haskins & Sells

REGISTERED OFFICE:

Catholic Center,
64, Armenian Street,
Chennai - 600 001

DIRECTORS' REPORT

To
The Shareholders

1. Your Directors submit their Report with the Audited Accounts of the Company for the year ended 31st March, 2010.

2. FINANCIAL RESULTS:

Summarised figures are as under :

	Current year ended 31 st March 2010 Rs. in lakhs	Previous year ended 31 st March 2009 Rs. in lakhs
(a) Profit / (Loss) before Depreciation	(953.27)	(12.37)
(b) Less: Depreciation	0.52	—
(c) Profit / (Loss) for the year before tax	(953.79)	(12.37)
(d) Less: Provision for Taxation		
– For current year	—	—
– For earlier year	—	25.69
(e) Profit / (Loss) after Tax	(953.79)	(38.06)
Add: Profit for the year ended 31.3.2009 *	85.14	—
Add: Balance brought forward from last year	(973.44)	(935.38)
Add: Balance Transfer on Amalgamation	1024.92	—
(f) Balance carried to Balance Sheet	(817.17)	(973.43)

* In respect of amalgamating companies.

3. OPERATION:

During the year, the Company incurred a loss of Rs.9.54 crores mainly due to write-off of investments in Forbes Technosys Ltd., a subsidiary company of the Company amounting to Rs.16.83 crores as per High Court Order.

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 Schemes of Amalgamation of –

- a) Seaspeed Shipping Agencies Ltd., Sea Falcon Shipping Services Ltd. and Trident Shipping Agencies Ltd. and
- b) Forbes Finance Ltd. with the Company.

The High Court of Judicature at Madras passed an Order on both the above petitions on 30th June, 2009 approving the Scheme of Amalgamation and the High Court of Judicature at Mumbai passed an Order on both the above petitions on 11th September, 2009 approving the Scheme of Amalgamation and both the orders were filed with the Registrar of Companies, Madras and Mumbai respectively.

6. CHANGE OF NAME OF THE COMPANY:

As approved by the Shareholders earlier, the name of the Company has been changed from Latham India Limited, to Forbes Campbell Finance Limited, effective from 14th June, 2010.

7. DIRECTORS:

Mr. R. T. Doshi ceased to be a Director of the Company with effect from 10th November, 2009. Mr. Ravikumar Kooliyat and Mr. Sivakumar Somasundaram ceased to be Directors of the Company with effect from 10th December, 2009. The Board places on record their sincere appreciation for the valuable services rendered by Mr. R.T. Doshi, Mr. Ravikumar Kooliyat and Mr. Sivakumar Somasundaram to the Board and the Company.

Mr. Ashok Barat, Mr. Amit Mittal and Mr. C.A.Karnik are due to retire by rotation. The Board of Directors commends their reappointment as Directors of the Company.

Mrs. Sunetra Ganesan who was appointed 'Additional Director' with effect from 12th November, 2009 would hold office upto the date of forthcoming Annual General Meeting. Being eligible, she has offered her services to act as a Director on the Board of the Company. The Board commends her appointment.

FORBES CAMPBELL FINANCE LIMITED
(Formerly known as LATHAM INDIA LIMITED)

8. BUY-BACK OF SHARES OF THE COMPANY:

During the year, the Company bought back 7,50,000 Equity Shares of Rs.10/- each at a price of Rs.67.50 per share, amounting to Rs.5,06,25,000. Consequently the total paid-up capital of the Company as on 31st March, 2010 stands reduced to Rs.3,86,41,310.

The buy-back of shares was proposed in view of the accumulated free reserves and satisfactory liquidity. It was also expected to lead to reduction of outstanding equity shares, which would lead to increase in earnings per share and return on equity of the Company in future, thereby creating long-term value for the Shareholders.

9. 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.

10. COMPLIANCE CERTIFICATE:

The Company has obtained a Compliance Certificate as required under proviso to Section 383A of the Companies Act, 1956 from Mr. Sanjay Dholakia, Practising Company Secretary and the same is attached to this Report.

11. AUDITORS:

You are requested to appoint Auditors for the current year to hold office from the conclusion of the forthcoming Annual General Meeting of the Company to the following Annual General Meeting of the Company, and to fix their remuneration.

12. 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".

13. 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

Mumbai,
Dated : 28th July, 2010

Ashok Barat
Chairman

FORM
[SEE RULE 3]
COMPLIANCE CERTIFICATE

To
The Members,
FORBES CAMPBELL FINANCE LIMITED

We have examined the registers, records, books and papers of Forbes Campbell Finance Limited (formerly known as 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 31st March, 2010. 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 are not applicable to public limited companies.
4. The Board of Directors duly met 5 times on 26th June, 2009, 18th September, 2009, 16th November, 2009, 5th January, 2010 and 26th February, 2010 and Circular Resolutions were passed on 4th May, 2009, 27th August, 2009, 25th September, 2009, 20th October, 2009, 12th November, 2009 and 10th December, 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.
6. The annual general meeting for the financial year ended on 31st March, 2009 was held on 2nd September, 2009 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 14th October, 2009 and 26th February, 2010 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 transmission of securities during the financial year. The Company has approved the transfer of shares during the year and allotted shares during the year.
 - (ii) not declared any Dividend declared during the financial year.
 - (iii) not paid any cheques/drafts to the members 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 year.
15. No Managing Director/Whole Time Director/Manager was 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 or such other applicable authorities as may be prescribed in the Act during the year under review. However in respect of Schemes of Amalgamation of

FORBES CAMPBELL FINANCE LIMITED
(Formerly known as LATHAM INDIA LIMITED)

Seaspeed Shipping Agency Limited, Sea Falcon Shipping Services Limited and Trident Shipping Agencies Limited with the Company and Forbes Finance Limited with the Company, the company obtained the Orders of the Hon'ble High Court, Mumbai and Madras after complying the various provisions of the Act and rules made thereunder.

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 allotted and issued equity shares during the financial year.
20. The company has bought back 7,50,000 Equity shares during the financial year after complying with the provisions of the Act.
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 any deposits during the financial year.
24. The company has made not made any borrowings during the financial year.
25. The company has not 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. However the Company has made investments in bodies Corporate and necessary entries have been made in the Register kept for the purpose during the year.
26. The company has not altered the provisions of the memorandum with respect to situation of the company's registered office from one state to another during the year under scrutiny.
27. The company has not altered the provisions of the memorandum with respect to the objects of the company during the year under scrutiny.
28. The company has not altered the provisions of the memorandum with respect to name of the company during the year under scrutiny.
29. The company has not altered the provisions of the memorandum with respect to share capital of the company regarding during the year under scrutiny.
30. The company has altered its articles of association during financial year.
31. There was no prosecution initiated against or show cause notices received by the company during the financial year for offences under the Act.
32. The company has not received any money as security from its employees during the financial year under certification as per provisions of section 417(1) of the Act.
33. The company was not required to deposit both employee's and employer's contribution to Provident Fund with prescribed authorities pursuant to section 418 of the Act.

For **Sanjay Dholakia & Associates**

(SANJAY R. DHOLAKIA)
Practising Company Secretary
Proprietor

Mumbai,
Date: 28th July, 2010

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.
6. Register of Charges u/s 143.

For **Sanjay Dholakia & Associates**

(SANJAY R. DHOLAKIA)
Practising Company Secretary
Proprietor

Mumbai,
Date: 28th July, 2010

Annexure B

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending on 31st March, 2010.

1. Form 23AC for Balance Sheet as at 31/3/2009 and Form 23ACA for Profit & Loss Account for the year ended 31st March, 2009 filed with the Registrar of Companies, Tamilnadu on 17th September, 2009.
2. Form 20B for Annual Return made up to 2nd September, 2009, filed with the Registrar of Companies, Tamilnadu on 18th September, 2009.
3. Form 66 for Compliance Certificate for the year ended 31st March, 2009 as required u/s. 383A of the Companies Act, 1956, was filed with the Registrar of Companies, Tamilnadu on 15th September, 2009.
4. Form 32 for Regularisation and resignation of appointment of Director w e f 2nd September, 2009 was filed with the Registrar of Companies, Tamilnadu on 10th September, 2009.
5. Form 23 for Special Resolution passed at the Extra Ordinary General Meeting held on 14th October, 2009 was filed with the Registrar of Companies, Tamilnadu on 3rd November, 2009.
6. Form 23 for Special Resolution passed at the Extra Ordinary General Meeting held on 26th February, 2010 was filed with the Registrar of Companies, Tamilnadu on 17th March, 2010.
7. Form 4A and Form 62 for Special Resolution passed at the Extra Ordinary General Meeting held on 26th February, 2010 for buy back of shares and declaration of solvency were filed with the Registrar of Companies, Tamilnadu on 17th March, 2010.
8. Form 61 in respect of Scheme of Amalgamation of Seaspeed Shipping Agency Limited, Sea Falcon Shipping Services Limited and Trident Shipping Agencies Limited with the Company was filed with the Registrar of Companies, Tamilnadu on 18th May, 2009.
9. Form 61 in respect of Scheme of Amalgamation of Forbes Finance Limited with the Company was filed with the Registrar of Companies, Tamilnadu on 18th May, 2009.
10. Form 21 in respect Scheme of Amalgamation passed by High Court, Chennai on 15th July, 2009 was filed with the Registrar of Companies, Tamilnadu on 12th August, 2009.
11. Form 23AA in respect keeping the Books of Accounts at Mumbai vide Board Resolution dated 26th June, 2009 was filed with the Registrar of Companies, Tamilnadu on 2nd July, 2009.
12. Form 21 in respect Scheme of Amalgamation passed by High Court, Chennai on 15th July, 2009 was filed with the Registrar of Companies, Tamilnadu on 19th September, 2009.
13. Form 21 in respect of condonation of delay for late filing of order of Amalgamation of Forbes Finance Limited with the Company passed by High Court, Chennai on 29th October, 2009 was filed with the Registrar of Companies, Tamilnadu on 16th November, 2009.
14. Form 2 for allotment of 1 share to Forbes & Co. Ltd. allotted on 18th September, 2009 was filed with the Registrar of Companies, Tamilnadu on 16th October, 2009.
15. Form 3 for allotment of 1 share to Forbes & Co. Ltd. allotted on 18th September, 2009 was filed with the Registrar of Companies, Tamilnadu on 16th October, 2009.
16. Form 32 for resignation of One Director w e f 10th November, 2009 was filed with the Registrar of Companies, Tamilnadu on 24th November, 2009.
17. Form 32 for appointment of One Director w e f 12th November, 2009 was filed with the Registrar of Companies, Tamilnadu on 26th November, 2009.
18. Form 32 for resignation of two Directors w e f 10th December, 2009 was filed with the Registrar of Companies, Tamilnadu on 18th December, 2009.
19. Form 2 in respect of allotment of 33,34,130 Equity Shares allotted on 28th January, 2010 was filed with the Registrar of Companies, Tamilnadu on 26th February, 2010.
20. Form 4C in respect of buyback of 7,50,000 Equity Shares completed on 31st March, 2010 was filed with the Registrar of Companies, Tamilnadu on 31st March, 2010.
21. Form 18 in respect of shifting of registered office within the city w e f 5th January, 2010 was filed with the Registrar of Companies, Tamilnadu on 8th January, 2010.

For **Sanjay Dholakia & Associates**

(SANJAY R. DHOLAKIA)
Practising Company Secretary
Proprietor

Mumbai,
Date: 28th July, 2010

FORBES CAMPBELL FINANCE LIMITED
(Formerly known as LATHAM INDIA LIMITED)

AUDITORS' REPORT TO THE MEMBERS OF FORBES CAMPBELL FINANCE LIMITED
(Formerly known as LATHAM INDIA LIMITED)

1. We have audited the attached Balance Sheet of **FORBES CAMPBELL FINANCE LIMITED** (formerly known as **LATHAM INDIA LIMITED**) ["the Company"] as at 31st March, 2010, 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. 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 the 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 (CARO) 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, 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, 2010;
 - 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.
5. On the basis of the written representations received from the Directors as on 31st March, 2010, as taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No. 117365W)

Z. F. Billimoria
Partner
(Membership No. 42791)

Mumbai,
Date: 28th July, 2010

ANNEXURE TO THE AUDITORS' REPORT

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

- (i) Having regard to the nature of the Company's business/activities/result, clauses (i)(c), (ii), (iv), (v)(b), (vi), (viii), (xi), (xii), (xiii), (xiv), (xvi), (xviii), (xix) and (xx) of CARO are not applicable.
- (ii) In respect of its fixed assets:
 - (a) *The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.*
 - (b) *According to the information and explanations given to us, all the assets have been physically verified by the Management during the year and also there is regular programme of verification, and accordingly, in our opinion, the physical verification of assets*

has been conducted at reasonable intervals by the management and the procedures of physical verification of assets followed by the management is reasonable and adequate in relation to the size of the company and the nature of its business. No material discrepancy has been observed during physical verification.

- (iii) In respect of loans, secured or unsecured, granted by the Company to companies, firms or other parties covered in the Register under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:
- The Company has granted loans aggregating Rs. 87,800,000 to one party during the year. At the year end, the outstanding balances of such loans was Rs. Nil and the maximum amounts involved during the year were Rs. 13,783,000 (Number of parties – One).
 - The rate of interest and other terms and conditions of loans are, in our opinion, prima facie not prejudicial to the interests of the Company.
 - The receipts of principal amounts and interest have been regular.

In respect of loans, secured or unsecured, taken by the Company from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:

- The Company had taken interest free loans aggregating Rs. 46,923,687 from one party. At the year-end, the outstanding balance of such loans taken was Rs. Nil and the maximum amount involved during the year was Rs. 46,923,687 (number of parties - One).
 - In our opinion, the other terms and conditions on which loans have been taken are not, prima facie, prejudicial to the interest of the company.
 - The company has been regular in payment of the principal amount wherever applicable.
- (iv) a) 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.
- (v) In our opinion, the internal audit functions carried out during the year by firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (vi) According to the information and explanations given to us, in respect of statutory dues:
- The Company has been regular in depositing undisputed dues, including Income-tax, Sales Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.
 - There is an undisputed amount in respect of Sales Tax dues of Rs 1,569,598 which is outstanding as on 31st March, 2010 for a period of more than six months from the date they became payable.
 - Details of dues of Income-tax and Sales Tax which have not been deposited as on 31st March, 2010 on account of disputes are given below:

Statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Amount involved (Rs.)
Madhya Pradesh Sales Tax Act	Sales Tax Demands	Commercial Tax Officer Bhopal	F.Y. 1997-1998 to 1999-2000	1,009,077
Income-tax Act	Income Tax Demands	Income-tax Appellate Tribunal	2000-2001	526,070
Income-tax Act	Income Tax Demands	Income-tax Appellate Tribunal	2003-2004	175,710
Income-tax Act	Income Tax Demands	Commissioner of Income-tax (Appeals)	2004-2005	112,448

- (vii) The accumulated losses of the Company at the end of the financial year are less than fifty percent of its net worth and the Company has incurred cash losses in the financial year and in the immediately preceding financial year.
- (viii) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks and financial institutions are not prima facie prejudicial to the interests of the Company.
- (ix) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long- term investment.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No. 117365W)

Z. F. Billimoria
Partner
(Membership No.42791)

Mumbai,
Date: 28th July, 2010

FORBES CAMPBELL FINANCE LIMITED
(Formerly known as LATHAM INDIA LIMITED)

BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule No.	Rupees	As at 31st March, 2010 Rupees	As at 31st March, 2009 Rupees
I. SOURCES OF FUNDS				
(1) SHAREHOLDERS' FUNDS				
(a) Share Capital	"1"	38,641,310		12,800,000
(b) Reserves and Surplus	"2"	307,775,761		10,059,935
			346,417,071	22,859,935
(2) LOAN FUNDS				
Unsecured loans	"3"		—	77,401,687
TOTAL			346,417,071	100,261,622
II. APPLICATION OF FUNDS				
(1) FIXED ASSETS	"4"			
(a) Gross Block			1,579,294	—
(b) Less: Depreciation			814,342	—
(c) Net Block			764,952	—
(2) INVESTMENTS	"5"		253,697,342	18,779,616
(3) CURRENT ASSETS, LOANS AND ADVANCES	"6"			
(a) Sundry Debtors		—		—
(b) Cash and Bank Balances		3,052,771		598,051
(c) Loans and Advances		22,279,178		324,430
		25,331,949		922,481
Less: CURRENT LIABILITIES AND PROVISIONS	"7"			
(a) Current Liabilities		2,813,209		4,593,984
(b) Provisions		71,264		97,758
		2,884,473		4,691,742
NET CURRENT ASSETS			22,447,476	(3,769,261)
Profit and Loss Account	"8"		69,507,301	85,251,267
TOTAL			346,417,071	100,261,622
NOTES TO THE ACCOUNTS	"10"			

Schedules 1 to 10 form an integral part of the Financial Statements and should be read in conjunction therewith.

In terms of our report attached.

For **Deloitte Haskins & Sells**
Chartered Accountants

Z. F. BILLIMORIA
Partner

Mumbai,
Dated: 28th July, 2010

For and on behalf of the Board of Directors

ASHOK BARAT *Chairman*

AMIT MITTAL

C. A. KARNIK

A. T. SHAH

S. P. KADAKIA

SUNETRA GANESAN

Directors

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedule No	For the Year ended 31st March, 2010 Rupees	For the Year ended 31st March, 2009 Rupees
1. INCOME:			
(i) Interest on Deposits (Tax deducted at source Rs. 1,518,736; Previous Year Rs. Nil)		9,396,736	—
(ii) Dividend on long term investments in associate company		250,000	—
(iii) Profit on sale of long term investments (other than trade) including provision for diminution in value of investments no longer required of Rs. 11,288,212		65,223,125	—
(iv) Bad Debts previously written off now recovered		—	55,978
(v) Credit balance / provision for expenses no longer required		2,512,053	—
(vi) Miscellaneous Income		62,500	556,156
TOTAL		77,444,414	612,134
2. EXPENDITURE:			
Other Expenses	"9"	3,434,913	1,843,559
Provision for doubtful Loans and Advances		1,000,000	—
Loss on sale of long term investments (other than trade)		26,947	—
Investments in a subsidiary company written off (net of provision for diminution in value of investments of Rs. 374,695) (Refer Note 3 and 6 on Schedule 5)		168,292,557	—
Interest - Others		17,232	5,753
Depreciation	"4"	51,707	—
TOTAL		172,823,356	1,849,312
PROFIT/(LOSS) BEFORE TAXATION		(95,378,942)	(1,237,178)
3. Less:- PROVISION FOR TAXATION			
– for Income-tax - Current		—	—
– for Income-tax-For earlier years		—	2,569,032
4. PROFIT/(LOSS) AFTER TAXATION		(95,378,942)	(3,806,210)
Add: Profit for the year ended 31st March, 2009 in respect of amalgamating companies (Refer Note II (6)(a)(vi) on Schedule 10)		8,514,119	—
PROFIT/(LOSS) FOR THE YEAR		(86,864,823)	(3,806,210)
5. Add: Debit balance in profit and loss account brought forward from last year		(97,343,735)	(93,537,525)
Add: Balance transferred on Amalgamation (Refer Note II (6) on Schedule 10)		102,492,354	—
BALANCE CARRIED TO SCHEDULE 8		(81,716,204)	(97,343,735)
Basic and diluted earnings per share of face value of Rs.10 each [Refer Note II(1) on Schedule 10]		(18.83)	(2.97)

NOTES TO THE ACCOUNTS

"10"

Schedules 1 to 10 form an integral part of the Financial Statements and should be read in conjunction therewith.

In terms of our report attached.

For **Deloitte Haskins & Sells**
Chartered Accountants**Z.F. BILLIMORIA**
PartnerMumbai,
Dated: 28th July, 2010

For and on behalf of the Board of Directors

ASHOK BARAT *Chairman*

AMIT MITTAL	}	<i>Directors</i>
C. A. KARNIK		
A. T. SHAH		
S. P. KADAKIA		
SUNETRA GANESAN		

FORBES CAMPBELL FINANCE LIMITED
(Formerly known as LATHAM INDIA LIMITED)

SCHEDULES "1" TO "10" ANNEXED TO AND FORMING PART OF THE ACCOUNTS

	As at 31st March, 2010 Rupees	<i>As at 31st March, 2009 Rupees</i>
SCHEDULE "1" – SHARE CAPITAL		
1. AUTHORISED:		
4,614,200 Equity Shares of Rs. 10 each	46,142,000	46,142,000
2. ISSUED, SUBSCRIBED AND PAID-UP :		
3,864,131 (Previous Year-1,280,000) Equity Shares of Rs.10 each fully paid up [Refer Note II (6)(c) on Schedule 10]	38,641,310	12,800,000
Total	38,641,310	12,800,000

Note:

All the Equity shares are held by Forbes & Company Limited, the Holding Company and its nominees. Shapoorji Pallonji & Company Limited is the Ultimate Holding Company

SCHEDULE "2" – RESERVES AND SURPLUS

1. CAPITAL RESERVE		
Balance as per last balance sheet	10,059,935	10,059,935
Add: Surplus on Amalgamation [Refer Note II (6) on Schedule 10]	730,060	—
Less: Deficit on Amalgamation [Refer Note II (6)(a)(ii) on Schedule 10]	10,789,995	—
	—	10,059,935
2. SECURITIES PREMIUM		
Balance as per last balance sheet	—	—
Add: Balance transferred on Amalgamation [Refer Note II (6) on Schedule 10]	300,071,700	—
	300,071,700	—
3. AMALGAMATION RESERVE		
Balance as per last balance sheet	—	—
Add: Balance transferred on Amalgamation [Refer Note II (6) on Schedule 10]	204,061	—
	204,061	—
4. CAPITAL REDEMPTION RESERVES		
Balance as per last Balance Sheet	—	—
Add: Transferred from General Reserve in accordance with Section 77AA of the Companies Act, 1956 on buy-back of equity shares	7,500,000	—
	7,500,000	—
5. GENERAL RESERVE		
Balance as per last balance sheet	12,092,468	12,092,468
Add: Balance transferred on Amalgamation [Refer Note II (6) on Schedule 10]	41,950,775	—
Less: Deficit on Amalgamation [Refer Note II(6)(a)(ii) on Schedule 10]	3,017,731	—
Add: Adjustments on Amalgamation:		
Adjustment for differential accounting policy [Refer Note II (6)(a)(i) on Schedule 10]	74,729	—
Reversal of provision for doubtful loans [Refer Note II (6)(a)(iii) on Schedule 10]	11,631,100	—
Reversal of deferred tax liability [Refer Note II (6)(a)(iv) on Schedule 10]	102,562	—
	62,833,903	12,092,468
Less: Amount Utilised for Buy- Back of Shares	43,125,000	—
Amount transferred to Capital Redemption Reserve	7,500,000	—
	12,208,903	12,092,468
Less: Deficit in Profit and Loss Account	12,208,903	12,092,468
	—	—
Total	307,775,761	10,059,935

SCHEDULES "1" TO "10" ANNEXED TO AND FORMING PART OF THE ACCOUNTS

	As at 31st March, 2010 Rupees	As at 31st March, 2009 Rupees
SCHEDULE "3" – UNSECURED LOANS		
Interest free loan from Trident Shipping Agencies Ltd. - an erstwhile Subsidiary Company (Repayable on demand) [Refer Note II (6) on Schedule 10]	—	6,500,000
Interest free loan from Forbes Finance Ltd. - an erstwhile Fellow Subsidiary Company (Repayable on demand) [Refer Note II (6) on Schedule 10]	—	23,978,000
Interest free loan from Forbes & Company Ltd. - the Holding Company (Repayable on demand)	—	46,923,687
Total	—	77,401,687

SCHEDULE "4" – FIXED ASSETS

Assets	GROSS BLOCK					DEPRECIATION				NET BLOCK	
	As at 1st April, 2009	Taken over on Amalga- mation (Refer Note II (6) on Schedule 10)	Additions during the year	Deductions during the year	As at 31st March, 2010	As at 1st April, 2009	Balance added on Amalga- mation (Refer Note II (6) on Schedule 10)	For the year	As at 31st March, 2010	As at 31st March, 2010	As at 31st March, 2009
Buildings	—	1,331,694	—	—	1,331,694	—	632,076	21,707	653,783	677,911	—
Furniture and Fixtures	—	102,600	—	—	102,600	—	36,479	6,495	42,974	59,626	—
Computers	—	145,000	—	—	145,000	—	94,080	23,505	117,585	27,415	—
Total	—	1,579,294	—	—	1,579,294	—	762,635	51,707	814,342	764,952	—
<i>Previous Year</i>	—	—	—	—	—	—	—	—	—	—	—

SCHEDULE "5" – INVESTMENTS

LONG TERM (FULLY PAID - UP)

1. INVESTMENT IN SUBSIDIARY COMPANIES

UNQUOTED EQUITY SHARES:

	Foot Note No.	Number	Face Value Rupees	As at 31st March, 2010 Rupees	As at 31st March, 2009 Rupees
Seaspeed Shipping Services Ltd.	1	24,000	10	—	9,406,880
Trident Shipping Agencies Ltd.	1	24,000	10	—	4,317,530
Sea Falcon Shipping Services Ltd.	1	25,000	10	—	5,055,206
Forbes Campbell Services Ltd.	2	48,998	10	493,994	—
Forbes Technosys Ltd.	3	6,897,200	10	67,826,350	—
Forbes Bumi Armada Ltd.	2	255,000	10	2,556,395	—
Forbes Bumi Armada Ltd. (partly paid-up)	4	2,550,000	10	3,825,000	—
Forbes Edumetry Ltd.	2	1,656,000	10	14,436,124	—
Forbes Smart Data Ltd.	2	50,000	10	501,270	—

2. INVESTMENT IN ASSOCIATE COMPANY

Forbes Sea Consortium Pvt. Ltd. (Unquoted)	5	—	10	—	—
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FORBES CAMPBELL FINANCE LIMITED
(Formerly known as LATHAM INDIA LIMITED)

SCHEDULES "1" TO "10" ANNEXED TO AND FORMING PART OF THE ACCOUNTS

	Foot Note No.	Number	Face Value Rupees	As at 31st March, 2010 Rupees	As at 31st March, 2009 Rupees
SCHEDULE "5" – INVESTMENTS (Contd.)					
3. OTHER THAN TRADE INVESTMENTS:					
(i) QUOTED EQUITY SHARES:					
Forbes & Company Ltd.	2	166,398	10	3,254,692	—
Gokak Textiles Ltd.	7	—	10	—	—
(ii) UNQUOTED EQUITY SHARES:					
The Swadeshi Mills Co. Ltd.	2	1,349,260	10	13,492,600	—
Forbes Tinsley Ltd.	6	—	10	—	—
P.T. Gokak, Indonesia	8	—	US\$ 1,000	—	—
Nyro Forbes Products Pvt. Ltd.	9	13,180,000	10	131,934,956	—
Nyro Forbes Moulds Pvt. Ltd.	2	2,975,000	10	29,812,084	—
				<u>268,133,465</u>	<u>18,779,616</u>
<i>Less:</i> Provision for diminution in the value of investments				14,436,123	—
				<u>253,697,342</u>	<u>18,779,616</u>
Aggregate amount of quoted investments (Market Value Rs. 64,820,341)				3,254,692	—
Unquoted Investments				250,442,650	18,779,616
				<u>253,697,342</u>	<u>18,779,616</u>

Notes:

- Equity Shares cancelled during the year pursuant to the scheme of amalgamation (Refer Note II(6) on Schedule 10)
- Equity Shares acquired on Amalgamation (Refer Note II(6) on Schedule 10)
- | | Number | Rupees |
|--|------------------|-------------------|
| (a) Equity Shares acquired on amalgamation (Refer Note II(6) on Schedule 10) | 21,000,000 | 206,117,902 |
| (b) <i>Add:</i> Subscription to right issue made during the year | 3,000,000 | 30,000,000 |
| (c) <i>Less:</i> Reduction of capital pursuant to the High Court order dated 26th February, 2010 under section 100 of the Companies Act 1956 | 17,102,800 | 168,291,552 |
| (d) Balance | <u>6,897,200</u> | <u>67,826,350</u> |
- An amount of Rs. 1.50 is paid-up per share as against face value of Rs. 10 per share on subscription to the right issue during the year. Uncalled liability on these partly paid-up shares aggregate Rs. 21,675,000
- 100,000 equity shares acquired on amalgamation (Refer Note II(6) on Schedule 10) and the Company has realised its investments of Rs. 1,000,000 on liquidation of investee company.
- 74,970 equity shares acquired on amalgamation (Refer Note II(6) on Schedule 10). During the year, the entire investments of Rs. 375,700 has been written-off consequent to liquidation of investee company.
- 83,199 equity shares acquired on amalgamation (Refer Note II(6) on Schedule 10) which have been sold during the year.
- 1,375 equity shares acquired on amalgamation (Refer Note II(6) on Schedule 10) which have been sold during the year.
- 8,380,000 equity shares acquired on amalgamation and 4,800,000 equity shares subscribed during the year.

SCHEDULES "1" TO "10" ANNEXED TO AND FORMING PART OF THE ACCOUNTS

	As at 31st March, 2010 Rupees	<i>As at 31st March, 2009 Rupees</i>
SCHEDULE "6" – CURRENT ASSETS, LOANS AND ADVANCES		
(a) SUNDRY DEBTORS:		
(i) Debts outstanding for more than six months :-		
Unsecured, Considered Doubtful	—	6,178,644
Less: Provision for Doubtful Debts	—	6,178,644
Total	—	—
(b) CASH AND BANK BALANCES:		
(i) Cash on Hand	4,834	—
(ii) Cash at Bank		
With Scheduled Banks:		
On Current Accounts	3,047,937	598,051
Total	3,052,771	598,051
(c) LOANS AND ADVANCES:		
(i) Advances recoverable in cash or in kind or for value to be received :		
(a) Unsecured, Considered Good		
MAT Credit Entitlement	95,172	95,172
Others	80,127	229,258
(b) Unsecured, Considered Doubtful	1,265,526	—
	1,440,825	324,430
Less: Provision for Doubtful Advances	1,265,526	—
	175,299	324,430
(ii) Loans to others :		
Unsecured, Considered Doubtful	3,825,400	—
Less: Provision for Doubtful Balances	3,825,400	—
	—	—
(iii) Deposits to others :		
Unsecured, Considered Doubtful	1,379,946	1,379,946
Less: Provision for Doubtful Balances	1,379,946	1,379,946
	—	—
(iv) Taxes paid less provisions including Fringe Benefit Tax	21,851,072	—
(v) Balance with Customs and Port Trust	252,807	—
Total	22,279,178	324,430

FORBES CAMPBELL FINANCE LIMITED
(Formerly known as LATHAM INDIA LIMITED)

SCHEDULES "1" TO "10" ANNEXED TO AND FORMING PART OF THE ACCOUNTS

	As at 31st March, 2010 Rupees	<i>As at 31st March, 2009 Rupees</i>
SCHEDULE "7" – CURRENT LIABILITIES AND PROVISIONS		
1. CURRENT LIABILITIES:		
(i) Sundry Creditors [Refer Note II(7) on Schedule 10]	1,243,611	1,977,035
(ii) Other Liabilities	1,569,598	2,616,949
Total	<u>2,813,209</u>	<u>4,593,984</u>
2. PROVISIONS:		
Tax provisions less payments including Fringe Benefit Tax	71,264	97,758
Total	<u>71,264</u>	<u>97,758</u>

SCHEDULE "8" – PROFIT AND LOSS ACCOUNT

Profit and Loss account balance	(81,716,204)	(97,343,735)
Add: General Reserve as per contra	12,208,903	12,092,468
Total	<u>(69,507,301)</u>	<u>(85,251,267)</u>

SCHEDULE "9" – OTHER EXPENSES

	Rupees	For the Year ended 31st March, 2010 Rupees	<i>For the Year ended 31st March, 2009 Rupees</i>
(a) Advertisement expenses		452,216	—
(b) Filing Fees for increase in Authorised Share Capital		44,931	101,420
(c) Rates and Taxes		—	225
(d) Sales tax		—	1,047,351
(e) Stamps, Telegrams, Stationery, Printing and Telephone		18,649	12,613
(f) Legal and Professional Charges		2,360,995	533,152
(g) Auditors' Remuneration:			
(i) Audit Fees	50,000		50,000
(ii) Other Services	143,000		—
(iii) Service Tax	19,879		5,150
(iv) Out of Pocket Expenses	—		—
		<u>212,879</u>	<u>55,150</u>
(h) Directors' sitting fees		21,000	—
(i) Bad debts written off	6,178,644		—
Less: Provision there against	<u>6,178,644</u>		—
		—	—
(j) Advances written off		213,420	—
(k) Miscellaneous Expenses		110,823	93,648
Total		<u>3,434,913</u>	<u>1,843,559</u>

SCHEDULES "1" TO "10" ANNEXED TO AND FORMING PART OF THE ACCOUNTS**SCHEDULE "10" – NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010****I. SIGNIFICANT ACCOUNTING POLICIES:****a) Basis of Accounting**

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

b) 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 Management's evaluation of relevant facts and circumstances as on the date of financial statements. The actual outcome may diverge from these estimates.

c) Financial Income and Borrowing Costs

Financial income and borrowing cost include interest income on bank deposits and interest expenses on loans. Interest income is accrued evenly over the period of the instruments. Borrowing costs are recognized in the period to which they relate regardless of how the funds have been utilized. Dividend income is accounted when the right to receive payment is established and known.

d) Fixed Assets

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

e) Depreciation

Depreciation is provided on straight line basis at the rates prescribed in Schedule XIV of the Companies Act, 1956.

f) Investments

Long Term Investments are valued at cost less provision for diminution other than temporary in value, if any.

g) 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 recognized in the financial statements. Deferred tax are recognized 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 utilized. When the Company carries forward unused tax losses and unabsorbed depreciation, deferred tax assets are recognized 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 realized. 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 utilized.

h) Provisions and Contingencies

A provision is recognized 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. Reimbursement against a provision is recognized as a separate asset based on the virtual certainty of recovery. Contingent liabilities are disclosed in the notes to the financial statements. A contingent asset is neither recognized nor disclosed.

i) 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.

j) Cash and Cash Equivalents

Cash and Bank balances and current Investments that have insignificant risk of change in value, which have duration's up to three months, are included in the Company's Cash and Cash Equivalents in the Cash Flow Statement.

FORBES CAMPBELL FINANCE LIMITED
(Formerly known as LATHAM INDIA LIMITED)

SCHEDULES "1" TO "10" ANNEXED TO AND FORMING PART OF THE ACCOUNTS

SCHEDULE "10" – NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (Contd.)

k) Earnings per Share

Basic Earnings per Share is calculated on dividing the net profit/(loss) after tax for the year attributable to equity shareholders of the Company by the weighted average number of equity shares in issue during the year.

l) Segment Reporting

As the company's activity falls within a single segment viz. investment activities, the disclosure requirements in Accounting Standard on Segment Reporting (AS – 17) notified under the Companies (Accounting Standards) Rules, 2006 is not applicable.

II. NOTES FORMING PART OF ACCOUNTS:

1. The basic/diluted earnings per share is calculated as follows:

Particulars	31st March, 2010	31st March, 2009
Net Profit/ (Loss) for the year (Rupees)	(86,864,823)	(3,806,210)
Weighted average number of equity shares (Nos.)	4,612,076	1,280,000
Basic/ diluted earnings per share (Rupees)	(18.83)	(2.97)
Nominal value per share (Rupees)	10	10

2. Contingent liabilities and other amounts not provided for are as follows:

		31st March 2010 Rupees	31st March 2009 Rupees
A	Corporate guarantee issued in favour of Union Bank of India which in turn has issued guarantee on behalf of Forbes Technosys Ltd., a subsidiary of the Company	15,000,000	—
B	Corporate guarantee issued in favour of State Bank of India for credit facilities sanctioned to Nypro Forbes Products Pvt. Ltd., a joint venture company	196,500,000	—
C	Income Tax matters in dispute under appeal	814,228	—
D	Claims against the company not acknowledged as debts.	—	16,400,000
E	Sales Tax Demands by the Madhya Pradesh Sales Tax Authorities for the year 1997-1998, 1998-1999 and 1999-2000	1,009,077	1,009,077

3. Related Party Disclosures

Name of the Related Party and nature of relationship where control exists are as under:

(A) Holding Company/ Ultimate Holding Company :

- Shapoorji Pallonji & Company Limited (Ultimate Holding Company) (SPCL)
- Sterling Investments Corporation Private Limited (Holding Company of Forbes & Company Limited) (SICPL)
- Forbes & Company Limited (Holding Company) (F&CL)

(B) Fellow Subsidiaries :

Forbes Finance Limited (FFL) [considered fellow subsidiary upto 31st March, 2009 – Refer Note II (6) below]

(C) Subsidiary Companies :

- Forbes Bumi Armada Limited (FBAL)
- Forbes Campbell Services Limited (FCSL)
- Forbes Edumetry Limited (FEL)
- Forbes Smart Data Limited (FSDL)
- Forbes Technosys Limited (FTL)
- Sea Speed Agencies Limited (SSAL) [considered subsidiary company upto 31st March, 2009 – Refer Note II (6) below]
- Sea-Falcon Shipping Services Limited (SFSSL) [considered subsidiary company upto 31st March, 2009 – Refer Note II (6) below]
- Trident Shipping Agencies Limited (TSAL) [considered subsidiary company upto 31st March, 2009 – Refer Note II (6) below]

SCHEDULES "1" TO "10" ANNEXED TO AND FORMING PART OF THE ACCOUNTS

SCHEDULE "10" – NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (Contd.)

(D) Joint Ventures:

1. Nypro Forbes Products Private Limited (NFPPL)
2. Nypro Forbes Moulds Private Limited (NFMPL)

(E) Associate Companies :

Forbes Seaconsortium India Private Limited (FSIPL) (upto 17th February, 2010)

4. In view of the absence of "virtual certainty" supported by convincing evidence of availability of sufficient future taxable income against which deferred tax assets arising from carried forward business losses and other timing differences can be realized, the same have not been recognized.
5. The company has acquired the following Joint Ventures pursuant to the Scheme of Amalgamation as referred in Note II (6) below. The Company's proportionate share in the asset, Liabilities, Contingent Liabilities, Income and Expenditure of the Joint Venture Companies is give below.

Name of the Company	Country of Incorporation	Percentage of Share-holding	As at 31st March, 2010				For the Year Ended 31st March 2010	
			Asset	Liabilities	Contingent Liabilities	Capital Commitment	Income	Expenditure
Nypro Forbes Moulds Private Limited (NFMPL)	India	50	25,847,436	23,636,890	13,055,550	—	10,822,165	17,237,367
Nypro Forbes Products Private Limited (NFPPL)	India	50	194,915,930	127,615,064	31,175,402	—	140,867,567	162,114,673

6. Amalgamation of Seaspeed Shipping Agencies Limited (SSAL), Sea-Falcon Shipping Services Limited (SFSSL), Trident Shipping Agencies Limited (TSAL) and Forbes Finance Limited (FFL) with the Company:
 - (a) During the year, SSAL, SFSSL, TSAL which are engaged in shipping activities and FFL which is engaged in lending short term funds and investing in securities, were amalgamated with the Company w.e.f. 1st April, 2008 ("appointed date") in terms of the Scheme of amalgamation ("the Scheme") sanctioned by the Honourable High Court of Jurisdiction of Madras for SSAL, SFSSL, TSAL and FFL on 30th June, 2009 and by the Honourable High Court of Jurisdiction of Bombay for SSAL, SFSSL and TSAL on 7th August, 2009 and for FFL on 11th September, 2009. All the Orders have since been received and filed with the relevant Registrar of Companies on 12th August, 2009 and 18th September, 2009 respectively. Accordingly, the scheme has been given effect to in these accounts. In order to give effect to the Scheme, the following accounting treatment has been given :-
 - (i) The amalgamation has been accounted for under the 'pooling of interest' method as prescribed by Accounting Standard 14 'Accounting for Amalgamations' as notified under the Companies (Accounting Standard) Rules, 2006. Accordingly, the assets, liabilities and reserves of SSAL, SFSSL, TSAL and FFL at their respective book values as appearing in the audited balance sheets as at 31st March, 2009, have been transferred and vested in the company, along with the profit for the year ended 31st March, 2009 recognised in the Profit and Loss Account for the year ended 31st March, 2010 (the appointed date of the scheme being 1st April, 2008). The impact of differences in the accounting policies among amalgamating companies in respect of depreciation method of an amount of Rs. 74,729 has been credited to the General Reserves of the Company, to reflect consistent accounting policies pursuant to the Scheme.
 - (ii) The net deficit on amalgamation aggregating Rs. 13,077,666 representing the excess of cost of investments of amalgamating companies in each other together with the amounts recorded as share capital issued to the shareholders of the amalgamating

FORBES CAMPBELL FINANCE LIMITED
(Formerly known as LATHAM INDIA LIMITED)

SCHEDULES "1" TO "10" ANNEXED TO AND FORMING PART OF THE ACCOUNTS

SCHEDULE "10" – NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (Contd.)

companies over the net assets of the amalgamating companies has been adjusted to the Capital Reserve by Rs. 10,789,995 and General Reserve by Rs. 3,017,731 respectively.

- (iii) As per the scheme of amalgamation, the inter – company balances shall be cancelled. Accordingly, the inter – company loans have been cancelled and provision for doubtful loans aggregating Rs. 11,631,100 in the books of account of the amalgamating companies in respect of loans given to the Company, has been reversed and credited to the General Reserve.
- (iv) The Deferred Tax Asset on amalgamation has not been recognised in the absence of virtual certainty on account of carried forward business losses of the Company and accordingly, the deferred tax liability (net) of Rs. 102,562 lying in the books of account of the amalgamating companies has been reversed.
- (v) Had the accounting treatment not been prescribed in the said High Court orders, the Capital Reserve account would have been higher and General Reserves would have been lower by Rs. 10,059,935.
- (vi) The Condensed Profit and Loss Account relating to amalgamating companies operations for the year ended 31st March 2009 is as under:

		Rupees	Rupees
I.	Income		
a.	Sales	7,479,700	
b.	Other Income	29,701,012	
		<u> </u>	37,180,712
II.	Expenditure		
a.	Trade and other expenses	8,183,333	
b.	Depreciation	154,603	
	Interest	1,090,265	
	Provision for diminution in the value of investment	12,335,819	
	Provision for doubtful loans and advances	2,826,000	
		<u> </u>	24,590,020
III.	Profit before Tax		12,590,692
IV.	Provision for Tax		
a.	Current Tax	3,338,607	
b.	Tax in respect of earlier years	23,76,573	
		<u> </u>	5,715,180
V.	Profit after Tax as per audited financial statements of SSAL, SFSSL, TSAL and FFL		6,875,512
VI.	Provision for current tax no longer required consequent to amalgamation		1,638,607
VII.	Profit for the year ended 31st March, 2009 in respect of amalgamating companies recognised in the current year ended 31st March, 2010		8,514,119

(b) Issue of shares :

- (i) Pursuant to the Scheme, no shares were issued in the case of SSAL, SFSSL and TSAL, as the Company along with the aforesaid transferor companies holds 100% of issued, subscribed and paid - up equity share capital in each of such companies.
- (ii) Pursuant to the Scheme, the shareholders of FFL i.e. Forbes & Company Limited (a Company holding 100% of shares of the Company & FFL), were allotted 1 equity share of Rs. 10 for 492,500 shares held in FFL of Rs. 10 each credited as fully paid-up. These shares were issued on 18th September, 2009.

SCHEDULES "1" TO "10" ANNEXED TO AND FORMING PART OF THE ACCOUNTS

SCHEDULE "10" – NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (Contd.)

(c) Reconciliation of Share Capital :

Particulars	No. of shares
Number of equity shares prior to amalgamation	1,280,000
Add: Shares issued by FFL to Forbes & Company Limited (a Company holding 100% of shares of the Company) on 12th December, 2008 at a premium of Rs. 90 each	3,334,130
Add: Shares to be issued to shareholders of FFL	1
Total number of shares post amalgamation	4,614,131
Less: Shares bought back and extinguished at a price of Rs. 67.50 per share in accordance with Section 77A of the Companies Act, 1956. As required by Section 77AA of the Companies Act, 1956, an amount of Rs. 7,500,000/- has been transferred to Capital Redemption Reserve.	750,000
Balance as per Schedule 1 "Share Capital"	3,864,131

(d) Pending completion of relevant formalities for transfer of some of the assets and liabilities in the name of the Company, acquired pursuant to the Scheme, such assets and liabilities continue to be in the name of transferee companies.

(e) Due to amalgamation, previous year's figures may strictly not be comparable to that of the current year.

7. 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.

8. Figures for the previous year have been regrouped wherever necessary.

ASHOK BARAT *Chairman*

AMIT MITTAL

C. A. KARNIK

A. T. SHAH

S. P. KADAKIA

SUNETRA GANESAN

Directors

Mumbai,
Dated: 28th July, 2010

FORBES CAMPBELL FINANCE LIMITED
(Formerly known as LATHAM INDIA LIMITED)

Transactions with Related Parties

Particulars	F & C L		FFL		SICL		FTL		TSAL		FBAL		FEL		NPPPL		FSIPL		Total			
	31.03.2010	31.03.2009	31.03.2010	31.03.2009	31.03.2010	31.03.2009	31.03.2010	31.03.2009	31.03.2010	31.03.2009	31.03.2010	31.03.2009	31.03.2010	31.03.2009	31.03.2010	31.03.2009	31.03.2010	31.03.2009	31.03.2010	31.03.2009	31.03.2010	
Issue of shares	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Purchases	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Investments	—	—	18,732,716	—	—	—	—	30,000,000	—	—	3,825,000	—	—	—	48,000,000	—	—	—	—	81,825,000	18,732,716	
Buy-back of Shares	50,625,000	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	50,625,000	
Realisation on liquidation	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1,000,000	—	—	—	1,000,000	
Sale	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Investments	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	2,059,175	
Income	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Interest received	9,272,738	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	9,272,738	
Dividend received	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	250,000	
Finance	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Deposits taken	—	486,165	—	18,800,000	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	19,286,165	
Inter - corporate deposits given	87,800,000	—	—	—	—	—	—	—	—	—	—	—	1,000,000	—	—	—	—	—	—	—	88,800,000	
Inter - corporate deposits withdrawal	182,567,000	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	182,567,000	
Repayment of loan taken	46,923,687	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	46,923,687	
Repayment of loan given	—	—	—	—	—	—	—	—	—	—	—	—	—	—	8,600,000	—	—	—	—	—	8,600,000	
Outstanding	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Loans payable	—	46,923,687	—	23,978,000	—	—	—	—	—	6,500,000	—	—	—	—	—	—	—	—	—	—	—	77,401,687
Loans Receivable (fully provided)	—	—	—	—	—	—	—	—	—	—	—	—	3,826,000	—	—	—	—	—	—	—	—	3,826,000

Note:

17,102,800 equity shares in FTL written off pursuant to the scheme of reduction approved by the High Court on 26th February, 2010 under section 100 of the Companies Act, 1956.

**SCHEDULES ANNEXED TO AND FORMATING PART OF THE BALANCE SHEET
AS AT 31ST MARCH, 2010**

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	31.03.2010	

II. Capital raised during the year (Amount in Rs.'000)

Public Issue	Nil	Rights Issue	25841*
Bonus Issue	Nil	Private Placement	Nil

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. '000)

Total liabilities	346417	Total Assets **	346417
Source of Funds		Application of Funds	
Paid-up Capital	38641	Net Fixed Assets	765
Reserves and Surplus	307776	Investments	253697
Secured Loans	0	Net Current Assets	22448
Unsecured Loans	0	Accumulated Losses	69507

* Right Issue by Forbes Finance Ltd. before amalgamation but after the appointed date.

** Net of Current Liabilities and Provisions

IV. Performance of the company (Amount in Rs.'000)

Total Income	77444
Total Expenditure	172823
Profit/ Loss before Tax	- 95379
Profit/ Loss after Tax	- 95379
Earning per share in Rs.	- 18.83
Dividend Rate	NA

**V. Generic names of three principal products/services of company
(as per monetary terms)**

Item Code No.(ITC Code) Nil	Products Description	Finance
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ASHOK BARAT	} Directors	Chairman
AMIT MITTAL		
C. A. KARNIK		
A. T. SHAH		
S. P. KADAKIA		
SUNETRA GANESAN		

Mumbai,
Dated: 28th July, 2010

FORBES CAMPBELL FINANCE LIMITED
(Formerly known as LATHAM INDIA LIMITED)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	2009-10		2008-09	
	Rupees	Rupees	Rupees	Rupees
PROFIT/(LOSS) BEFORE TAX	(95,378,942)			(1,237,178)
Adjusted for -				
Depreciation	51,707			—
Loss on Sale of Investments	26,947			—
Dividend Income	(250,000)			—
Provision for Doubtful Loans and Advances	1,000,000			—
Profit on Sale of Investment	(65,223,125)			—
Investments in a subsidiary company written off	168,292,557			—
Credit balance / provision for expenses no longer required	(2,512,053)			56,156
Interest on Deposits	(9,396,736)			—
Interest Expenses	17,232			—
OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES	(3,372,413)			(1,181,022)
Changes in -				
Trade Payables and Others	(13,432,289)			1,195,924
Trade and Other Receivables	602,442			41,524
CASH GENERATED FROM OPERATIONS		(16,202,260)		56,426
Income Taxes paid		(1,722,892)		(85,682)
(A) NET CASH FROM/(USED IN) OPERATING ACTIVITIES		(17,925,152)		(29,256)
CASH FLOW FROM INVESTING ACTIVITIES				
Dividend Received	250,000			—
Interest on Deposits received	9,816,055			—
Repayment of inter corporate deposits placed	103,377,000			—
Inter corporate Deposits placed	(1,000,000)			—
Subscription to equity shares of subsidiary companies	(33,825,000)			—
Proceeds from realisation of investments in an associate company on liquidation	1,000,000			—
Proceeds from Sale of Investments	67,282,300			—
Subscription to equity shares of other companies	(48,000,000)			(18,779,616)
(B) NET CASH FROM INVESTING ACTIVITIES		98,900,355		(18,779,616)
CASH FLOW FROM FINANCING ACTIVITIES				
Buyback of Shares	(50,625,000)	—		—
Repayment of Borrowings	(34,041,820)	—		—
Payment of interest	(17,232)	—		—
Intercorporate Deposits received	—	—		19,286,165
(C) NET CASH FROM/(USED IN) FINANCING ACTIVITIES		(84,684,052)		19,286,165
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A) + (B) + (C)		(3,708,849)		477,293
Cash and Cash equivalent as at the commencement of the Year		598,051		120,758
Cash and cash equivalent taken over on Amalgamation (Refer Note II(6) on Schedule 10)		6,163,569		—
Cash and Cash equivalent as at the end of the year (Refer Schedule 6)		3,052,771		598,051

In terms of our report attached.

For **Deloitte Haskins & Sells**
Chartered Accountants

Z. F. BILLIMORIA
Partner

Mumbai,
Dated: 28th July, 2010

For and on behalf of the Board of Directors

ASHOK BARAT *Chairman*

AMIT MITTAL
C. A. KARNIK
A. T. SHAH
S. P. KADAKIA
SUNETRA GANESAN } *Directors*

RADIANT ENERGY SYSTEMS PRIVATE LIMITED

(a Subsidiary Company of Eureka Forbes Ltd.)

Annual Report and Accounts
for the year ended 31st March, 2010

DIRECTORS:

A.V. Suresh

Chairman

V.G. Phadnis

R.S. Moorthy

Raman Venkatesh

PRINCIPAL BANKERS:

State Bank of India

IDBI Bank

AUDITORS:

Godse Joshi & Associates

REGISTERED OFFICE:

Girija 5, Sitabaug Colony,

Vithalwadi Road,

Pune - 411 030.

RADIANT ENERGY SYSTEMS PRIVATE LIMITED

DIRECTORS' REPORT

To,

The Members,

1. Your Directors have pleasure in presenting the Twenty Second Annual Report and Audited Accounts for the financial year ended on March 31, 2010.
2. The Promoters of the Company had sold 76% of the equity capital of the Company to Eureka Forbes Ltd. and consequently the Company became the subsidiary of the said Company with effect from June 18, 2009. The Promoters, Eureka Forbes Ltd. and the Company have signed a Shareholder Agreement for the management of the Company by the Promoters and the said Company.

The Promoters subsequently, sold 12% of the equity capital of the Company to Eureka Forbes Ltd. on April 1, 2010, pursuant to the Shareholder Agreement and accordingly Eureka Forbes Ltd. currently holds 88% of the equity capital of the Company.

3. FINANCIAL RESULTS

During the financial year under review, the financial results of the company are as under.

Particulars	2009-2010 (In Rs.)	2008-2009 (In Rs.)
Turnover & Other Income	3,03,71,549	2,44,83,384
Profit before Depreciation	61,45,224	28,17,538
Depreciation	7,54,685	2,38,066
Profit before Tax	53,90,539	25,79,472
Provision for Taxation	20,00,000	6,99,972
Tax for Previous Year	Nil	Nil
Deferred Tax	(1,79,701)	1,27,431
Fringe Benefit Tax	Nil	38,426
Profit after tax	35,70,240	17,13,643
Profit brought forward from previous year	36,64,615	26,37,900
Profit available for Appropriation	72,34,855	43,51,543
APPROPRIATION:		
1. Transferred to General Reserve	5,00,000	1,78,000
2. Proposed Dividend	21,75,000	4,35,000
3. Dividend Tax	3,69,641	73,928
4. Balance carried forward to Balance Sheet	41,90,214	36,64,615

4. DIVIDEND:

In view of the good performance and good liquidity position of the company, the Directors are pleased to recommend for approval of the members a final dividend of Rs.300/- per share (Previous year – Rs.60/- per share).

5. OPERATIONS:

During the year, your Company has undergone a complete cycle of change management post acquisition of 76% shareholding by Eureka Forbes Limited, creating a vision of collaboration, implementing improved business processes and

innovative technologies which has resulted into streamlining processes, enhancing solutions range and growing revenues.

During first half of the year the performance was impacted adversely on account of sluggish real estate market, the company had received orders but the projects of company's customer's were getting delayed. This situation improved significantly during the last quarter of financial year 2009-10.

During the year under review, your Company recorded a healthy turnover of Rs.303.72 Lacs, a growth of 24% over

the previous year and has made a profit of Rs.35.70 Lacs, a growth of 108% over the previous year.

The highlights of current year being:-

- Designing, engineering and developing packaged Sewage Treatment Plants of different capacities. These packaged plants are being marketed through Forbes Professional division of Eureka Forbes Limited.
- Improved Operations and Maintenance business. The company has started competing for business of Operations and Maintenance of MBR Plants
- The company has been focusing on recruitment and retention of talent from the industry and other professional organizations, thereby creating a sound infrastructure for the future.
- Through efficient management of operations and follow up of payments, the company has managed to retain a healthy cash flow, thereby has restricted itself from availing additional loans and advances from Banks.

6. CAPITAL

During the year under review, there has been no change in the Paid up capital of the company which stands at Rs.7,25,000/- comprising of 7,250 fully paid up equity shares of Rs.100/- each.

7. DIRECTORS

Pursuant to the Company becoming a subsidiary of Eureka Forbes Ltd., Ms. Sayali Phadnis, resigned as a Director of the Company and the Board has recorded its appreciation of the services rendered by her during her tenure as Director of the Company.

As desired by Eureka Forbes Ltd., Mr. A.V. Suresh, Mr. R.S. Moorthy and Dr. Raman Venkatesh were appointed as Additional Directors of the Company with effect from June 19, 2009, and they would be retiring at the forthcoming AGM and would seek re-appointment.

8. SITTING FEES

The sitting fees payable to the Directors has been enhanced from Rs.1,000/- to Rs.3,000/- by an amendment to the Articles of Association of the Company as approved at the EGM held on April 6, 2010.

9. AUDITORS

The shareholders of the Company are requested to reappoint M/s Godse Joshi & Associates as Auditors and fix their remuneration. The existing Auditors have, under Section 224 (1B) of the Companies Act, 1956, furnished certificate of their eligibility for their reappointment.

10. EMPLOYEES

The Statement of Particulars of employees as per provisions of Section 217 (2A) of the Companies Act, 1956, read with

the Companies (Particulars of Employees) Rules, 1975 as amended, for the year ended March 31, 2010, is not required as none of the employees was getting salary of more than Rs.24,00,000/- per annum.

11. DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA), your Directors confirm that:

- (i) in the preparation of the Annual Accounts, the applicable accounting standards have been followed by the company.
- (ii) the Accounting Policies are consistently applied and reasonable prudent judgement 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 have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with provisions of the Companies 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.

12. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

Conservation of Energy :

The operations of the company do not require 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.

Technology Absorption :

The Company is in look out for absorption of new technologies. Though the Company has not acquired any new technology or intellectual property, the Company has innovated on automation and remote monitoring for sewage treatment plants.

13. The Company had no foreign exchange outflow or inflow.

14. 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.

For and behalf of the Board of Directors

(Vinay G. Phadnis)
Managing Director

Mumbai, Date: May 12, 2010

RADIANT ENERGY SYSTEMS PRIVATE LIMITED

AUDITORS' REPORT

To

The Members of Radiant Energy Systems Private Limited

We have audited the attached Balance sheet of the Company as at 31st March, 2010 and also the Profit & Loss Account 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.

We conducted our Audit in accordance with Auditing Standards generally accepted in India. These Standards require that we plan & perform the Audit to obtain reasonable assurance about whether the Financial Statements are free of material mis-statements. An Audit includes examining on a test basis, evidence supporting the amounts & disclosures in the Financial Statements. An Audit also includes assessing the Accounting principles used & significant estimates made by the management, as well as evaluating the overall Financial Statements presentation. We believe that our Audit provides a reasonable basis for our opinion.

As required by the Companies (Auditors Report) (Amendment) Order, 2004 issued by the Central Govt. of India, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said order.

Further to our comments in the Annexure referred above, we report that-

1. We have obtained all the information & explanations, which to the best of our knowledge & belief were necessary for the purpose of our Audit.
2. 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.
3. The Balance Sheet and Profit & Loss Account dealt with by this Report are in agreement with books of Accounts.
4. In our opinion, the Balance Sheet and Profit & Loss Account dealt with by this Report comply with the Accounting Standards referred to in Sec. 211 (3C) of the Companies Act 1956.
5. On the basis of written representation received from the Directors, as on 31st March, 2010, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 from being appointed as a Director in terms of Sec. 274 (1)(g) of the Companies Act 1956.
6. In our opinion and to the best of our information & 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 true & fair view in conformity with the accounting principles generally accepted in India-
 - a) In case of Balance Sheet, of the State of affairs of the Company as at 31st March, 2010 and
 - b) In case of Profit & Loss Account, of the profit for the year ended on that date.

For **GODSE JOSHI & ASSOCIATES**
Chartered Accountants

NEETA M. PALSULE
Partner
FRN – 123472W
Membership No. 114882

Place : Pune
Date : 12th May, 2010

ANNEXURE TO AUDITORS' REPORT

As per Companies (Auditor's Report) (Amendment) Order, 2004 dt. 25th Nov.04.

Re: - Radiant Energy Systems Private Limited (Referred to in Paragraph 3 of Audit Report)

1. Fixed assets –
 - The Company has maintained proper record showing full particulars including quantitative details and situation of fixed assets.
 - The management, at the end of the year, has physically verified the fixed assets and we have been informed that no material discrepancies were noticed on such verification as compared to book records.
 - The Company has not disposed off substantial part of fixed assets during the year & hence the question of its effect on going concern basis does not arise.
 2. Inventory –
 - The inventory has been physically verified during the year by the management. In our opinion the frequency of verification is reasonable.
 - The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to size of Company & nature of its business.
 - The Company is maintaining proper records of the inventory. The discrepancies noticed on verification between physical stock & book records were not material as reported by the management and the same have been properly dealt with in the books of accounts.
 3. Loans –
 - A. Loans granted – No loans – secured or unsecured - have been granted to Companies, firms or other parties listed in the register maintained u/s 301 of Companies Act 1956. Hence our comments on following matters are not attracted —
 - Number of parties & amount involved in the transactions.
 - Whether the rate of interest & other terms & conditions are prima facie prejudicial to the interest of the Company.
 - Whether receipt of principal & interest is regular.
 - In case overdue amount is more than Rs.1 lakh, whether reasonable steps have been taken by the Company for recovery of principal & interest.
 - B. Loans taken – No loans – secured or unsecured - have been taken from Companies, firms or other parties listed in the register maintained u/s 301 of Companies Act 1956. Hence our comments on following matters are not attracted —
 - Number of parties & amount involved in the transactions.
 - Whether the rate of interest & other terms & conditions are prima facie prejudicial to the interest of the Company.
 - Whether payment of principal & interest is regular.
 4. Internal control system – In our opinion & according to the information & explanations given to us, there is an adequate internal control system commensurate with the size of the Company & nature of its business with regard to purchase of inventory, & fixed assets & for sale of goods & services. In our opinion & according to the information & explanations given to us, there is no continuing failure to correct major weaknesses in the internal control system.
 5. Contracts with interested parties –
 - There were contracts or arrangements that need to be entered into a register in pursuance of Section 301 of the Companies Act.
 - According to the information & explanation given to us, the prices at which such contracts were entered into are reasonable having regard to prevailing market prices at the relevant time.
 6. Deposits – The Company has not accepted any deposits from the public. Hence our comments on compliance of the directives of Reserve Bank of India, provisions of Sec. 58A & 58AA or any other relevant provisions of the Act & the rules framed there under are not required. The nature of contravention is not applicable. No order has been passed by Company Law Board, or National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal requiring any compliance.
 7. Internal audit system – The Company is not required to have internal audit system since the Company is neither listed, nor had paid up capital & reserves exceeding Rs.50 lakhs at the commencement of financial year concerned, nor had average annual turnover exceeding Rs.5 crores for a period of three consecutive financial years immediately preceding the financial year concerned.
 8. Cost records – The Company is not required to maintain cost records as prescribed by Central Government u/s 209(1)(d) of Companies Act 1956.
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RADIANT ENERGY SYSTEMS PRIVATE LIMITED

9. Statutory dues –
- According to the information & explanations given to us, Company is regular in depositing 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 with appropriate authority.
 - No such dues were outstanding on account of any dispute pending with any forum.
10. Net worth & losses – The Company was registered on 15-01-1988. Hence the Company is registered for a period more than five years. Its accumulated losses at the end of financial year are Rs. Nil & have incurred cash loss of Rs. Nil during the financial year & in the immediately preceding financial year.
11. Defaults in repayment – The Company has not defaulted in repayment of dues to a Bank or financial institution or debenture holders. Hence it is not necessary to report the period & amount of such default.
12. Loans against pledge of securities – The Company has not granted loans or advances against the security of pledge of shares, debentures or other securities. Hence our comments on the adequacy of documents & records, or the deficiencies therein are not required.
13. Nidhi/Chit fund – The Company is not a chit fund or nidhi /mutual benefit fund/society. Hence our comments on compliance of any special statute, ratio greater than 1:20 of net own funds to deposit liability, compliance of prudential norms on income recognition & provisioning, adequacy of procedures for appraisal of credit proposal & repayment schedule based on repayment capacity of the borrower are not required.
14. Share/Securities trading – The Company is not dealing or trading in shares, securities, debentures and other investments. Hence our comments on maintenance of proper records of the transactions and contracts, and whether timely entries have been made therein; also whether the shares, securities, debentures and other securities have been held by the company, in its own name except to the extent of the exemption, if any, granted under section 49 of the Act are not required.
15. Third party guarantee – The Company has not given any guarantee for loans taken by others from bank or financial institutions. Hence our comments are not required on whether the terms and conditions are prejudicial to the interest of the Company.
16. Utilization of Term loans – The Company has not taken any term loan. Hence the purpose of utilisation of term loan does not arise.
17. Utilization of short-term funds – The funds raised by the Company on short-term basis were not used for long term investment. The long term funds raised by the Company were not used for short term investment.
18. Preferential allotment of shares – The Company has not made preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act. Hence our comments on whether the price at which shares have been issued is prejudicial to the interest of the company or not are not attracted.
19. Debentures – The Company has not issued any debentures. Hence our comments on whether security or charge has been created in respect of debentures issued are not attracted.
20. Utilization of funds raised by public issue – The Company has not raised funds by way of public issue. Hence our comments on disclosure by the management on the end use of money raised by public issues its verification are not attracted.
21. Fraud – No fraud on or by the company has been noticed or reported during the year. Hence our comments on the nature of fraud and the amount involved are not required.
22. Reasons for qualification – The reasons for any of our unfavourable or qualified report/remark are mentioned in the relevant point itself.

For **GODSE JOSHI & ASSOCIATES**
Chartered Accountants

NEETA M. PALSULE
Partner
FRN – 123472W
Membership No. 114882

Place : Pune
Date : 12th May, 2010

BALANCE SHEET AS AT 31st MARCH, 2010

	<u>Schedule</u>	<u>Rupees</u>	<u>Rupees</u>	<i>As At 31-03-2009 Rupees</i>
FUNDS EMPLOYED:				
1. SHARE CAPITAL	A	7,25,000		7,25,000
2. RESERVES AND SURPLUS	B	<u>51,38,214</u>		<u>41,12,615</u>
3. TOTAL SHAREHOLDERS' FUNDS			58,63,214	48,37,615
4. DEFERRED TAX LIABILITY (Net) (Refer Note 14)			79,092	2,58,793
5. SECURED LOANS	C		—	6,60,987
6. TOTAL FUNDS EMPLOYED			<u>59,42,306</u>	<u>57,57,395</u>
APPLICATION OF FUNDS:				
7. FIXED ASSETS :	D			
Gross Block		27,10,901		27,10,901
Less : Depreciation		<u>18,31,034</u>		<u>10,76,350</u>
Net Block			8,79,867	16,34,551
8. INVESTMENTS	E		98,932	61,500
9. CURRENT ASSETS, LOANS AND ADVANCES	F	2,03,25,410		1,07,96,099
10. Less : CURRENT LIABILITIES AND PROVISIONS	G	<u>1,53,61,903</u>		<u>67,34,755</u>
11. NET CURRENT ASSETS			49,63,507	40,61,344
12. TOTAL ASSETS (NET)			<u>59,42,306</u>	<u>57,57,395</u>
13. NOTES TO THE ACCOUNTS	J			

Per our report attached

For **GODSE JOSHI & ASSOCIATES**
Chartered Accountants

Vinay G Phadnis *Managing Director*

Neeta Palsule
Partner
Membership No. 114882
FRN -123472W

Mr A V Suresh }
R S Moorthy } *Directors*

Pune, Dated: May 12, 2010

Mumbai, Dated: May 12, 2010

RADIANT ENERGY SYSTEMS PRIVATE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	<u>Schedule</u>	<u>Rupees</u>	<u>Current Year Rupees</u>	<u>Previous Year Rupees</u>
1. INCOME :				
Sales and Other Income	H		3,03,71,549	2,44,83,384
2. EXPENDITURE :				
a) Material Cost & Other Expenses	I	2,42,11,805		2,14,14,323
b) Depreciation		7,54,685		2,38,066
c) Misc expenditure written off		—		2,40,000
d) Interest		14,520		11,523
			2,49,81,010	2,19,03,912
3. PROFIT BEFORE TAX			53,90,539	25,79,472
Current Year tax provision		20,00,000		6,99,972
Less : Deferred Tax (Refer Note 14)		1,79,701		(1,27,431)
Fringe Benefit tax provision		—		38,426
4. PROFIT AFTER TAX			35,70,240	17,13,643
5. PROFIT BROUGHT FORWARD FROM PREVIOUS YEAR			36,64,615	26,37,900
6. AMOUNT AVAILABLE FOR APPROPRIATIONS			72,34,855	43,51,543
7. APPROPRIATIONS :				
Interim Dividend		—		—
Proposed Final Dividend		21,75,000		4,35,000
Tax on Dividend		3,69,641		73,928
Transferred to General Reserve		5,00,000		1,78,000
			30,44,641	6,86,928
8. BALANCE CARRIED TO BALANCE SHEET			41,90,214	36,64,615
Number of Equity Shares			7,250	7,250
Weighted average number of equity shares				
Face Value per share			10	10
Profit After Tax available to Equity Shareholders			35,70,240	17,13,643
Basic and Diluted Earning Per Share			Rs. 492.45	Rs. 236.36
13. NOTES TO THE ACCOUNTS	J			

Per our report attached

For **GODSE JOSHI & ASSOCIATES**
Chartered Accountants

Vinay G Phadnis *Managing Director*

Neeta Palsule
Partner
Membership No. 114882
FRN -123472W

Mr A V Suresh }
R S Moorthy } *Directors*

Pune, Dated: May 12, 2010

Mumbai, Dated: May 12, 2010

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

	<u>Rupees</u>	<u>As At 31-03-2009 Rupees</u>
SCHEDULE 'A'		
SHARE CAPITAL		
AUTHORISED :		
10,000 Equity Shares of Rs.100/- each	10,00,000	10,00,000
ISSUED, SUBSCRIBED AND PAID UP :		
(Previous Year 7,250) 7,250 Equity Shares of Rs.100/- each	7,25,000	7,25,000
[5,510 Shares (<i>Previous year - Nil</i>) are held by the Holding Company Eureka Forbes Limited including 5 shares held jointly with nominees] Refer Note 10		

SCHEDULE 'B'

RESERVES AND SURPLUS

	<u>Rupees</u>	<u>Rupees</u>	<u>As At 31-03-2009 Rupees</u>
1. GENERAL RESERVE			
As per last Balance Sheet	4,48,000		2,70,000
Add : Transferred from Profit and Loss Account	5,00,000		1,78,000
		9,48,000	4,48,000
2. PROFIT AND LOSS ACCOUNT		41,90,214	36,64,615
		51,38,214	41,12,615

SCHEDULE 'C'

SECURED LOANS

	<u>Rupees</u>	<u>As At 31-03-2009 Rupees</u>
1. Cash Credit (Secured by hypothecation of stock-in-trade & book debts)	—	6,60,987
	—	6,60,987

RADIANT ENERGY SYSTEMS PRIVATE LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

SCHEDULE 'D'

FIXED ASSETS

Amount in Rupees

DESCRIPTION	GROSS BLOCK			DEPRECIATION BLOCK					NET BLOCK		
	As on 01.04.2009	Additions	Deletions	As on 31.03.2010	As on 01.04.2009	Additional Refer Note 1(b)	Depre- ciation Dep for the year	Deprecia- tion on deductions during the year	As on 31.03.2010	As on 31.03.2010	As on 31.03.2009
Plant & Machinery	6,92,619	—	—	6,92,619	4,17,716	1,44,694	18,112	—	5,80,522	1,12,097	2,74,903
Computers	10,73,042	—	—	10,73,042	4,93,561	35,191	2,17,716	—	7,46,468	3,26,574	5,79,481
Furnitures & Fixtures	4,14,364	—	—	4,14,364	70,233	88,457	46,277	—	2,04,967	2,09,397	3,44,131
Vehicles	5,30,876	—	—	5,30,876	94,840	1,23,259	80,978	—	2,99,077	2,31,799	4,36,036
Total	27,10,901	—	—	27,10,901	10,76,350	3,91,601	3,63,083	—	18,31,034	8,79,867	16,34,551
Capital Advance	—	—	—	—	—	—	—	—	—	—	—
Grand Total	27,10,901	—	—	27,10,901	10,76,350	3,91,601	3,63,083	—	18,31,034	8,79,867	16,34,551
Previous Year	20,32,637	6,78,264	—	27,10,901	8,38,284	—	2,38,066	—	10,76,350	16,34,551	11,94,354

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

	<u>Rupees</u>	<u>As At 31.03.2009 Rupees</u>
SCHEDULE 'E'		
INVESTMENTS		
INVESTMENTS (AT COST)		
CURRENT INVESTMENTS		
OTHER INVESTMENTS - QUOTED		
Face Value of Rs.10 Each		
Reliance Natural Resource Fund	1,00,000	1,00,000
(Figures in brackets indicate that of previous year)	1,00,000	1,00,000
Less: Diminution in value of Current Investments	1,068	38,500
	<u>98,932</u>	<u>61,500</u>
QUOTED INVESTMENTS	<u>98,932</u>	<u>61,500</u>
TOTAL	<u>98,932</u>	<u>61,500</u>
Market Value Of Quoted Investments	<u>98,932</u>	<u>61,500</u>
Investments acquired and sold during the year other than shown above:		

SCHEDULE 'F'

CURRENT ASSETS, LOANS AND ADVANCES

	<u>Rupees</u>	<u>Rupees</u>	<u>As At 31-03-09 Rupees</u>
1 CURRENT ASSETS			
i) Stock-in-Trade : *			
Finished Goods	—	—	
Components and Spares	1,77,993		2,49,414
* (As valued and certified by the Management)		1,77,993	2,49,414
ii) Sundry Debtors :			
(Unsecured, Considered Good unless otherwise stated)			
a) Debts outstanding for a period exceeding six months	16,44,979		5,56,963
b) Other Debts	116,85,751		50,94,184
[including Rs.35,091 (Previous Year Rs. NIL/-) due from holding company,		1,33,30,730	56,51,147
iii) Cash and Bank Balances :			
Cash on hand (Including cheques on hand Rs. /-)	53,478		58,063
With Scheduled Banks –			
in Current Accounts	8,30,188		3,54,291
in Deposit Accounts	34,34,763		31,77,850
		<u>43,18,429</u>	<u>35,90,204</u>

RADIANT ENERGY SYSTEMS PRIVATE LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

SCHEDULE 'F' (Contd.)

CURRENT ASSETS, LOANS AND ADVANCES (Contd.)

	Rupees	Rupees	<i>As At 31-03-09 Rupees</i>
2. LOANS AND ADVANCES (Unsecured, Considered Good unless otherwise stated)			
i) Advances recoverable in cash or in kind or for value to be received	5,42,943		3,13,934
ii) Advance Payment of Tax	18,43,315		7,97,875
iii) Other Deposits	1,12,000		1,93,525
		24,98,258	13,05,334
		<u>2,03,25,410</u>	<u>1,07,96,099</u>

SCHEDULE 'G'

CURRENT LIABILITIES AND PROVISIONS

	Rupees	Rupees	<i>As At 31-03-09 Rupees</i>
1. CURRENT LIABILITIES			
Sundry Creditors :			
Others	58,95,775		38,11,719
		58,95,775	38,11,719
Other Liabilities		21,91,142	12,73,448
Advances Received		10,97,572	1,94,227
2. PROVISIONS			
For Taxation		26,65,104	8,13,339
Proposed Final Dividend		21,75,000	4,35,000
For Tax on Proposed Final Dividend		3,69,641	73,928
For Expenses		6,80,296	1,33,094
For Retirement and other employee benefits		2,45,614	—
For Leave encashment		41,759	—
		<u>1,53,61,903</u>	<u>67,34,755</u>

SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	<u>Rupees</u>	<u>Rupees</u>	<i>Previous Year Rupees</i>
SCHEDULE 'H'			
SALES AND OTHER INCOME			
1) SALE OF PRODUCTS		2,44,26,068	1,70,66,250
2) INCOME FROM SERVICES		53,98,790	56,36,730
3) OTHER INCOME :			
Interest Received :			
From Deposits, Loans, Advances and Deferred Payment Scheme (Gross) (Tax deducted at source Rs.49436/- <i>Previous Year Rs.53067/-</i>)		3,07,225	2,54,065
Reversal of Provisions of earlier years		—	11,99,978
Miscellaneous Income	2,39,466		3,26,361
		2,39,466	17,80,404
		<u>3,03,71,549</u>	<u>2,44,83,384</u>

SCHEDULE 'I'

MATERIAL COST AND OTHER EXPENSES

	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>	<i>Previous Year Rupees</i>
1) PAYMENTS TO AND PROVISIONS FOR EMPLOYEES :				
Salaries, Bonus and Commission		48,51,521		36,70,750
Company's Contribution to Provident and Other Funds		4,57,681		2,45,560
Staff Welfare Expenditure		40,592		41,300
			53,49,794	39,57,610
2) OPERATIONAL AND OTHER EXPENSES :				
Rent		1,87,270		1,01,380
Repairs and Maintenance -				
Other Assets	45,700			28,128
		45,700		28,128
Insurance		25,316		45,820
Selling and Sales Promotion		—		6,790
Freight, Forwarding and Delivery		9,32,447		2,19,249
Auditors' Remuneration -				
Audit Fees	55,000			20,000
Management Services	31,000			30,000

RADIANT ENERGY SYSTEMS PRIVATE LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

SCHEDULE 'I' (contd.)

MATERIAL COST AND OTHER EXPENSES (Contd.)

	Rupees	Rupees	Previous Year Rupees
	86,000		50,000
Printing and Stationery	75,615		1,49,449
Postage, Telegrams, Telephones and Telex	79,622		74,235
Travelling and Conveyance	2,49,068		3,57,320
Legal and Professional Fees	1,20,420		1,53,098
Vehicle Expenses and Maintenance	5,09,389		189,344
Rates and Taxes	2,500		57,078
Service Charges	3,59,774		17,98,888
Other Establishment Expenses	82,511		1,59,622
Directors' Sitting Fees	12,000		—
Bad Debts/Advances Written-Off	50,618		6,11,516
		28,18,250	40,01,917
3) DIMINUTION IN VALUE OF INVESTMENTS		(37,432)	38,500
4) REMUNERATION TO DIRECTORS (Refer Note 9)		17,20,000	24,00,000
5) ADJUSTMENTS FOR STOCKS :			
Cost of Material Sold			
Opening Stock	2,49,414		2,79,074
Add : Purchases	1,42,89,772		1,09,86,636
	1,45,39,186		1,12,65,710
Less : Closing Stock	1,77,993		2,49,414
		1,43,61,193	1,10,16,296
		2,42,11,805	2,14,14,323

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

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. 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.

During the year 2009-10, company has changed method of providing depreciation on fixed assets to written down method from straight line method. As a result additional depreciation of Rs.3,91,602 has been charged to profit and loss account being differential accumulated depreciation as of April 1, 2009.

(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 has been made, as applicable.

(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.

RADIANT ENERGY SYSTEMS PRIVATE LIMITED

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

SCHEDULE 'J' (Contd.)

NOTES TO THE ACCOUNTS (Contd.)

(g) **Retirement Benefits**

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

(h) **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.

(i) **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. Nil (previous year Rs.Nil).

3. Contingent liabilities not provided for : Nil (previous year Rs. Nil).

	2009-10	2008-09
	Rupees	Rupees
4. (a) Expenditure in foreign currency :	Nil	<i>Nil</i>
(b) Remittance in Foreign Currency :	Nil	<i>Nil</i>
5. Value of Imports on C.I.F basis :	Nil	<i>Nil</i>
6. Earnings in Foreign Exchange :	Nil	<i>Nil</i>

7. The company is engaged in the business of constructing, supplying, trading and maintaining of water and waste water treatment plants, equipments, components and spares which are diversified and numerous. Accordingly it is not possible to provide quantitative details related to consumption of raw materials and opening stock, production, purchases, sales and closing stock of finished goods.

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

Defined Contribution Plan

	2009-10
Employers' contribution to Provident Fund	57,318
Employers' contribution to Pension Scheme	1,29,668

Defined Benefit Plan

Particulars related to Leave Encashment are not provided since Para 128 read in conjunction with Para 132 of AS15 (R) does not require any specific disclosures except where expense resulting from compensated absence is of such size, nature or incidence that its disclosure is relevant under Accounting Standard No. 5 or Accounting Standard No. 18

	2009-10
	Gratuity
	(Funded)
	Rs.
a. Change in benefit obligations	
Defined benefit obligation at the beginning of the year	1,77,162
Current Service cost	43,571
Interest cost	12,401
Actuarial (gain)/loss on obligations	12,480
Benefit paid	
Defined benefit obligation at the end of the year	2,45,614

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

SCHEDULE 'J' (Contd.)

NOTES TO THE ACCOUNTS (Contd.)

**2009-10
Gratuity
(Funded)
Rs.**

b Change in fair value of Plan Assets

Fair value of Plan Assets at the beginning of the year	—
Expected return on Plan Assets	—
Employer Contribution	—
Benefit paid	—
Actuarial gain/(loss) on Plan Assets	—
Fair value of Plan Assets at year end	—
Total Actuarial gain / (loss) to be recognised	

c Expenses recognised during the year (under the head "Payments to and provisions for employees – Schedule I)

Current Service cost	43,571
Interest Cost	12,401
Expected Returns on Plan Assets	—
Actuarial Gain or Loss	12,480
Expense Recognised in the Profit and Loss account@	68,452

@ Total expenses recognised in Profit and Loss account in 2009-10 for Gratuity contribution are Rs.245,614.

d Category of Assets as on 31.03.2010

Government of India Assets	Nil
Corporate Bonds	Nil
Special Deposit Scheme	Nil
State Government (Maharashtra)	Nil
Others	Nil
Total Investments	Nil

e Assumptions used in the accounting for defined benefit plans

Discount Rate	8.50%
Salary Escalation Rate	7.00%

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.

RADIANT ENERGY SYSTEMS PRIVATE LIMITED

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

SCHEDULE 'J' (Contd.)

NOTES TO THE ACCOUNTS (Contd.)

9. The Company has appointed Mr Vinay Phadnis as Managing Director for a period of five years on April 1, 2009. Remuneration of Managing Director is governed by the said agreement between the Managing Director and the Company. Details of payment of directors remuneration are provided below:

	2009-10	2008-09
	Rupees	Rupees
Mr V G Phadnis – Managing Director w.e.f. April 1, 2009	16,14,000	15,00,000
Ms Sayali V Phadnis (Director upto June 18, 2009)	1,06,000	9,00,000

- Provisions of Section 198 of Indian Companies Act, 1956 related to computation and monetary limit of director's remuneration are not applicable since at the time of appointment of Mr Vinay G Phadnis as Managing Director, the company was a private limited company.
10. The company and its shareholders as on June 18, 2009 have entered into an agreement with Eureka Forbes Limited whereby 76% of shareholding in the company has been purchased by Eureka Forbes Limited. As a result effective from June 18, 2009, company has become a subsidiary of Eureka Forbes Limited.
11. The Company is primarily engaged in business of constructing, supplying, trading and maintaining of water and waste water treatment plants, equipments, components and spares. 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.
12. 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.
13. The company has taken office premises under cancelable operating lease. Lease rental expenses included in the profit and loss account for the year is Rs.90,000 (Previous Year Rs.90,000)
14. 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 01.04.09	Charge / (Credit) during the year	Closing As at 31.03.10
Depreciation	2,58,793	(1,67,206)	91,587
Others	—	(12,495)	(12,495)
Total	2,58,793	(1,79,701)	79,092

15. 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.
16. Information required in terms of Part IV of Schedule VI of the Companies Act, 1956 is attached.
17. Figures for the previous year have been regrouped, rearranged or reclassified, wherever necessary.

Per our report attached

For **GODSE JOSHI & ASSOCIATES**
Chartered Accountants

Vinay G Phadnis *Managing Director*

Neeta Palsule
Partner
Membership No. 114882
FRN -123472W

Mr A V Suresh }
R S Moorthy } *Directors*

Pune, Dated: May 12, 2010

Mumbai, Dated: May 12, 2010

DETAILS REQUIRED UNDER ACCOUNTING STANDARD 18 ON "RELATED PARTY DISCLOSURES" ISSUED BY THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA - REFERRED IN NOTE NO. IN SCHEDULE J TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010.

(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. Enterprises that are controlled - (Subsidiary Company)	–	N.A.
C. Enterprises that are under common control	–	Waterwings Equipments Private Limited
D. Associate Company	–	N.A.
E. Joint Venture	–	N.A.
F. Key Management Personnel	–	Mr Vinay G Phadnis

(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 *
Purchases						
Goods and Materials			22,34,129			
Fixed Assets						
Sales						
Goods and Materials	30,82,851		18,30,529			
Services	1,58,114		22,060			
Fixed Assets						
Expenses						
Rent and other services						
Provision/Write offs						
Income						
Rent and other services						
Interest						
Dividend						
Provision/Write offs						
Other Recoveries						
Recovery of Expenses						
Finance						
ICDs Given						
Advances Given						
Investment in shares						
Advances Received						
Dividend paid						
Outstanding						
Payable			7,23,270			
Receivables	35,091					
ICDs Given						
Interest Receivables						
Other Deposits Given						

* Details of remuneration is disclosed in note number 9 of the notes to the accounts

RADIANT ENERGY SYSTEMS PRIVATE LIMITED

Information referred to in Note 16 in Schedule J to the Accounts for the year ended 31st March, 2010

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. <input type="text" value="U31200MH1988PTC045887"/>	State Code	<input type="text" value="1"/> <input type="text" value="1"/>
	Balance Sheet Date	<input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="0"/>		
		Date Month Year		
II.	Capital Raised during the year (Amount in Rs. Thousands)			
	Public Issue	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Rights Issue	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
	Bonus Issue	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Private Placement	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
III.	Position of mobilisation and Deployment of Funds (Amount in Rs. Thousands)			
	Total Liabilities	<input type="text" value="5"/> <input type="text" value="9"/> <input type="text" value="4"/> <input type="text" value="2"/>	Total Assets	<input type="text" value="5"/> <input type="text" value="9"/> <input type="text" value="4"/> <input type="text" value="2"/>
	Source of Funds		Reserves & Surplus	<input type="text" value="5"/> <input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="8"/>
	Paid-Up Capital	<input type="text" value="7"/> <input type="text" value="2"/> <input type="text" value="5"/>	Unsecured Loans	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
	Secured Loans	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>		
	Deferred Liabilities	<input type="text" value="7"/> <input type="text" value="9"/>		
	Application of Funds		Investments	<input type="text" value="9"/> <input type="text" value="9"/>
	Net Fixed Assets	<input type="text" value="8"/> <input type="text" value="8"/> <input type="text" value="0"/>	Deferred Tax Assets	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
	Net Current Assets	<input type="text" value="4"/> <input type="text" value="9"/> <input type="text" value="6"/> <input type="text" value="4"/>	Accumulated Losses	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
	Misc. Expenditure	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>		
IV.	Performance of Company (Amount in Rs. Thousands)			
	Turnover & Other Income	<input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="7"/> <input type="text" value="2"/>	Total Expenditure	<input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value="9"/> <input type="text" value="8"/> <input type="text" value="1"/>
	+ - Profit/Loss Before Tax	<input checked="" type="checkbox"/> <input type="text" value="5"/> <input type="text" value="3"/> <input type="text" value="9"/> <input type="text" value="1"/>	+ - Profit/Loss After Tax	<input checked="" type="checkbox"/> <input type="text" value="3"/> <input type="text" value="5"/> <input type="text" value="7"/> <input type="text" value="0"/>
	Earnings Per Share In Rs.	<input type="text" value="4"/> <input type="text" value="9"/> <input type="text" value="2"/> <input type="text" value="."/> <input type="text" value="4"/> <input type="text" value="5"/>	Dividend Rate %	<input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="0"/>
V.	Generic Names of Three Principal Products / Services of Company (As per monetary terms)			
	Item code No. (ITC Code)	<input type="text" value="N"/> <input type="text" value="."/> <input type="text" value="A"/> <input type="text" value="."/>		
	Product Description	<input type="text" value="PROJECTS AND PARTS OF WATER & WASTE WATER TREATMENT PLANTS"/>		

For **GODSE JOSHI & ASSOCIATES**
Chartered Accountants

Neeta Palsule
Partner
Membership No. 114882
FRN -123472W

Pune, Dated: May 12, 2010

Vinay G Phadnis *Managing Director*

Mr A V Suresh }
R S Moorthy } *Directors*

Mumbai, Dated: May 12, 2010

VOLKART FLEMING SHIPPING & SERVICES LIMITED

(a wholly owned Subsidiary Company)

Annual Report and Accounts
for the year ended 31st March, 2010

DIRECTORS:

Amit Mittal

Chairman

C. A. Karnik

Sunetra Ganesan

BANKERS:

Standard Chartered Bank

Union Bank of India

AUDITORS:

Batliboi & Purohit

Chartered Accountants

REGISTERED OFFICE:

Cassinath Building, A.K. Nayak Marg,

Fort, Mumbai - 400 001

VOLKART FLEMING SHIPPING & SERVICES LIMITED

DIRECTORS' REPORT

To

The Shareholders

Your Directors submit their Report and the Audited Accounts for the year ended 31st March, 2010.

1. FINANCIAL RESULTS:

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

As from 1st April, 2008 (Appointed Date) the shipping activity of the Company was demerged into Forbes & Company Ltd., pursuant to the Order dated 6th November, 2009 passed by the High Court, Bombay. Therefore, the results for the year under review include income only from realty and from professional services i.e. services relating to administrative, secretarial, realty and legal matters rendered to the holding Company, whereas the results for the previous year included income from shipping activities, also.

Therefore, the results for the current year are not directly comparable with the results for the previous year.

	(Rupees)	Current Year ended 31st March, 2010 (Rupees)	Previous Year ended 31st March, 2009 (Rupees)
(a) Operating Profit before Depreciation		38,79,488	3,36,13,730
(b) Less: Depreciation		2,30,186	14,02,784
(c) Net Profit Before Tax For the Year		36,49,302	3,22,10,946
(d) Less : Provision for Taxation			
Income Tax		6,50,000	99,34,000
Provision For Taxation Of Earlier Years			
Written Back		(8,96,000)	–
Deferred Tax		11,43,556	(69,713)
Fringe Benefit Tax		–	71,000
		8,97,556	99,35,287
(e) Net Profit for the Year After Tax			
1. From Continuing Operations		27,51,745	38,35,215
2. From Discontinued Operations		–	1,84,40,444
		27,51,745	2,22,75,659
f) Balance Bought Forward from Previous Year	3,55,81,471		2,60,62,928
Transfer To Forbes & Company Ltd on Account of Demerger	(1,72,77,884)		–
Balance Profit Retained		1,83,03,587	–
(g) Amount Available For Appropriation		2,10,55,332	4,83,38,587
(h) Less : Appropriations :			
Proposed Interim Dividend		–	90,00,000
Tax on Proposed Dividend		–	15,29,550
Transferred To General Reserves		–	22,27,566
(i) Balance Carried to Balance Sheet		2,10,55,332	3,55,81,471

2. DIRECTORATE:

Capt. S. K. Panda has resigned from the Board with effect from the close of business hours on 30th June, 2010. The Board places on record their sincere appreciation to the services rendered by Capt. Panda.

Mrs. Sunetra Ganesan was appointed as an Additional Director on the Board with effect from 30th June, 2010.

Pursuant to section 260 of the Companies Act, 1956, Mrs. Sunetra Ganesan holds 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 Mrs. Ganesan as a candidate for appointment as Director.

Mr. Amit Mittal retires from the Board of Directors by rotation and is eligible for re-appointment at the ensuing Annual General Meeting. Directors recommend their appointment.

3. 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;
- (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.

4. 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.

5. AUDITORS:

You are requested to appoint Auditors for the current year and to fix their remuneration.

6. 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.

7. 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: 30th June, 2010

VOLKART FLEMING SHIPPING & SERVICES LIMITED

ANNEXURE TO THE DIRECTORS' REPORT

Information required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

A. Conservation of Energy:

The Company's operations involve low energy consumption. Wherever possible, energy conservation measures have already been implemented and there are no major areas where further energy conservation measures can be taken. However, efforts to conserve and optimise the use of energy through operational methods will continue.

B. Forms for Disclosure of Particulars with respect to Absorption :

FORM – B

Research & Development (R & D)

1. Specific areas in which R&D carried out by the Company
2. Benefits derived as result of the above R&D
3. Future Plan of action
4. Expenditure on R&D
 - (a) Capital
 - (b) Recurring
 - (c) Total
 - (d) Total R&D expenditure as percentage of total turnover.

The Company is engaged essentially in service activities. 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. | N I L |
| 2. Total Foreign Exchange used and earned. | |
| Earned | N I L |
| Used | N I L |

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 31st March, 2010. 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 26th June, 2009, 17th September, 2009, 29th September, 2009, 16th November, 2009, 26th February, 2010 and Circular Resolution were passed on 28th April, 2009, 5th June, 2009, 15th June, 2009, 14th August, 2009, 28th August, 2009, 31st August, 2009, 26th October, 2009, 28th October, 2009, 23rd February, 2010 and 19th March, 2010 in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed.
5. The Company was not required to close its Register of Members during the financial year.
6. The annual general meeting for the financial year ended on 31st March, 2009 was held on 2nd September, 2009 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 26th October, 2009 and 26th February, 2010 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) not declared any Dividend during the financial year.
 - (iii) not paid any cheques/drafts to the members 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 no changes among 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.

VOLKART FLEMING SHIPPING & SERVICES LIMITED

17. The Company was not required to obtain any approvals of 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. However in respect of Scheme of arrangement between the Company, Forbes & Company Limited and their Shareholders and Creditors for the demerger of shipping agency division of the Company, the Company obtained the Order of the Hon'ble High Court, Mumbai after complying the various provisions of the Act and rules made thereunder. The Company got the approval from Registrar of Companies, Maharashtra for alteration of object clause on 10th November, 2009.
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. However the Company passed the necessary resolution for buy-back of 7,500 equity shares and later on not pursued the same.
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 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 : 30th June, 2010

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.
6. Register of Charges u/s 143.

For **Sanjay Dholakia & Associates**

(SANJAY R. DHOLAKIA)
Practising Company Secretary
Proprietor

Place : Mumbai

Date : 30th June, 2010

Annexure B

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending on 31st March, 2010.

1. Form 23AC for Balance Sheet as at 31/3/2009 and Form 23ACA for Profit & Loss Account for the year ended 31st March, 2009 filed with the Registrar of Companies, Maharashtra on 1st October, 2009.
2. Form 20B for Annual Return made up to 2nd September, 2009, filed with the Registrar of Companies, Maharashtra on 29th October, 2009.
3. Form 66 for Compliance Certificate for the year ended 31st March, 2009, as required u/s. 383A of the Companies Act, 1956, was filed with the Registrar of Companies, Maharashtra on 29th September, 2009.
4. Form 32 for Regularisation of appointment of Director w e f 29th September, 2009 was filed with the Registrar of Companies, Maharashtra on 29th September, 2009.
5. Form 23 for Special Resolution passed at the Extra Ordinary General Meeting held on 26th October, 2009 was filed with the Registrar of Companies, Maharashtra on 14th November, 2009.
6. Form 23 for Special Resolution passed at the Extra Ordinary General Meeting held on 26th February, 2010 was filed with the Registrar of Companies, Maharashtra on 17th March, 2010.
7. Form 4A and Form 62 for Special Resolution passed at the Extra Ordinary General Meeting held on 26th February, 2010 for buy back of shares and declaration of solvency were filed with the Registrar of Companies, Maharashtra on 17th March, 2010.
8. Form 61 in respect of Scheme of arrangement between the Company, Forbes & Company Limited and their Shareholders and Creditors for the demerger of shipping agency division of the Company, the Order of the Hon'ble High Court, Mumbai was filed with the Registrar of Companies, Maharashtra was filed on 1st July, 2009.
9. Form 21 in respect Scheme of Arrangement passed by High Court, Mumbai on 6th November, 2009 was filed with the Registrar of Companies, Maharashtra on 7th December, 2009.

For **Sanjay Dholakia & Associates**

(SANJAY R. DHOLAKIA)
Practising Company Secretary
Proprietor

Place : Mumbai

Date : 30th June, 2010

VOLKART FLEMING SHIPPING & SERVICES LIMITED

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 31st March 2010 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, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2010 from being appointed as a director under clause (g) of sub section (1) of Section 274 of the Companies Act, 1956.
 - (f) We draw attention to note v (c) in schedule 9 of the financials statement in respect of provision for Gratuity and leave Encashment
 - (g) 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 31st March, 2010;
 - (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
Firm Reg No. 101048W

KAUSHAL MEHTA
Partner
Membership No. 111749

Place : Mumbai
Dated : 30.06.2010

**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.
- (c) There was no substantial disposal of fixed assets during the year on account of demerger of the shipping division.
- 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.90 lakhs and the year- end balance of loans granted to the above party is Rs.90 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) In respect of loan granted, repayment of the principal amount is as stipulated and 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.

VOLKART FLEMING SHIPPING & SERVICES LIMITED

- 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
Firm Reg No. 101048W

KAUSHAL MEHTA
Partner
Membership No. 111749

Place : Mumbai
Dated : 30.06.2010

BALANCE SHEET AS AT 31ST MARCH 2010

	Schedule	Rupees	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
1. SOURCES OF FUNDS:				
Share Capital	" 1 "		6,000,000	6,000,000
Reserves and Surplus	" 2 "		37,559,839	76,083,843
Total Funds Employed			<u>43,559,839</u>	<u>82,083,843</u>
2. APPLICATION OF FUNDS :				
Fixed Assets	" 3 "			
(a) Gross Block		14,031,529		28,698,295
(b) <i>Less:</i> Accumulated Depreciation		<u>(9,679,183)</u>		<u>(16,053,482)</u>
(c) Net Block			4,352,346	12,644,813
Investments	" 4 "		391,451	391,451
Deferred Tax Assets (Net)			26,895	1,219,938
Current Assets, Loans and Advances	" 5 "			
(a) Sundry Debtors		28,138		5,304,955
(b) Cash and Bank Balances		3,013,737		14,760,461
(c) Loans and Advances		<u>68,412,841</u>		<u>102,803,626</u>
		71,454,716		122,869,042
<i>LESS:</i> Current Liabilities and Provisions	" 6 "			
(a) Current Liabilities		31,592,362		53,248,956
(b) Provisions		<u>1,073,207</u>		<u>1,792,445</u>
		32,665,569		55,041,401
Net Current Assets			38,789,147	67,827,641
Total Assets (Net)			<u>43,559,839</u>	<u>82,083,843</u>
Notes to the Accounts and Significant Accounting Policies	" 9 "			

The Schedules referred to above and notes to account form an integral part of the Balance Sheet.

As per our report of even date

For **BATLIBOI & PUROHIT**
Chartered Accountants
Firm Reg.No.: 101048W

KAUSHAL MEHTA
Partner
Membership No.: 111749

AMIT MITTAL

Chairman

C. A. KARNIK

SUNETRA GANESAN

Directors

Mumbai, Dated : 30.06.2010

VOLKART FLEMING SHIPPING & SERVICES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

	Schedule	Rupees	For the year ended 31.03.2010 Rupees	For the year ended 31.03.2009 Rupees
1. Income:				
Services and Other Income	" 7 "		13,812,531	112,430,140
			<u>13,812,531</u>	<u>112,430,140</u>
2. Expenditure:				
Administrative and Other Expenses	" 8 "		9,933,043	78,748,992
Voluntary Retirement and Compensation Amortised			–	67,418
Depreciation			230,186	1,402,784
			<u>10,163,229</u>	<u>80,219,194</u>
3. Net Profit / (Loss) Before Tax For the year			3,649,302	32,210,946
4. Profit from Continuing Operation Before Tax			3,649,302	6,301,287
5. Less: Provision for Tax				
Current Tax		650,000		2,483,500
Provision for Taxation of earlier years written Back		(896,000)		–
Deferred Tax		<u>1,143,556</u>		<u>(17,428)</u>
			897,556	2,466,072
6. Profit After Tax from Continuing Operation	I		2,751,746	3,835,215
7. Profit from Discontinuing Operation Before Tax			–	25,909,659
8. Less: Provision for Tax				
Current Tax			–	7,450,500
Deferred Tax			–	(52,285)
Fringe Benefit Tax			–	71,000
9. Profit After Tax from Discontinuing Operation	II		–	18,440,444
10. Net Profit for The Year After Tax	I + II		2,751,746	22,275,659
11. Balance Brought Forward From Previous Year			35,581,471	26,062,928
Transfer To Forbes And Co. Ltd. On Account of Demerger			(17,277,884)	–
Balance Profit Retained			<u>18,303,587</u>	<u>–</u>
				48,338,587
12. Amount Available For Appropriation			21,055,332	48,338,587
13. Less: Appropriations:				
(a) Proposed Interim Dividend			–	9,000,000
(b) Tax on Proposed Dividend			–	1,529,550
(c) Transferred To General Reserve			–	2,227,566
			–	<u>12,757,116</u>
14. Balance Carried to Balance Sheet			<u>21,055,332</u>	<u>35,581,471</u>
Earning Per Share				
(Refer Note No. 3 of Notes on Accounts)			46	371
15. Notes to the Accounts and Significant Accounting Policies	" 9 "			
The Schedules referred to above and notes to account form an integral part of the Balance Sheet.				

As per our report of even date

For **BATLIBOI & PUROHIT**

Chartered Accountants

Firm Reg.No.: 101048W

KAUSHAL MEHTA

Partner

Membership No.: 111749

AMIT MITTAL

Chairman

C. A. KARNIK

SUNETRA GANESAN

Directors

Mumbai, Dated : 30.06.2010

SCHEDULES "1" TO "9" ANNEXED TO & FORMING PART OF THE ACCOUNTS

SCHEDULE "1" – SHARE CAPITAL

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
1. AUTHORISED:		
1,00,000 Equity Shares of Rs.100 each	10,000,000	10,000,000
2. ISSUED & SUBSCRIBED:		
60,000 Equity Shares of Rs.100 each	6,000,000	6,000,000
(a) All Shares are held by Forbes & Co. Ltd., the Holding Company and their nominees. The ultimate Holding Company is Shapoorji Pallonji & Co. Ltd.		
(b) Of the above Shares -		
(i) 2,000 Equity Shares of Rs.100/- each were allotted as fully paid pursuant to a contract without payment being received in cash.		
(ii) 57,000 Equity Shares of Rs.100/- each were allotted as fully paid up by way of Bonus Shares by Capitalisation of Reserves and balance in Profit & Loss Account		
(iii) In the Financial Year 2000-01, the Company bought back for cancellation of 20,000 Equity Shares at Rs.655/- per share through General Reserve pursuant to Section 77A of the Companies Act, 1956		
TOTAL	6,000,000	6,000,000

SCHEDULE "2" – RESERVES & SURPLUS

	Rupees	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
(a) General Reserve			
As per Last Balance Sheet	38,502,372		35,851,163
Add : Transferred from Profit & Loss A/c			2,227,566
Add : Transferred from Investment Allowance Reserves			137,710
Add : Transferred from Foreign Project Reserves			285933
Less : Demerger Transfer	23,997,865	14,504,507	
		14,504,507	38,502,372
(b) Capital Redemption Reserve		2,000,000	2,000,000
(c) Balance in Profit and Loss Account		21,055,332	35,581,471
TOTAL		37,559,839	76,083,843

VOLKART FLEMING SHIPPING & SERVICES LIMITED

SCHEDULES “1” TO “9” ANNEXED TO & FORMING PART OF THE ACCOUNTS

SCHEDULE “3” – FIXED ASSETS

DESCRIPTION OF ASSETS	RATE OF DEPRECIATION	GROSS BOLCK				DEPRECIATION BLOCK				NET BLOCK	
		As on 01/04/2009	Additions during the Year	Deductions during the Year	As on 31/03/2010	As on 01/04/2009	Depreciation for the Period	Depreciation on deductions	Total Depreciation As on 31/03/2010	As on 31/03/2010	As on 31/03/2009
BUILDINGS	5.00%	14,121,909	–	90,380	14,031,529	9,518,172	230,186	69,175	9,679,183	4,352,346	4,603,737
PLANT & MACHINERY	13.91%	2,062,150	–	*2,062,150	–	2,044,066	–	2,044,066	–	–	18,084
DATA PROCESSING EQUIPMENTS	40.00%	2,232,502	–	*2,232,502	–	2,016,324	–	2,016,324	–	–	216,178
FURNITURE & FIJXTURES	18.10%	8,292,657	–	*8,292,657	–	1,252,045	–	1,252,045	–	–	7,040,612
OFFICE EQUIPMENTS	13.91%	1,989,077	–	*1,989,077	–	1,222,875	–	1,222,875	–	–	766,202
T O T A L	–	28,698,295	–	14,666,766	14,031,529	16,053,482	230,186	6,604,485	9,679,183	4,352,346	12,644,813
<i>Previous year</i>	–	<i>21,692,914</i>	<i>7,220,214</i>	<i>214,833</i>	<i>28,698,295</i>	<i>14,798,963</i>	<i>1,402,784</i>	<i>148,265</i>	<i>16,053,482</i>	<i>12,644,813</i>	

* The Asset have been transferred to Forbes & Co. Ltd on account of Demerger. The total written down value of the assets transferred to Forbes & Co. Ltd. is Rs.94.82 lakhs

SCHEDULE “4” – INVESTMENTS

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
LONG TERM (Unquoted Fully Paid)		
(i) 250 Shares of Rs.10/- each in Carmel Properties Pvt. Ltd.	2,500	2,500
(ii) 3,089 Debentures of Rs.100/- each of Carmel Properties Pvt. Ltd. purchased @ Rs.125.91 per Debenture	388,951	388,951
T O T A L	<u>391,451</u>	<u>391,451</u>

SCHEDULES “1” TO “9” ANNEXED TO & FORMING PART OF THE ACCOUNTS

SCHEDULE “5” – CURRENT ASSETS

	Rupees	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
(A) Sundry Debtors (Unsecured, considered Good otherwise stated)			
(i) Debts Outstanding for a period exceeding 6 Months	–		88,415
(ii) Other Debts	28,138		5,285,541
		28,138	5,373,956
Less : Provision for Doubtful Debts			69,001
TOTAL		28,138	5,304,955
(b) Cash and Bank Balances			
(i) Cash on Hand		–	57,551
(ii) With Scheduled Banks -			
On Current Account	3,013,737		14,402,910
On Deposit Account	–		300,000
		3,013,737	14,760,461
TOTAL		3,013,737	20,065,416
(c) Loans and Advances (Unsecured, considered Good otherwise stated)			
(i) Advances recoverable in cash or kind or for value to be received		1,366,352	25,223,946
(ii) Balances with Customs, Port Trusts		–	2,017,852
(iii) Other Deposits		34,850,486	35,292,230
(vi) Inter-corporate Deposits with Holding Company		9,000,000	3,500,000
(v) Loan to Gokak Textiles Ltd.			13,706,000
(vii) Interest Accrued on Deposits		–	310,693
(viii) Amount Recoverable from Holding Company		2,934,083	13,506,709
(ix) Advance Income Tax (Net of Provisions)		20,003,100	9,040,375
(x) Advance Fringe Benefit Tax (Net of Provisions)		258,821	205,821
TOTAL		68,412,841	102,803,626
TOTAL CURRENT ASSETS, LOANS & ADVANCES		71,426,579	122,869,042

VOLKART FLEMING SHIPPING & SERVICES LIMITED

SCHEDULES “1” TO “9” ANNEXED TO & FORMING PART OF THE ACCOUNTS

SCHEDULE “6” – CURRENT LIABILITIES AND PROVISIONS

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
(a) Current Liabilities		
(i) Sundry Creditors (Other than Small Scale Industrial Undertakings)	86,910	18,124,143
(ii) Due to Holding Company (Refer Note IV)	30,746,691	–
(iii) Other Liabilities	758,761	35,124,813
	<u>31,592,362</u>	<u>53,248,956</u>
(b) Provisions		
(i) Provision for Bonus	338,803	525,394
(ii) Provision for Gratuity	561,232	834,622
(iii) Provision for Leave Salary Encashment	173,172	432,429
	<u>1,073,207</u>	<u>1,792,445</u>
TOTAL	<u><u>32,665,569</u></u>	<u><u>55,041,401</u></u>

SCHEDULE “7” – SERVICES & OTHER INCOME

	For the year ended 31.03.2010 Rupees	For the year ended 31.03.2009 Rupees
(A) Income from Services Rendered (Gross) Shipping Brokerage Charges	10,999	20,890,797
(B) Yard Income	–	72,963,475
(C) Interest on Long term Investment – Other than Trade (Tax Deducted at Source Rs.700/= Previous Year Rs.700/=)	24,035	3,089
(D) Interest Received from Others (Tax Deducted at Source Rs.1,76,563/= Previous Year Rs.5,45,976/=)	1,294,123	1,369,275
(E) Rent (Tax Deducted at Source Rs.9,73,771/= Previous Year Rs.20,43,385/=)	10,914,200	10,609,560
(F) Miscellaneous Income	–	2,555,980
(G) Profit on Sale of Fixed assets	69,174	–
(H) Professional Services Rendered (Tax Deducted at Source Rs.37,851/= Previous Year Rs.4,21,631/=)	1,500,000	2,645,091
(I) Excess Provisions Written Back	–	1,392,873
TOTAL	<u><u>13,812,531</u></u>	<u><u>112,430,140</u></u>

SCHEDULES "1" TO "9" ANNEXED TO & FORMING PART OF THE ACCOUNTS

SCHEDULE "8" – ADMINISTRATIVE AND OTHER EXPENSES

	Rupees	For the year ended 31.03.2010 Rupees	<i>For the year ended 31.03.2009 Rupees</i>
1. Payments to and Provisions for Employees			
(a) Salaries, Wages & Gratuity Bonus	2,704,389		6,966,446
(b) Company's contribution to Provident and Superannuation Funds	131,652		708,128
(c) Companies Contribution to Employees' State Insurance Scheme	2,392		–
(d) Staff Welfare Expenses	14,415		184,135
		2,852,847	7,858,709
2. Other Expenses			
(a) Repairs to			
(i) Building	660,783		453,028
(ii) Others	50,446		487,687
		711,229	940,715
(b) Rent		1,454,017	2,239,330
(c) Rates & Taxes		1,366,800	1,593,350
(d) Insurance		–	365,710
(e) Electricity Charges		208,271	484,911
(f) Advertisement		–	89,318
(g) Conveyance and Travelling Expenses		60	600,614
(h) Administrative Expenses		53,796	5,413,744
(i) Sundry Office Expenses.			906,749
(j) Entertainment Expenses			46,482
(k) Miscellaneous Expenses			98,017
(l) Printing, Stationery & Telephone		33,975	1,629,171
(m) Legal & Professional Charges		3,000,748	2,441,309
(n) Directors' Fees		30,000	28,000
(o) Auditor's Remuneration			
(i) As statutory Auditors	60,000		60,000
(i) As Tax Auditors	15,000		15,000
(iii) Other Management Services	75,000		9,270
(iv) Out of Pocket Expenses	–		3,800
		150,000	88,070
(p) Yard Related Expenses		–	53,566,353
(q) Interest & Finance Charges		7,468	294,930
(r) Balances Written Off		–	38,456
(s) Loss on Sale of Assets		–	25,054
(t) Miscellaneous Expenses		63,833	–
T O T A L		9,933,043	78,748,992

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

(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) Use of Estimates

The presentation of financial statements in conformity with the generally accepted accounting principals 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 management's evaluation of relevant facts and circumstances as on the date of financial statements. The actual outcome may diverge from these estimates

(c) 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.

(d) Depreciation

Depreciation on Fixed Assets is provided Written Down Value basis at the rates specified in Schedule XIV of the Companies Act, 1956.

(e) Investments

The Company has classified its investments into long term investments which are stated at cost less provision for permanent diminution in value.

(f) Retirement Benefits

(i) The Company has defined contribution plan for Provident Fund and the Company's Contribution thereto is charged to the Profit & Loss Account. The Company makes provision for Gratuity payable to the employees, based on an actuarial valuation and the same is charged to the Profit & Loss Account. The Company also has a benefit defined Super-annuation plan and contribution made to Life Insurance Corporation of India and is charged to the Profit & Loss Account.

(ii) Provision for Leave encashment is made on the basis of actual valuation at the end of each year.

(iii) Entitlement to earned leave can be encashed or availed by employees while in service or at the time of termination if certain conditions are met. Earned leave which can be carried forward to future periods is treated as a 'Short Term Benefit' provided the employee is entitled to either encash/utilise the benefit during the twelve months after the end of the period when he became entitled to the leave and is also expected to do so. Where the encashment/availment is not expected to wholly occur in the next twelve months, the benefit is considered as 'Long Term'. The value of short term benefit is determined without discounting. Long term benefits are recognised and measured as the present value of the benefits in accordance with paragraph 129 of the revised Accounting Standards (AS-15) on Employee Benefit.

(g) Taxation

(i) Tax expenses comprises of current, deferred tax. Current Income 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.

(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.

(i) Provisions and Contingencies

A provision is recognized 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 estimates can be made. Provisions (excluding employee benefits) 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 recognized as a separate asset based on virtual certainty of recovery. Contingent liabilities are not recognized but are disclosed in the notes to the financial statements. A contingent asset is neither recognized nor disclosed.

SCHEDULES "1" TO "9" ANNEXED TO & FORMING PART OF THE ACCOUNTS

SCHEDULE "9" – NOTES TO THE ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES (Contd.)

(II) COMPONENTS OF DEFERRED TAX ASSETS AND LIABILITIES

Nature of Timing Difference	Deferred Tax (Liability) / Assets as at 31/03/2010	Deferred Tax (Liability) / Assets as at 31/03/2009
Depreciation	26,895	504,346
Items Allowed under section 43B	–	(194,779)
Items Disallowed under section 43B	–	710,774
Others	–	199,597
T O T A L	26,895	1,219,938

(III) BREAKUP OF EARNING PER SHARE

Sr. No.	Particulars	As on 31/03/2010	As on 31/03/2009
(a)	Net Profit / (Loss) Attributable to Equity Shareholders	2,751,746	22,275,659
(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	46	371

The Company has not issued any potential dilutive equity shares.

(IV) DEMERGER OF SHIPPING BUSINESS

In order to enable distinct focus to the operations of shipping agency business of the Company, the Company has demerged its shipping agency division to its holding Company, Forbes and Company Limited as per Judicature at Bombay High Courts order Dated 6th November 2009, with effect from 01st April 2008. After giving effect of the provision of the demerger scheme, an amount of Rs.307/- lakhs is payable to Forbes and Company which reflects the net profit of the shipping agency business for the year 2008-2009 and 2009-2010 which is not substantiated by actual net assets transferred to Forbes & Company Limited.

(V) EMPLOYEE BENEFIT OBLIGATION

(a) Defined Contribution Plans:

	Current Year 2009/10	Previous Year 2008/09
(i) Contribution to Employees Provident Fund	107,052	203,654
(ii) Contribution to Employees Super Annuation Fund	9,993	381,637
(iii) Contribution to Employees Pension Scheme	14,607	122,837

(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	6.00%	5.00%	6.00%	5.00%
(iii)	Rate of Discounting	8.00%	8.25%	8.00%	8.25%
(iv)	Mortality Table	LIC (1994-96) Ultimate		LIC (1994-96) Ultimate	

VOLKART FLEMING SHIPPING & SERVICES LIMITED

The net value of the defined benefits commitment is detailed below:

	Non Funded	
	<u>Gratuity</u>	<u>Leave Encashment</u>
Defined Benefit Commitments		
Opening Balance As at 1 st April 2009	834622	432429
Benefits Earned during the Year	–	–
Current Service Cost	561,232	173,172
Interest Expense	–	–
Paid Benefits	(77,625)	–
Actuarial (Gain) / loss	–	–
Transfer to Forbes and Co. Ltd.	(756,997)	(432,429)
Closing Balance as at 31 st March 2010	561,232	173,172

(c) The above Valuation has been done by the Management of the Company based on the actuarial valuation of the parent Company. No independent Actuarial valuation has been carried out. However this will not have a material impact on the financial statements.

(VI) PREVIOUS YEAR'S FIGURES ARE NOT COMPARABLE, SINCE THE FIGURES ARE PRIOR TO DEMEGER.

(VII) PREVIOUS YEAR'S FIGURES HAVE BEEN REGROUPED WHEREVER NECESSARY.

	AMIT MITTAL	<i>Chairman</i>
	C. A. KARNIK	} <i>Directors</i>
	SUNETRA GANESAN	

Mumbai, Dated : 30.06.2010

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
Forbes & Company Limited (All Divisions)
- (B) Enterprises that are under Common Control
SCI Forbes Ltd.
Forbes Campbell Services Ltd.

Sr. No.	Nature of Transaction	Refer to in (A) above	Refer to in (B) above	Total
Purchases				
1.	Purchase of Goods & Materials	–	–	–
2.	Services Availed	–	–	–
3.	Fixed Assets Purchased	–	–	–
4.	Investments Purchased	–	–	–
Sales				
5.	Goods & Material Sold	–	–	–
6.	Services Rendered	–	–	–
7.	Fixed Assets Sold	90,380	–	90,380
8.	Investments Sold	–	–	–
Expenses				
9.	Rent & Other Service Charges Expenses	6,267,695	165,452	6,433,147
10.	Recovery of Expenses	6,600	–	6,600
11.	Diminution in Value of Investments	–	–	–
12.	Interest Paid	–	–	–
13.	Dividend Paid	–	–	–
14.	Provisions / Write Offs	–	–	–
Remittance to Principal				
15.	Outward Remittance (Freight & Detention)	–	–	–
Income				
16.	Rent & Other Service Charges Income	12,616,471	120,017	12,736,488
17.	Interest Received	953,424	–	953,424
18.	Dividend Received	–	–	–
19.	Provisions / Write Backs	–	–	–
20.	Miscellaneous Income	–	–	–
21.	Agency Commission	–	–	–
Other Receipts				
22.	Deputation of Staff	–	–	–
23.	Other Reimbursements	–	–	–
Finance				
24.	Loans & Advances Given	30,551,496	–	30,551,496
25.	Loans & Advances Taken	47,163,551	–	47,163,551
26.	Refund of Deposits Given	–	–	–
27.	Deposits Given	–	–	–
Outstandings				
28.	Sundry Creditors	24,238,329	–	24,238,329
29.	Interest Accrued but not Due	–	–	–
30.	Sundry Debtors	1,665,304	–	1,665,304
31.	Loans & Advances	–	–	–
32.	Provision for Doubtful Debts	–	–	–
33.	Provision for Doubtful Loans & Advances	–	–	–
34.	Deposits Payable	–	–	–
35.	Deposits Receivable	10,225,000	–	10,225,000
36.	Preapid Expenses	–	–	–
T O T A L		133,778,249	285,469	134,063,718

VOLKART FLEMING SHIPPING & SERVICES LIMITED

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, 2010

I. REGISTRATION DETAILS

Registration No.	00808	State Code	11
Balance Sheet Date	31.03.2010		

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	43,560	Total Assets	43,560
SOURCES OF FUNDS		APPLICATION OF FUNDS	
Paid-up Capital	6,000	Net Fixed Assets	4,352
Reserves & Surplus	37,560	Investments	391
Secured Loans	—	Deferred Tax Assets	27
Unsecured Loans	—	Net Current Assets	38,790
Deferred Tax Liability	—	Misc. Expenditure	—

IV. PERFORMANCE OF COMPANY

Turnover	13,813
Total expenditure	10,163
Profit Before Tax	3,650
Profit After Tax	2,752
Earning Per Share	46

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	Services relating to administrative, secretarial, realty and legal matters

AMIT MITTAL *Chairman*

C. A. KARNIK
SUNETRA GANESAN *Directors*

Mumbai, Dated : 30.06.2010

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	2009-10		2008-09	
	Rupees	Rupees	Rupees	Rupees
PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS		3,649,302		25,909,659
Adjusted for :				
Depreciation	230,186		124,056	
Amortisation for VRS	–		67,418	
Interest Income	(1,318,158)		–	
Profit / Loss on Sale of Assets	(69,174)		–	
Sundry Balance Written Off	–		38,456	
		(1,157,146)		229,930
		2,492,156		26,139,589
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS				
Changes in:				
Trade and Other Receivables	5,276,817		(3,375,740)	
Loans and Advances	34,390,785		2,239,089	
Trade Payable and Others	(22,375,833)		(25,796,372)	
	17,291,769		(26,933,023)	
Less : Changes in working capital on account of Demerger	(20,192,868)		–	
		(2,901,099)		(26,933,023)
CASH GENERATED FROM OPERATIONS		(408,943)		(793,434)
Direct Taxes Adjusted		246,000		(4,000,000)
(A) NET CASH FLOW FROM OPERATING ACTIVITIES		(162,943)		(4,793,434)
CASH FLOW FROM INVESTING ACTIVITIES				
Interest Received	1,318,158		–	
Purchase of Assets (Net)	–		86,470	
Proceeds from Sale of Assets	90,380		–	
(B) NET CASH FLOW FROM INVESTING ACTIVITIES		1,408,538		86,470
CASH FLOW FROM FINANCING ACTIVITIES				
Dividend Paid	–		(7,200,000)	
Corporate Dividend Tax Paid	–		(1,223,640)	
(C) NET CASH FLOW FROM FINANCING ACTIVITIES		–		(8,423,640)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENT (A) + (B) + (C)		1,245,594		(13,130,605)
CASH AND CASH EQUIVALENT AS AT THE COMMENCEMENT OF THE YEAR, COMPRISING:				
Cash, Cheques on Hand and Remittances in transit	–		24,710	
Balance with Schedule Banks on current Accounts and Deposit Accounts	14,760,461		27,866,356	
Less : Balance transferred on account of Demerger	12,992,318		–	
		1,768,143		27,891,066
CASH AND CASH EQUIVALENT AS AT THE END OF THE YEAR, COMPRISING:				
Cash, Cheques on Hand and Remittances in transit	0		57,551	
Balance with Schedule Banks on current Accounts and Deposit Accounts	3,013,738		14,702,910	
		3,013,738		14,760,461
NET (DECREASE) / INCREASE AS DISCLOSED ABOVE		1,245,595		(13,130,605)

In terms of our report on even date attached

For **BATLIBOI & PUROHIT**

Chartered Accountants

Firm Reg. No.: 101048W

KAUSHAL MEHTA

Partner

Membership No.: 111749

Mumbai, Dated : 30.06.2010

AMIT MITTAL

Chairman

C. A. KARNIK
SUNETRA GANESAN

} Directors

WATERWINGS EQUIPMENTS PRIVATE LIMITED

(a Subsidiary Company of Eureka Forbes Ltd.)

Annual Report and Accounts
for the year ended 31st March, 2010

DIRECTORS:

A.V. Suresh

Chairman

Uday Gokhale

R.S. Moorthy

Raman Venkatesh

PRINCIPAL BANKERS:

State Bank of India

IDBI Bank

AUDITORS:

A.V. Iyer & Co.

REGISTERED OFFICE:

Office No.1. Bldg. No.D-9,

Popular Nagar, Warje,

Mumbai-Bangalore Highway,

Pune – 411 058

DIRECTORS' REPORT

To,
The Members,

- Your Directors have pleasure in presenting the Fourth Annual Report and Audited Accounts for the financial year ended on March 31, 2010.
- The Promoters of the Company had sold 76% of the equity capital of the Company to Eureka Forbes Ltd. and consequently the Company became the subsidiary of the said Company with effect from June 19, 2009. The Promoters, Eureka Forbes Ltd. and the Company have signed a Shareholder Agreement for the management of the Company by the Promoters and the said Company.

The Promoters subsequently, sold 12% of the equity capital of the Company to Eureka Forbes Ltd. on April 1, 2010, pursuant to the Shareholder Agreement and accordingly Eureka Forbes Ltd. currently holds 88% of the equity capital of the Company.

3. FINANCIAL RESULTS

During the financial year under review, the financial results of the Company are as under:

Particulars	2009-2010 (In Rs.)	2008-2009 (In Rs.)
Turnover & Other Income	7,32,88,889	3,89,34,147
Profit before Depreciation	81,54,401	49,22,793
Depreciation	2,62,214	3,05,637
Profit before Tax	78,92,187	46,17,156
Provision for Taxation	24,55,000	15,00,000
Tax for Previous Year	Nil	(916)
Deferred Tax	(13,710)	(33,885)
Fringe Benefit Tax	Nil	16,130
Profit after tax	54,50,897	31,35,827
Profit brought forward from previous year	83,891	4,48,065
Profit available for Appropriation	55,34,788	35,83,891
APPROPRIATION:		
1. Transferred to General Reserve	6,00,000	35,00,000
2. Proposed Dividend	41,25,000	Nil
3. Dividend Tax	7,01,044	Nil
4. Balance carried forward to Balance Sheet	1,08,744	83,891

4. DIVIDEND:

In view of the good performance and healthy liquidity position of the Company, the Directors are pleased to recommend for approval of the members a final dividend of Rs.82.50 per share (*Previous year – Nil*).

5. OPERATIONS :

During the year, your Company has undergone a complete cycle of change management post acquisition of 76% shareholding by Eureka Forbes Limited, creating a vision of collaboration, implementing improved business processes and

innovative technologies which has resulted into streamlining of costs, enhanced productivity and growing revenues

During the year under review, your Company recorded excellent results with turnover of Rs.732.89 Lacs, a growth of 88% over the previous year and has made a profit of Rs.54.51 Lacs, a growth of 74% over the previous year.

The highlights of current year being:-

- Establishing Vehicle Wash Effluent Systems commercially.

WATERWINGS EQUIPMENTS PRIVATE LIMITED

- Designing, engineering and developing packaged RO plants of different capacities. These packaged plants are being marketed through Forbes Professional division of Eureka Forbes Limited.
- The Company has been focusing on recruitment and retention of talent from the industry and other professional organizations, thereby creating a sound infrastructure for the future.
- Through efficient management of operations and follow up of payments, the Company has managed to retain a healthy cash flow, thereby has restricted itself from availing any loans and advances from Banks.

6. CAPITAL

During the year under review, there has been no change in the Paid up capital of the Company which stands at Rs.5,00,000/- comprising of 50,000 fully paid up equity shares of Rs.10/- each.

7. DIRECTORS

Pursuant to the Company becoming a subsidiary of Eureka Forbes Ltd., Mrs. Rashmi Gokhale, resigned as a Director of the Company and the Board has recorded its appreciation of the services rendered by her during her tenure as Director of the Company.

As desired by Eureka Forbes Ltd., Mr. A.V. Suresh, Mr. R.S. Moorthy and Dr. Raman Venkatesh were appointed as Additional Directors of the Company with effect from June 19, 2009, and they would be retiring at the forthcoming AGM and would seek re-appointment.

8. SITTING FEES

The sitting fees payable to the Directors has been enhanced from Rs.250/- to Rs.3,000/- by an amendment to the Articles of Association of the Company as approved at the EGM held on April 6, 2010.

9. AUDITORS

The shareholders of the Company are requested to reappoint M/s A.V. Iyer & Co., Chartered Accountants, as Auditors and fix their remuneration. The existing Auditors have, under Section 224 (1B) of the Companies Act, 1956, furnished certificate of their eligibility for their reappointment.

10. EMPLOYEES

The Statement of Particulars of employees as per provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, for the year ended March 31, 2010, is not required as none of the employees was getting salary of more than Rs.24,00,000/- per annum.

11. DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA), your Directors confirm that:

- (i) in the preparation of the Annual Accounts, the applicable accounting standards have been followed by the Company.
- (ii) the Accounting Policies are consistently applied and reasonable prudent judgement 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 have taken proper & sufficient care for the maintenance of adequate accounting records in accordance with provisions of the Companies 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.

12. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

Conservation of Energy :

The operations of the Company do not require 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.

Technology Absorption :

The Company is in look out for absorption of new technologies. Though the Company has not acquired new technology or intellectual property, the Company has made innovation on outomation of water treatment plants and dialysis solutions.

13. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Earning in foreign exchange during the year under review were Rs.1,77,962/- and the outgo Rs.2,394/-.

14. 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.

For and behalf of the
Board of Directors

(Uday Gokhale)
Managing Director

Mumbai, May 12, 2010

AUDITOR'S REPORT

To the Members of Waterwings Equipments Private Limited

We have audited the attached Balance Sheet of WATERWINGS EQUIPMENTS PRIVATE LIMITED as on 31st March, 2010 and also the Profit & Loss Account of the Company for the year ended on that date annexed thereto. These financial statements are responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our report.

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 mis-statements. 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 presentation. We believe that our audit provides a reasonable basis for our opinion.

- A] As required by the Companies (Auditor's Report) Order 2003, issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, We enclose in the annexure a statement of matters specified in the said order.
- B] Further to our comments in the annexure referred to in paragraph A above;
1. We have obtained all the information and explanations which to the best our knowledge and belief were necessary for the purpose of our audit ;
 2. In our opinion, proper books of accounts as required by law, has been kept by the Company, so far as it appears from our examination of the books;
 3. The Balance Sheet and Profit & Loss Account dealt with this report are in accordance and in agreement with the books of accounts;
 4. In our opinion and to the best of our information and according to the explanations given to us, the Profit & Loss Account and Balance Sheet together with the notes thereon attached thereto comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 5. On the basis of written representations received from the Directors, as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 6. In our opinion and to the best of our knowledge and belief and according to the information and explanations given to us, the accounts read together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and presents a true and correct view ;
 1. In case of Balance Sheet of the state of affairs of the Company as on 31st March, 2010 and ;
 2. In case of Profit & Loss Account of the Profit for the year ended on that date.

For **A.V. IYER & CO.**
Chartered Accountants

(A.V. IYER)
Proprietor
M.No. 33328

Pune, 12 May, 2010

WATERWINGS EQUIPMENTS PRIVATE LIMITED

ANNEXTURE TO THE AUDITOR'S REPORT REFERRED TO IN PARA 'A' OF OUR REPORT OF EVEN DATE

On the basis of such checks as we considered appropriate and in terms of the information and explanation given to us , we state that : -

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
(b) As explained to us, fixed assets, according to the practice of the Company, are physically verified by the management at reasonable intervals, in a phased verification programme, which in our opinion, is reasonable, looking to the size of the Company and the nature of its business. According to the information and explanation given to us, no discrepancies have been noticed on such verifications compared to book record.
(c) As explained to us none of the Fixed Assets have been revalued during the year.
2. (a) As explained to us, inventories have been physically verified during the year by the management. The intervals at which the inventories have been verified are, in our opinion, reasonable in relation to the size of the Company and nature of its business.
(b) The procedures explained to us, which are followed by the management for physical verification of inventories, are, in our opinion, reasonable and adequate in relation to the size of the Company and nature of its business.
(c) On the basis of our examination of the inventory records of the Company, we are of the opinion that, the Company is maintaining proper records of its inventory. Discrepancies which were noticed on physical verification of inventory as compared to book records have been properly dealt with in the books of account.
3. (a) The Company has not taken loan from Companies Firms or other parties listed in the register maintained U/s 301 of the Companies Act, 1956.
(b) The Company has not granted any loan, secured or unsecured to Companies Firms or other parties listed in the register maintained U/s 301 of the Companies Act, 1956.
4. The parties and employees to whom loans and advances in nature of loans have been given by the Company, have been repaying the principle amount as stipulated and are also regular in payment of interest wherever applicable.
5. In our opinion and according to the information and explanation given to us there are adequate internal control procedures commensurate with the size of the Company.
6. In our opinion and according to the information and explanation given to us, the Company has not accepted any deposits from public which fall within the preview of Section 58A of the Companies Act,1956 and the Companies (Acceptance of Deposits) Rules, 1975.
7. (a) Based on the audit procedures applied by us and according to the information and explanation given to us by the management we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
(b) In our opinion and according to the information and explanations given to us, the prices at which such contracts were entered into and are exceeding Rupees Five Lacs in value, are reasonable having regard to prevailing market prices at the relevant time.
8. On the basis of (a) the examination of the books of accounts (b) the voucher examined by us and (c) the explanations given to us, on our inquiries no personal expenses, other than expenses under service contract obligation, with the Company's employees and/or accepted business practices, have been charged to revenue accounts.
9. As explained to us, the Company does not fall the preview of clause (o) of Section 3(1) of the Sick Industrial Companies (Special Provision) Act, 1985.
10. The Company has not granted any loans and advances against the security of shares, debentures and such other security.
11. In our opinion and according to the explanation given to us, in respect of Shares Securities, debentures or other investments dealt in or traded by the Company, proper records have been maintained of the transactions and contracts and timely entries have been made therein. Further, all the investments in the form of shares are held by the Company in its own name.
12. According to the information of and explaining given to us, there were no undisputed amount payable in respect of Income Tax, Vat Tax and Service Tax which were outstanding as at 31st March, 2010 for a period of more than six months from the date they become payable.
13. According to the information of and explaining given to us, there are no amount payable in respect of Income Tax, Vat Tax and Service Tax on account of any dispute with relevant authorities.

14. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
15. According to the information and explanation given to us, the Company does not come within the purview of either Provident Fund or the Employees State Insurance Act.
16. The Company has not raised any capital during the year under review.
17. The Company has not given any guarantee for loans taken by others from bank or financial institutions
18. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company , we report that the no funds raised on short term basis have been used for long-term investment. Similarly no long - term funds have been used to finance short term assets.
19. According to the records of the Company, it has not defaulted in repayment of its dues to any financial institution or bank during the year.
20. According to the information and explanation given to us, no fraud on or by the Company has been noticed or reported during the course of audit.
21. All other clauses are not applicable in the case of Company.

For **A.V. IYER & CO.**

Chartered Accountants

(A.V. IYER)

Proprietor

M.No. 33328

Pune, 12 May, 2010

WATERWINGS EQUIPMENTS PRIVATE LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2010

	<u>Schedule</u>	<u>Rupees</u>	<u>Rupees</u>	<i>As At</i> <i>31-03-2009</i> <i>Rupees</i>
FUNDS EMPLOYED:				
1. SHARE CAPITAL	A		5,00,000	5,00,000
2. RESERVES AND SURPLUS	B		72,08,744	65,83,891
3. TOTAL FUNDS EMPLOYED			<u>77,08,744</u>	<u>70,83,891</u>
APPLICATION OF FUNDS:				
4. FIXED ASSETS :	C			
Gross Block		15,37,848		15,35,388
Less : Depreciation		<u>6,71,908</u>		<u>7,02,700</u>
Net Block			8,65,940	8,32,688
5. INVESTMENTS	D		—	25,000
6. CURRENT ASSETS, LOANS AND ADVANCES	E	3,28,88,626		1,57,01,730
7. Less : CURRENT LIABILITIES AND PROVISIONS	F	<u>2,60,91,149</u>		<u>95,12,440</u>
8. NET CURRENT ASSETS			67,97,477	61,89,290
9. DEFERRED TAX ASSET (Net) (Refer Note 14)			45,327	31,617
10. MISCELLANEOUS EXPENDITURE			—	5,296
11. TOTAL ASSETS (NET)			<u>77,08,744</u>	<u>70,83,891</u>
13. NOTES TO THE ACCOUNTS	I			

Per our report attached

For **A. V. IYER & CO.**
Chartered Accountants

A.V. Iyer
Proprietor
Membership No. 33328

Pune, Dated: May 12, 2010

Uday Gokhale *Managing Director*

A. V. Suresh }
R. S. Moorthy } *Directors*

Mumbai, Dated: May 12, 2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	<u>Schedule</u>	<u>Rupees</u>	<u>Current Year Rupees</u>	<u>Previous Year Rupees</u>
1. INCOME :				
Sales and Other Income	G		7,32,88,889	3,89,34,146
2. EXPENDITURE :				
a) Material cost & Other Expenses	H	6,51,34,488		3,40,11,354
b) Depreciation		2,62,214		3,05,637
c) Interest		—		—
			<u>6,53,96,702</u>	<u>3,43,16,991</u>
3. PROFIT BEFORE TAX AND EXTRAORDINARY ITEM			78,92,187	46,17,155
Current Year tax provision		24,55,000		15,00,000
Less : Deferred Tax (Refer Note 17)		13,710		33,885
Fringe Benefit tax provision		—		16,130
4. PROFIT AFTER TAX			54,50,897	31,34,910
5. Less: PRIOR YEARS' TAX ADJUSTMENTS (NET)			—	(916)
6. PROFIT AFTER TAX AND PRIOR YEARS' ADJUSTMENTS			54,50,897	31,35,826
7. PROFIT BROUGHT FORWARD FROM PREVIOUS YEAR			83,891	4,48,065
8. AMOUNT AVAILABLE FOR APPROPRIATIONS			55,34,788	35,83,891
9. APPROPRIATIONS :				
Proposed Final Dividend		41,25,000		—
Tax on Dividend		7,01,044		—
Transferred to General Reserve		6,00,000		35,00,000
			<u>54,26,044</u>	<u>35,00,000</u>
10. BALANCE CARRIED TO BALANCE SHEET			<u>108,744</u>	<u>83,891</u>
Number of Equity Shares			50,000	50,000
Weighted average number of equity shares				
Face Value per share			10	10
Profit After Tax available to Equity Shareholders			54,50,897	31,35,826
Basic and Diluted Earning Per Share			Rs. 109.02	Rs. 62.72
11. NOTES TO THE ACCOUNTS	I			

Per our report attached

For **A. V. IYER & CO.**
Chartered Accountants**A.V. Iyer**
Proprietor
Membership No. 33328

Pune, Dated: May 12, 2010

Uday Gokhale *Managing Director*A. V. Suresh }
R. S. Moorthy } *Directors*

Mumbai, Dated: May 12, 2010

WATERWINGS EQUIPMENTS PRIVATE LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

SCHEDULE 'A'

SHARE CAPITAL

	Rupees	<i>As At 31-03-2009 Rupees</i>
AUTHORISED :		
50000 Equity Shares of Rs.10/- each	5,00,000	5,00,000
ISSUED, SUBSCRIBED AND PAID UP :		
<i>(Previous Year 50000)</i> 50000 Equity Shares of Rs.10/- each	5,00,000	5,00,000
[38,000 Shares <i>(Previous year - Nil)</i> are held by the Holding Company Eureka Forbes Limited including 5 shares held jointly with nominees] Refer Note 13		

SCHEDULE 'B'

RESERVES AND SURPLUS

	Rupees	<i>As At 31-03-2009 Rupees</i>
1. GENERAL RESERVE		
As per last Balance Sheet	65,00,000	30,00,000
Add : Transferred from Profit and Loss Account	6,00,000	35,00,000
	71,00,000	65,00,000
2. PROFIT AND LOSS ACCOUNT		
	1,08,744	83,891
	72,08,744	65,83,891

SCHEDULE 'C'

FIXED ASSETS

Amount in Rupees

DESCRIPTION	GROSS BLOCK				DEPRECIATION BLOCK				NET BLOCK	
	As on 01.04.2009	Additions	Deletions	As on 31.03.2010	As on 01.04.2009	Depre- ciation for the year	Depre- ciation on deductions during the year	As on 31.03.2010	As on 31.03.2010	As on 31.03.2009
Buildings	1,00,476	—	1,00,476	—	1,00,476	—	1,00,476	—	—	—
Plant & Machinery	84,071	61,046	—	1,45,117	27,038	12,832	—	39,870	1,05,247	57,033
Computers	1,66,007	1,84,471	—	3,50,478	94,839	57,015	—	1,51,854	1,98,624	71,168
Furnitures & Fixtures	37,039	—	37,039	—	37,039	—	37,039	—	—	—
Vehicles	11,47,795	—	2,51,072	8,96,723	4,43,308	1,82,392	1,55,491	4,70,209	4,26,514	7,04,487
Intangible Asset – Computer Software *	—	1,45,530	—	1,45,530	—	9,975	—	9,975	1,35,555	—
Total	15,35,388	3,91,047	3,88,587	15,37,848	7,02,700	2,62,214	2,93,006	6,71,908	8,65,940	8,32,688
Capital Advance	—	—	—	—	—	—	—	—	—	—
Grand Total	15,35,388	3,91,047	3,88,587	15,37,848	7,02,700	2,62,214	2,93,006	6,71,908	8,65,940	8,32,688
<i>Previous Year</i>	<i>24,10,432</i>	<i>—</i>	<i>8,75,044</i>	<i>15,35,388</i>	<i>4,53,507</i>	<i>3,05,637</i>	<i>56,444</i>	<i>7,02,700</i>	<i>8,32,688</i>	<i>20,13,369</i>

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

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH, 2010**

	<u>Nos.</u>	<u>Rupees</u>	<i>As At 31.03.2009 Rupees</i>
SCHEDULE 'D'			
INVESTMENTS			
INVESTMENTS (AT COST)			
LONG TERM INVESTMENTS			
1. OTHER INVESTMENTS - UNQUOTED			
B.N.B. Shares - 2500 Equity Shares of Rs.10/- each	Nil (2,500)	—	25,000
(Figures in brackets indicate that of previous year)			
		—	25,000
UNQUOTED INVESTMENTS			
		—	25,000
TOTAL			
		—	25,000

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

	<u>Rupees</u>	<u>Rupees</u>	<i>As At 31-03-09 Rupees</i>
1. CURRENT ASSETS			
i) Stock-in-Trade : *			
Finished Goods	2,47,304		7,34,680
Components and Spares	11,85,969		5,56,600
* (As valued and certified by the Management)		14,33,273	12,91,280
ii) Sundry Debtors :			
(Unsecured, Considered Good unless otherwise stated)			
a) Debts outstanding for a period exceeding six months	4,62,349		—
b) Other Debts	2,10,67,990		72,96,014
[including Rs.1,31,72,534 (Previous Year Rs.NIL/-) due from holding Company]		2,15,30,339	72,96,014
iii) Cash and Bank Balances :			
Cash on hand	58,079		34,321
With Scheduled Banks –			
in Current Accounts	24,08,137		27,80,702
in Margin Accounts	—		—
in Deposit Accounts (FDR loaded as security with Govt authorities)	30,66,277		28,09,174
		55,32,493	56,24,197

WATERWINGS EQUIPMENTS PRIVATE LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

	<u>Rupees</u>	<u>Rupees</u>	<i>As At 31-03-09 Rupees</i>
SCHEDULE 'E' (Contd.)			
2. LOANS AND ADVANCES			
(Unsecured, Considered Good unless otherwise stated)			
i) Advances recoverable in cash or in kind or for value to be received	1,30,913		1,28,126
ii) Advance Payment of Tax	40,44,374		12,67,113
iii) Other Deposits	1,60,980		95,000
iv) Income accrued on Investments and Deposits	56,254		—
		<u>43,92,521</u>	<u>14,90,239</u>
		<u>3,28,88,626</u>	<u>1,57,01,730</u>

SCHEDULE 'F'

CURRENT LIABILITIES AND PROVISIONS

	<u>Rupees</u>	<u>Rupees</u>	<i>As At 31-03-09 Rupees</i>
1. CURRENT LIABILITIES			
Sundry Creditors :			
Others	<u>1,32,23,794</u>		<u>53,24,550</u>
		1,32,23,794	53,24,550
Other Liabilities		2,75,753	30,358
Advances Received		19,88,920	13,04,801
2. PROVISIONS			
For Taxation		39,55,000	15,00,000
Proposed Final Dividend		41,25,000	—
For Tax on Proposed Final Dividend		7,01,044	—
For Expenses		16,75,552	13,52,731
For Retirement and other employee benefits		1,46,086	—
		<u>2,60,91,149</u>	<u>95,12,440</u>

SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>	<i>Previous Year Rupees</i>
SCHEDULE 'G'				
SALES AND OTHER INCOME				
1) SALE OF PRODUCTS			7,24,79,131	3,64,07,289
2) INCOME FROM SERVICES			3,74,765	19,05,978
3) OTHER INCOME :				
Interest Received :				
From Deposits, Loans, Advances and Deferred Payment Scheme (Gross) (Tax deducted at source Rs.46,303/- <i>Previous Year Rs.49,553/-</i>)		3,59,660		2,40,548
Dividend Income :				
From Long Term Investment In :				
– Others	3,750			5,000
		3,750		5,000
Excess Provision for earlier years		—		3,75,331
Miscellaneous Income		71,583		—
			4,34,993	6,20,879
			<u>7,32,88,889</u>	<u>3,89,34,146</u>

	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>	<i>Previous Year Rupees</i>
SCHEDULE 'H'				
MATERIAL COST AND OTHER EXPENSES				
1) PAYMENTS TO AND PROVISIONS FOR EMPLOYEES :				
Salaries, Bonus and Commission		36,07,327		23,09,561
Gratuity		1,46,086		—
Staff Welfare Expenditure		20,926		1,15,469
			37,74,339	24,25,030
2) OPERATIONAL AND OTHER EXPENSES :				
Electricity		22,268		11,390
Rent		2,35,800		2,16,702
Repairs and Maintenance –				
Others	62,665			1,13,070

WATERWINGS EQUIPMENTS PRIVATE LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>	<i>Previous Year Rupees</i>
SCHEDULE 'H' (Contd.)				
MATERIAL COST AND OTHER EXPENSES (Contd.)				
2) OPERATIONS AND OTHER EXPENSES : (Contd.)				
Insurance		50,181		22,220
Advertisement		38,139		35,977
Selling and Sales Promotion		30,290		—
Freight, Forwarding and Delivery		2,20,535		6,27,244
Auditors' Remuneration –				
Audit Fees	50,000			45,000
Out of pocket expenses	—			—
Management Services	25,000			15,000
		75,000		60,000
Printing and Stationery		70,490		93,123
Postage, Telegrams, Telephones and Telex		2,15,597		1,49,993
Travelling and Conveyance		6,73,756		7,13,517
Legal and Professional Fees		95,400		2,23,707
Vehicle Expenses and Maintenance		205,961		65,858
Other Establishment Expenses		279,817		3,29,515
Loss on Sales of Fixed Assets		6,692		—
Exchange Loss		7,862		—
Directors' Sitting Fees		3,000		—
Bad Debts/Advances Written-Off		55,594		1,51,150
			23,49,047	28,13,466
3) REMUNERATION TO DIRECTORS (Refer Note 12)			14,10,000	17,20,000
4) ADJUSTMENTS FOR STOCKS :				
Cost of Materials including traded goods				
Opening Stock		12,91,280		4,15,456
Add : Purchases		5,77,43,095		2,79,28,682
		5,90,34,375		2,83,44,138
Less : Closing Stock		14,33,273		12,91,280
			5,76,01,102	2,70,52,858
			6,51,34,488	3,40,11,354

**SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED
31ST MARCH, 2010**

SCHEDULE 'I'

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. 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 has been made, as applicable.

(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

No contributions are required to be made for Provident Fund and Superannuation Funds since the same is not applicable to the Company. Liability for gratuity at the time of retirement is provided on the basis of actuarial valuation.

WATERWINGS EQUIPMENTS PRIVATE LIMITED

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

SCHEDULE 'I' (Contd.)

NOTES TO THE ACCOUNTS (Contd.)

(h) **Product warranty expenses**

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

(i) **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.

(j) **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. Nil (*previous year Rs.Nil*).

3. (a) Provision for warranty - Rs.300,000 (*Previous year Rs.560,000*). 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.

(b) Contingent liabilities not provided for on account of :

(i) Bank Guarantees issued on behalf of the Company - 174,760 (*previous year Rs. Nil*)

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

	2009-10	2008-09
	Rupees	Rupees

Bank Charges	2,394	<i>Nil</i>
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(b) Remittance in Foreign Currency :	Nil	<i>Nil</i>
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5. Value of Imports on C.I.F basis :

Finished goods, Components & Spare parts	Nil	<i>Nil</i>
--	-----	------------

6. Earnings in Foreign Exchange :

Export of goods on FOB basis	1,09,171	<i>Nil</i>
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Service Charges and other receipts	68,791	<i>Nil</i>
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7. Material and Components Consumed during the year:

	2009-10		2008-09	
	Quantity	Rupees	Quantity	Rupees
Fabricated items, components and spares #	Numerous	5,76,01,102	<i>Numerous</i>	<i>2,70,52,858</i>

Material consumed includes cost of components and spares purchased for resale

8. Vale of Imported and Indigenous materials and components consumed and percentage of each to total consumption:

	2009-10		2008-09	
	%	Rupees	%	Rupees
(a) Indigenous	100%	5,76,01,102	<i>100%</i>	<i>2,70,52,858</i>
(b) Imported	—	—	—	—
	100%	5,76,01,102	<i>100%</i>	<i>2,70,52,858</i>

**SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED
31ST MARCH, 2010**

SCHEDULE 'I' (Contd.)

NOTES TO THE ACCOUNTS (Contd.)

9.	Particulars in respect of goods manufactured:			2009-10	2008-09
				Quantity	Quantity
	RO Water Treatment Plants (Excise Exempted)			130	55
	Installed Capacity and Lincensed Capacity : Not Applicable				
10.	(a) Particulars of opening and closing stocks				
		2009-10	2008-09		
		Quantity	Rupees	Quantity	Rupees
	RO Water Treatment Plants (Excise Exempted)	Nil	Nil	Nil	Nil
	Fabricated Items, Components and Spares @	Numerous	14,33,273	Numerous	12,91,280
	(b) Particulars of turonver of manufactured and traded goods:				
		2009-10	2008-09		
		Quantity	Rupees	Quantity	Rupees
	RO Water Treatment Plants (Excise Exempted)	130	3,42,42,509	55	1,49,62,478
	Fabricated Items, Components and Spares @	Numerous	3,82,36,622	Numerous	214,44,811

@ Since in addition to manufacturing, the Company is also engaged in the business of constructing, supplying, maintaining and trading of Water Treatment plants, equipments, components and spares which are diversified and numerous, further break-up of "Fabricated Items, Components and Spares" can not be provided.

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

Defined Contribution Plan

There are no contributions to Provident Fund and Pension schemes since the same is not applicable to the Company.

Defined Benefit Plan

(a) Change in benefit obligations	2009-10
	Gratuity
	(Funded)
	Rupees
Defined benefit obligation at the beginning of the year	—
Current Service cost	1,46,086
Interest cost	—
Acturial (gain)/loss on obligations	—
Benefit paid	—
Defined benefit obligation at the end of the year	1,46,086

WATERWINGS EQUIPMENTS PRIVATE LIMITED

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

SCHEDULE 'I' (Contd.)

NOTES TO THE ACCOUNTS (Contd.)

(b)	Change in fair value of Plan Assets	
	Fair value of Plan Assets at the beginning of the year	—
	Expected return on Plan Assets	—
	Employer Contribution	—
	Benefit paid	—
	Actuarial gain/(loss) on Plan Assets	—
	Fair value of Plan Assets at year end	—
	Total Actuarial gain / (loss) to be recognised	—
(c)	Expenses recognised during the year (under the head "Payments to and provisions for employees - Schedule I)	
	Current Service cost	1,46,086
	Interest Cost	—
	Expected Returns on Plan Assets	—
	Actuarial Gain or Loss	—
	Expense Recognised in the Profit and Loss account	1,46,086
(d)	Category of Assets as on 31.03.2010	
	Government of India Assets	—
	Corporate Bonds	—
	Special Deposit Scheme	—
	State Government (Maharashtra)	—
	Others	—
	Total Investments	—
(e)	Assumptions used in the accounting for defined benefit plans	
	Discount Rate	8.50%
	Salary Escalation Rate	7.00%

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 has appointed Mr Uday Gokhale as Managing Director for a period of five years on April 1, 2009. Remuneration of Managing Director is governed by the said agreement between the Managing Director and the Company. Details of payment of directors remuneration are provided below

	2009-10	2008-09
	Rupees	Rupees
Mr Uday Gokhale - Managing Director w.e.f. April 1, 2009	13,80,000	12,00,000
Ms Rashmi Gokhale (Director upto June 19, 2009)	30,000	5,20,000

Provisions of Section 198 of Indian Companies Act, 1956 related to computation and monetary limit of director's remuneration are not applicable since at the time of appointment of Mr Uday Gokhale as Managing Director, the Company was a private limited Company.

**SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED
31st MARCH, 2010**

SCHEDULE 'I' (Contd.)

NOTES TO THE ACCOUNTS (Contd.)

13. The Company and its shareholders as on June 19, 2009 have entered into an agreement with Eureka Forbes Limited whereby 76% of shareholding in the Company has been purchased by Eureka Forbes Limited. As a result effective from June 19, 2009, Company has become a subsidiary of Eureka Forbes Limited.
14. The Company is primarily engaged in business as manufacturer, producer, supplier, distributor, trader, importer and exporter of water and waste water treatment equipments, plants, components and spares. 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.
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 has taken commercial premises under cancelable operating lease. Lease rental expenses included in the profit and loss account for the year is Rs.2,35,800/- (Previous Year Rs.1,98,000/-).
17. Deferred tax assets (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 01.04.09	Charge / (Credit) during the year	Closing As at 31.03.10
Depreciation	31,617	13,710	45,327
Others	—	—	—
Total	31,617	13,710	45,327

18. Net foreign exchange loss, included in the profit and loss account is Rs.7,862 (Previous Year Rs. Nil). There is no outstanding forward exchange contract existing as at year end.
19. 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.
20. Information required in terms of Part IV of Schedule VI of the Companies Act, 1956 is attached.
21. Figures for the previous year have been regrouped, rearranged or reclassified, wherever necessary.

Per our report attached

For **A. V. IYER & CO.**
Chartered Accountants

A.V. Iyer
Proprietor
Membership No. 33328

Pune, Dated: May 12, 2010

Uday Gokhale *Managing Director*

A. V. Suresh
R. S. Moorthy } *Directors*

Mumbai, Dated: May 12, 2010

WATERWINGS EQUIPMENTS PRIVATE LIMITED

DETAILS REQUIRED UNDER ACCOUNTING STANDARD 18 ON "RELATED PARTY DISCLOSURES " ISSUED BY THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA - REFERRED IN NOTE NO. IN SCHEDULE J TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH ,2010

(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	Enterprises that are controlled - (Subsidiary Company)	–	Nil
C	Enterprises that are under common control	–	Radiant Energy Systems Pvt Ltd Infinite Water Solutions Pvt Ltd
D	Associate Company	–	Global Vision
E	Joint Venture	–	Nil
F	Key Management Personnel	–	Mr Uday Gokhale

(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 *
Purchases						
Goods and Materials			18,52,589	3,20,946		
Fixed Assets						
Sales						
Goods and Materials	418,52,346		23,08,589			
Fixed Assets						
Expenses						
Rent and other services						
Managing Director's Remuneration						
Provision/Write offs						
Income						
Rent and other services						
Interest						
Dividend						
Provision/Write offs						
Other Recoveries						
Recovery of Expenses						
Finance						
ICDs Given						
Advances Given						
Investment in shares						
Advances Received						
Dividend paid						
Outstanding						
Payable						
Receivables	1,31,72,534		7,24,730			
ICDs Given						
Interest Receivables						
Other Deposits Given						
Guarantees						
Given						
Outstanding						

* Details of remuneration is disclosed in note number 9 of the notes to the accounts

Information referred to in Note 16 in Schedule J to the Accounts for the year ended 31st March, 2010

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.	U29299PN2006PTC128460
	State Code	1 1
	Balance Sheet Date	3 1 0 3 2 0 1 0
		Date Month Year
II.	Capital Raised during the year (Amount in Rs. Thousands)	
	Public Issue	Rights Issue
	N I L	N I L
	Bonus Issue	Private Placement
	N I L	N I L
III.	Position of mobilisation and Deployment of Funds (Amount in Rs. Thousands)	
	Total Liabilities	Total Assets
	7 7 0 9	7 7 0 9
	Source of Funds	
	Paid-Up Capital	Reserves & Surplus
	5 0 0	7 2 0 9
	Secured Loans	Unsecured Loans
	N I L	N I L
	Application of Funds	
	Net Fixed Assets	Investments
	8 6 6	N I L
	Net Current Assets	Deferred Tax Assets
	6 7 9 8	4 5
	Misc. Expenditure	Accumulated Losses
	N I L	N I L
IV.	Performance of Company (Amount in Rs. Thousands)	
	Turnover & Other Income	Total Expenditure
	7 3 2 8 9	6 5 3 9 7
	+ - Profit/Loss Before Tax	+ - Profit/Loss After Tax
	✓ 7 8 9 2	✓ 5 4 5 1
	Earnings Per Share In Rs.	Dividend Rate %
	1 0 9 . 0 2	8 2 5
V.	Generic Names of Three Principal Products / Services of Company (As per monetary terms)	
	Item code No. (ITC Code)	N . A .
	Product Description	PROJECTS AND PARTS OF WATER & WASTE WATER TREATMENT PLANTS

Per our report attached

For **A. V. IYER & CO.**
Chartered Accountants

A.V. Iyer
Proprietor
Membership No. 33328

Pune, Dated: May 12, 2010

Uday Gokhale *Managing Director*

A. V. Suresh }
R. S. Moorthy } *Directors*

Mumbai, Dated: May 12, 2010

