



Since 1767, A tradition of excellence

Annual
Report
2010-2011

FORBES & COMPANY LIMITED
Reports and Accounts of Subsidiary Companies

FORBES & COMPANY LIMITED
Reports and Accounts of Subsidiary Companies
2010-2011

C O N T E N T S

1. Aquadiagnostics Water Research & Technology Centre Limited	S 002 to S 018
2. Aquamall Water Solutions Limited	S 019 to S 051
3. Eureka Forbes Limited	S 052 to S 089
4. E4 Development & Coaching Limited.....	S 090 to S 108
5. Euro Forbes International Pte. Limited.....	S 109 to S 129
6. EFL Mauritius Limited.....	S 130 to S 143
7. Forbes Aquamall Limited.....	S 144 to S 173
8. Forbes Bumi Armada Limited.....	S 174 to S 190
9. Forbes Bumi Armada Offshore Limited	S 191 to S 208
10. Forbes Campbell Services Limited	S 209 to S 221
11. Forbes Container Line Pte. Limited	S 222 to S 239
12. Forbes Edumetry Limited.....	S 240 to S 256
13. Forbes Facility Services Private Limited.....	S 257 to S 279
14. Forbes Smart Data Limited	S 280 to S 290
15. Forbes Technosys Limited.....	S 291 to S 315
16. Forbes Enviro Solutions Limited	S 316 to S 326
17. Forbes Campbell Finance Limited (Formerly known as Latham India Limited)....	S 327 to S 346
18. Radiant Energy Systems Private Limited	S 347 to S 368
19. Volkart Fleming Shipping & Services Limited.....	S 369 to S 390
20. Waterwings Equipments Private Limited.....	S 391 to S 413

AQUADIAGNOSTICS WATER RESEARCH & TECHNOLOGY CENTRE LIMITED

(Aquadiagnostics Water Research & Technology Centre Limited
Subsidiary Company of Aquamall Water Solutions Limited)

Annual Report 2010-11

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

**REPORT OF THE DIRECTORS' OF
AQUADIAGNOSTICS WATER RESEARCH & TECHNOLOGY CENTRE LIMITED**

To
The Shareholders,
Gentlemen,

Your Directors have pleasure in presenting the Third Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2011.

1. FINANCIAL RESULTS

	Current year (Rs.)	Previous year (Rs.)
Income from testing charges & others	32,22,755	34,34,015
Loss before Tax	37,88,152	46,80,847
Provision for Tax		
– Current Tax	NIL	NIL
Loss after Tax	37,88,152	46,80,847
Loss brought forward	82,60,927	35,80,080
Loss carried to Balance Sheet	1,20,49,079	82,60,927

2. DIVIDEND

The Company is in its third year of operation with an accumulated loss of Rs.120.49 lakhs and the loss in the current year being Rs.37.88 lakhs. Your directors, therefore do not propose to declare Dividend.

3. OPERATION

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

- (a) New Atomic Absorption Spectrometer has replaced existing old instrument. This equipment is a vital instrument for AWRTEL for determining Metals in water. Most of foreign revenue and NSF based water purifier tests are linked to this instrument.
- (b) 25 new test parameters have been covered under NABL scope of accreditation.
- (c) Capillary Flow Porometer has been installed by your Company which is a sophisticated instrument for analysing filters. This will open up the opportunity for more revenue.
- (d) Semi automatic Test Jig has been added to the infrastructure of NSF testing.
- (e) A total of 25 new customers (corporate) have been introduced by the efforts of Business development specialist who joined during April 2010.
- (f) Out of the total revenue about 60% has been contributed by external customers. This was a big

achievement compared to last year (2009-10) where 60% of income was attributed to internal customers.

Due to the addition of these facilities and efforts of marketing team the Directors are confident that the Company would break-even in the near future.

4. DIRECTORATE

Mr. S. L. Goklaney and Mr. P. J. Reddy, Directors retire by rotation at this Annual General Meeting and being eligible offer themselves for reappointment.

5. AUDITORS AND AUDITORS REPORT

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.

Reference is made to clause no. 3 (d) to the Annexure to the Auditor's Report which is adequately explained in Note No. 12 of the Schedule ' H ' of the Notes forming part of the Accounts.

6. INSURANCE

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

7. ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

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

8. PARTICULARS REGARDING EMPLOYEES

The Company has no employee drawing remuneration of Rs.60,00,000/- per annum and over Rs.5,00,000/- per month if employed for a part of the year. Hence, Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, does not apply.

9. DIRECTORS' RESPONSIBILITY STATEMENT

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

- i. In the preparation of annual accounts for the financial year ended 31st March, 2011, the applicable accounting standards had been followed along with proper explanation relating to material departures if any;
- ii. That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to

AQUADIAGNOSTICS WATER RESEARCH & TECHNOLOGY CENTRE LIMITED

- give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;
- iii. That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. That the directors had prepared the accounts for the financial year ended 31st March, 2011 on a 'going concern' basis.

10. APPRECIATION

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

On behalf of the Board of Directors

Place : Mumbai
Dated : 15th June, 2011

(Director)

(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, 2011.]

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

Switching from Air compressors (run on electricity) to cylinder gases is proposed to reduce some more electrical consumption.

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: NIL

2. Benefits derived as a result of above efforts : Not Applicable

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

- To develop and recommend a new Disinfection technology 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.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Earnings in Foreign Exchange during the year under review was Rs.8,81,134/- and the Outgo was Rs.16,16,829/-

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, 2011 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 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 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, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 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, 2011;
 - (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 : 15th June, 2011

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.1.51 crores and the year-end balance of loans taken from these parties was Rs.1.51 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. The payment of interest is not regular.
- iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for the sale of services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- v)
 - a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.
 - b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi) The Company has not accepted any deposits during the year from the public within the meaning of provisions of Sections 58A, 58AA or any other provisions relevant to the Companies Act, 1956 and rules made there under.
- vii) The provisions of internal audit are not applicable to the Company.
- viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company.
- ix)
 - a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including, income-tax, sales tax, wealth-tax, service tax, customs duty, cess and other material statutory dues applicable to it. Since the Company is rendering services excise duty and sales tax is not applicable.
 - b) According to the information and explanations given to us, no undisputed amount payable in respect of, income tax, sales tax, wealth tax, service tax, customs duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
 - c) According to the records of the Company, there are no dues outstanding of income-tax, sales tax, wealth-tax, service tax, customs duty and cess on account of any dispute.
- x) The Company has been registered for a period of less than five years and hence we are not required to comment on whether or not the accumulated losses at the end of the financial year is fifty per cent or more of its net worth and whether it has incurred cash losses in such financial year and in the immediately preceding financial year.
- xi) Based on our audit procedures and as per the information and explanations given by the management, the Company does not have any dues to financial institution, bank or debenture holders.
- xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

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

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

M. Y. Bamboat
Partner
Membership No. 105794

Place : Mumbai
Date : 15th June, 2011

AQUADIAGNOSTICS WATER RESEARCH & TECHNOLOGY CENTRE LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedule No.	Rupees	As At 31-03-2011 Rupees	As At 31-03-2010 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		1,75,30,783	1,47,42,486
TOTAL			1,83,30,783	1,55,42,486
APPLICATION OF FUNDS				
Fixed Assets				
C				
Gross Block		94,71,044		94,71,044
Less : Depreciation		26,25,805		14,81,163
Net Block		68,45,239		79,89,881
Capital WIP		16,16,829		—
			84,62,068	79,89,881
Current Assets, Loans & Advances	D	15,84,173		13,94,028
Less : Current Liabilities & Provisions	E	37,64,537		21,02,350
Net Current Assets			(21,80,364)	(7,08,322)
Profit & Loss Account			1,20,49,079	82,60,927
TOTAL			1,83,30,783	1,55,42,486
NOTES TO THE ACCOUNTS	H			

Per our report attached

For and on behalf of the Board

For TAM & Co.

Chartered Accountants

Regn. No. 122707W

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

} *Directors*

M. Y. BAMBOAT

Partner

Membership No. 105794

Mumbai, Dated 15th June, 2011

Mumbai, Dated 15th June, 2011

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	Schedule No.	Rupees	Previous Year 31-03-2010 Rupees
INCOME			
Testing Charges		32,14,405	33,06,626
Other Income	F	8,350	1,27,389
TOTAL		32,22,755	34,34,015
EXPENDITURE			
Direct and other expenses	G	42,32,792	56,37,704
Depreciation		11,44,642	9,82,867
Interest		16,33,473	14,94,291
		70,10,907	81,14,862
PROFIT BEFORE TAX		(37,88,152)	(46,80,847)
Current year tax provision		—	—
Profit/(Loss) after Tax		(37,88,152)	(46,80,847)
Profit/(Loss) brought forward		(82,60,927)	(35,80,080)
Balance Carried to Balance Sheet		(1,20,49,079)	(82,60,927)
Number of Equity shares		80,000	80,000
Face Value per share		10	10
Profit after tax available to Equity shareholders		-37,88,152	-46,80,847
Basic and diluted earning per share		-47.35	-58.51
NOTES TO THE ACCOUNTS	H		

Per our report attached

For TAM & Co.
Chartered Accountants
Regn. No. 122707W

M. Y. BAMBOAT
Partner
Membership No. 105794

Mumbai, Dated 15th June, 2011

For and on behalf of the Board

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

Mumbai, Dated 15th June, 2011

AQUADIAGNOSTICS WATER RESEARCH & TECHNOLOGY CENTRE LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	2010-11		2009-10	
	Rupees	Rupees	Rupees	Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit/(Loss) before Tax		(37,88,152)		(46,80,847)
Adjusted for :				
Depreciation	11,44,642		9,82,867	
Loss on Sale of Assets	—		1,34,167	
Interest	16,33,473		14,94,291	
Preliminary Expenses written off	—	27,78,115	56,000	26,67,325
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS		(10,10,037)		(20,13,522)
CHANGES IN :				
Trade and other receivables	(73,104)		3,198	
Trade payable and others	28,714		15,30,718	
		(44,390)		15,33,916
NET CASH GENERATED FROM OPERATIONS		(10,54,427)		(4,79,606)
B. CASH FLOW FROM INVESTING ACTIVITIES				
Sale of fixed assets	—		1,45,000	
Purchase of fixed assets	(16,16,829)		(56,44,720)	
NET CASH FROM INVESTING ACTIVITIES		(16,16,829)		(54,99,720)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Loans taken	27,88,297		60,00,000	
Interest Paid	—		—	
NET CASH FROM FINANCING ACTIVITIES		27,88,297		60,00,000
NET INCREASE IN CASH AND CASH EQUIVALENTS		1,17,041		20,674
CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE YEAR COMPRISING :				
Cash	5,400		5,060	
Balance with scheduled banks in current accounts	1,27,843		1,07,509	
		1,33,243		1,12,569
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR COMPRISING :				
Cash	13,860		5,400	
Balance with scheduled banks in current accounts	2,36,424	2,50,284	1,27,843	1,33,243
NET INCREASE/DECREASE AS DISCLOSED ABOVE		1,17,041		20,674

Per our report attached

For and on behalf of the Board

For TAM & Co.
Chartered Accountants
Regn. No. 122707W

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

} Directors

M. Y. BAMBOAT
Partner
Membership No. 105794
Mumbai, Dated 15th June, 2011

Mumbai, Dated 15th June, 2011

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH, 2011**

Schedule No.	Rupees	<i>As At 31-03-2010 Rupees</i>
SCHEDULE 'A' – SHARE CAPITAL		
AUTHORISED		
1,00,000 Equity Shares of Rs.10/- each	10,00,000	10,00,000
ISSUED, SUBSCRIBED AND PAID UP :		
80000 Equity shares of Rs.10 each	8,00,000	8,00,000
Total	8,00,000	8,00,000
Of the above Shares:		
1. 70,050 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		
Inter-Corporate Deposit (Taken from Holding Company)	1,50,51,360	1,34,01,360
Interest Accrued & Due	24,79,423	13,41,126
Total	1,75,30,783	1,47,42,486

SCHEDULE 'C' – FIXED ASSETS

S. No.	Particulars	GROSS BLOCK				DEPRECIATION				Net Block As on 31.03.2011	<i>Net Block As on 31.03.2010</i>
		As on 01.04.10	Additions during the year	Deletion during the year	As on 31.03.2011	As on 01.04.10	Depreciation for the year	Deletion	As on 31.03.2011		
		A	B	C	D	E	F	G	H		
1	Machinery & Equipments	79,53,741	—	—	79,53,741	11,77,420	9,42,586	—	21,20,006	58,33,735	67,76,321
2	Electrical Installation	6,65,772	—	—	6,65,772	81,173	81,318	—	1,62,491	5,03,281	5,84,599
3	Transformers	32,062	—	—	32,062	9,293	4,554	—	13,847	18,215	22,769
4	Furnitures & Fixtures	6,47,274	—	—	6,47,274	1,85,914	83,506	—	2,69,420	3,77,854	4,61,360
5	Office Eqpts	1,33,695	—	—	1,33,695	18,376	20,872	—	39,248	94,447	1,15,319
6	Computers	38,500	—	—	38,500	8,987	11,806	—	20,793	17,707	29,514
	Total	94,71,044	—	—	94,71,044	14,81,163	11,44,642	—	26,25,805	68,45,239	79,89,882
	<i>Previous Year</i>	<i>94,71,044</i>	<i>—</i>	<i>—</i>	<i>94,71,044</i>	<i>5,45,914</i>	<i>9,82,867</i>	<i>47,618</i>	<i>14,81,163</i>	<i>79,89,882</i>	<i>—</i>

AQUADIAGNOSTICS WATER RESEARCH & TECHNOLOGY CENTRE LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

SCHEDULE 'D' – CURRENT ASSETS, LOANS AND ADVANCES

	<u>Rupees</u>	<u>Rupees</u>	<i>As At 31-03-2010 Rupees</i>
1 CURRENT ASSETS :			
Sundry Debtors (Unsecured and considered good)			
Debts outstanding for a period exceeding six months	23,438		26,795
Other Debts	<u>2,10,752</u>		<u>281,636</u>
		2,34,190	308,431
2 CASH AND BANK BALANCES			
Cash on hand	13,860		5,400
With Scheduled Banks (in Current Accounts)	<u>2,36,424</u>		<u>1,27,843</u>
		2,50,284	1,33,243
3 LOANS AND ADVANCES (Unsecured, Considered Good)			
Advance Recoverable in cash or in kind or for value to be received	7,733		5,196
TDS receivable	3,66,926		2,27,158
Deposits :			
With Government Authorities	5,000		5,000
With Others	<u>7,20,040</u>		<u>7,15,000</u>
		<u>10,99,699</u>	<u>9,52,354</u>
		<u>15,84,173</u>	<u>13,94,028</u>

SCHEDULE 'E' – CURRENT LIABILITIES AND PROVISIONS

	<u>Rupees</u>	<u>Rupees</u>	<i>As At 31-03-2010 Rupees</i>
1 CURRENT LIABILITIES			
Sundry Creditors :			
Dues to Micro and Small Enterprises	—		
Others	35,06,864		18,57,001
Other current liabilities	<u>2,57,673</u>		<u>2,45,349</u>
		37,64,537	21,02,350
2 PROVISIONS		—	—
		<u>37,64,537</u>	<u>21,02,350</u>

**SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2011**

SCHEDULE 'F' – OTHER INCOME

	Rupees	Rupees	<i>As At 31-03-2010 Rupees</i>
Other Income			
Sales CST	6,400		15,809
Sales VAT	1,950		1,100
Miscellaneous income	—		1,10,480
		8,350	1,27,389
TOTAL		8,350	1,27,389

SCHEDULE 'G' – DIRECT AND OTHER EXPENSES

	Rupees	Rupees	<i>As At 31-03-2010 Rupees</i>
1. DIRECT EXPENSES			
Chemicals and Gas	6,79,135		10,59,294
Power & Fuel	3,36,002		3,74,623
		10,15,137	14,33,917
2. PAYMENTS TO AND PROVISIONS FOR EMPLOYEES			
Salaries, Wages and Bonus	6,73,211		7,26,062
Company's contribution to EPF & ESIC	22,055		26,206
Staff Welfare	36,360		38,295
		7,31,626	7,90,563
3. ADMINISTRATIVE AND OTHER EXPENSES			
Rent	9,26,100		8,82,000
Insurance	9,356		19,879
Rates & taxes	9,507		61,901
Professional Charges	54,740		12,800
Printing & Stationery	61,992		40,925
Travelling & Conveyance	60,359		55,380
Auditor's Remuneration-Audit Fees	25,000		25,000
Repairs & Maintenance-Others	3,28,258		5,97,599
Preliminary Expenses written off	—		56,000
Testing Charges (Paid)	64,328		6,03,917
Loss on sale of Fixed Assets	—		1,34,167
Other establishment expenses	9,46,390		9,23,656
		24,86,030	34,13,224
		42,32,792	56,37,704

AQUADIAGNOSTICS WATER RESEARCH & TECHNOLOGY CENTRE LIMITED

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

SCHEDULE 'H' – NOTES TO THE ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

(a) **Basis of Accounting**

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

(b) **Fixed Assets**

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

(c) **Income from water testing**

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

(d) **Depreciation**

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

(e) **Foreign Currency Transactions**

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

(f) **Pre-Operative Expenses**

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

(g) **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.

(h) **Earnings Per Share**

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

(i) **Lease accounting**

Operating Leases:- Leasing of assets whereby the lessor essentially remains the owner of the asset classified as operating leases. The payments made by the Company as lessee in accordance with operational leasing contracts or rental agreements are expensed proportionally during the lease or rental period respectively. Any compensation, accordingly to agreement, that the lessee is obliged to pay to the lessor, if the leasing contract is terminated prematurely is expensed during the period in which the contract is terminated.

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.10265/- (previous year net loss of Rs.14875/-)

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

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

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

8. The Company has not recognised deferred tax assets as no virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.
9. The accumulated losses of the Company exceeded the net worth.
10. In accordance with the Accounting standard on Leases (AS) 19, disclosures in respect of leases are made below
 - (i) The Company has taken certain office/factory premises on operating lease basis. Lease payments in respect of such leases recognised in profit & loss account Rs.9.26 lakhs (*previous year Rs.8.82 lakhs*)
 - (ii) Except for escalation clauses contained in certain lease arrangements providing for increase in the lease payment by a specified percentage/amounts after completion of specified period, the lease terms do not contain any exceptional/restrictive covenants other than prior approval of the lessee before the renewal of lease.
 - (iii) There are no restrictions such as those concerning dividend and additional debt other than in some cases where prior approval of lessor is required for further leasing. There is no contingent rent payment.
11. The information as required under Micro, Small and Medium enterprises Development Act, 2006 as received by the Company and relied upon by Auditors is as follows :
 - (a) The amount of Principle outstanding in respect of above as at Balance Sheet date is Rs. Nil (*Previous year Rs. Nil*)
 - (b) The Interest due thereon remaining unpaid is Rs. Nil (*Previous Year Rs. Nil*)
 - (c) The amount of interest paid by the Company in terms of section 18, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year – Rs. Nil (*Previous Year Rs. Nil*)
 - (d) The amount of interest due and payable for the period of delay in making the payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act : Rs. Nil (*Previous Year Rs. Nil*)
 - (e) The amount of interest accrued and remaining unpaid at the end of each accounting year and Rs.Nil (*Previous Year Rs. Nil*)
 - (f) The amount of further interest remaining due and payable even in the succeeding years, until such dated when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as deduction expenditure under section 23. – Rs. Nil (*Previous Year Rs. Nil*)
12. The Company is in its third year of operation and has been investing substantially in these three years in the installation of various test facilities to cater to the complete comprehensive needs of water analysis requirements of customers. It is India's only U.S. WQA-certified analytical laboratory. The income from operation has started gathering momentum which will result in improved cash flow to enable the Company to make regular payment of interest on loan.
13. Information required in terms of Part IV of Schedule VI of the Companies Act, 1956 is attached.
14. Figures for the previous year have been regrouped, rearranged or reclassified, wherever necessary.

Per our report attached

For TAM & Co.
Chartered Accountants
Regn. No. 122707W

M. Y. BAMBOAT
Partner
Membership No. 105794

Mumbai, Dated: 15th June, 2011

For and on behalf of the Board

S. L. GOKLANEY	}	<i>Directors</i>
P. J. REDDY		
A.V. SURESH		
J. N. ICHHAPORIA		

Mumbai, Dated: 15th June, 2011

AQUADIAGNOSTICS WATER RESEARCH & TECHNOLOGY CENTRE LIMITED

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

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

Information referred to Note 11 of the Schedule H to the Accounts for the year ended 31st March, 2011 Information as required under 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 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
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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;">1</td> </tr> </table>	3	1	0	3	2	0	1	1					
3	1	0	3	2	0	1	1							
	Date	Month						Year						

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

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

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

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

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

Turnover & Other Income	Total Expenditure																		
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			3	2	1	4													
			7	0	1	0													
+ - 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;">3</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;">8</td> <td style="width: 10%; border: 1px solid black; text-align: center;">8</td> </tr> </table>		✓				3	7	8	8	<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;">3</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;">8</td> <td style="width: 10%; border: 1px solid black; text-align: center;">8</td> </tr> </table>		✓				3	7	8	8
	✓				3	7	8	8											
	✓				3	7	8	8											
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; text-align: center;">—</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;">7</td> <td style="width: 10%; border: 1px solid black; text-align: center;">.</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;">5</td> </tr> </table>			—	4	7	.	3	5	<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>			—							
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V. Generic Name of Principal Product/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; text-align: center;">N</td> <td style="width: 10%; border: 1px solid black; text-align: center;">A</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>	N	A						
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ANNUAL REPORT 2010-2011

Item code No.
(ITC Code)

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For and on behalf of the Board

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

} *Directors*

Mumbai, Dated 15th June, 2011

AQUADIAGNOSTICS WATER RESEARCH & TECHNOLOGY CENTRE LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

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

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.

B. Forbes Container Lines Ltd.

Forbes Smart Data Ltd.
Forbes Campbell Finance Ltd.
Forbes Campbell Services Limited
Volkart Fleming Shipping & Services Limited
Forbes Edumetry Ltd.
Forbes Aquatech Ltd.
Euro Forbes International PTE Ltd.
Forbes Facility Services Ltd.
Forbes Technosys Limited
Forbes Bumi Armada Ltd.
Forbes Bumi Armada Offshore Ltd.
Forbes Concept Hospitality Services Limited
Infinite Water Solutions Limited

II. Transactions with Related Parties:

RELATED PARTY TRANSACTIONS - 2010-2011

Nature of Transactions	Eureka Forbes Limited	Aquamall Water Solutions Limited	Forbes Aquatech Limited	Infinite Water Solution Limited	TOTAL
Purchases					
Goods and Materials	—	1,899	—	—	1,899
Sales					
Water Testing & Sales	9,06,461	4,39,252	1,70,080	34,193	15,49,986
Expenses					
Rent and other service charges	13,000	12,54,839	—	—	12,67,839
Interest	7,35,003	8,98,470	—	—	16,33,473
Finance					
ICDs taken	—	16,50,000	—	—	16,50,000
Loans & Advances taken	—	1,65,000	—	—	1,65,000
Outstanding					
Receivables	—	—	11,912	—	11,912
Payables	11,51,666	47,80,832	—	—	59,32,498
ICDs taken	60,00,000	90,51,360	—	—	1,50,51,360

AQUAMALL WATER SOLUTIONS LIMITED

(a wholly owned Subsidiary Company of Eureka Forbes Limited)

Annual Report and Accounts
for the year ended 31st March, 2011

DIRECTORS

S. L. Goklaney

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 Next Gen,

Off. Ganapatrao Kadam Marg,

Lower Parel,

Mumbai - 400 013

REGISTERED OFFICE

No. 20, 1st Floor,

Sony Business Complex, Prasanthi Nagar,

Kukatpally,

Hyderabad - 500 072

AQUAMALL WATER SOLUTIONS LIMITED

REPORT OF THE DIRECTORS OF AQUAMALL WATER SOLUTIONS LIMITED

To
The Shareholders,
Gentlemen,

Your Directors submit herewith their Report and the Audited Accounts of the Company for the year ended 31st March, 2011.

1. FINANCIAL RESULTS:

	Current Year Rupees	Previous Year Rupees
PROFIT BEFORE DEPRECIATION	41,62,46,642	38,41,98,205
<i>Less</i> : Depreciation	4,68,70,758	7,51,69,834
PROFIT BEFORE TAX	36,93,75,884	30,90,28,371
<i>Less</i> : Provision for Taxation	7,36,17,000	5,25,20,000
PROFIT AFTER TAX	29,57,58,884	25,65,08,371
<i>Add</i> : Profit brought forward from previous Year	37,64,76,535	31,67,68,036
Amount available for appropriations	67,22,35,419	57,32,76,407
APPROPRIATIONS		
Interim Dividend	5,00,02,000	4,00,01,600
Tax on Dividend	83,04,708	67,98,272
Transferred to General Reserve	20,00,00,000	15,00,00,000
Balance carried to Balance Sheet	41,39,28,711	37,64,76,535

2. DIVIDEND

Your Company has paid 250% interim dividend amounting to Rs.5.00 Crores (*Previous Year – Rs.4.00 Crores*). Keeping in view the Company's constant endeavour to bring in state-of-the-art technology models and upgrade its existing range of models which require substantial investment, your Directors have decided not to recommend final dividend for the year under review (*Previous Year – Nil*).

3. TRANSFER TO RESERVES

The Company propose to transfer Rs.20 Crores to the General Reserve out of the amount available for appropriations and an amount of Rs.41.39 Crores is proposed to be retained in the Profit and Loss Account.

4. OPERATIONS

Your Company continues its impressive growth during the year under review with increase in sales of 16% over previous year, the profit before tax has shown a growth of 19.5% over the previous year, i.e. from Rs.30.90 crores to Rs.36.94 crores.

The Company continues to focus on upgrading technology and has considerably improved the quality of the products

being manufactured. During the year the Company has developed and added various new models of Water Purifier to the Company's range of models, viz., Aquaguard Enhance, Aquaguard Neo, Aquaguard Ultra, Aquasure 3 PCTi cartridge and Aquaguard Duo.

To meet the increased demand for the Company's products and also to consolidate its operations, the Company, during the year, had carried out re-engineering of the manufacturing process to improve productivity.

The Company has plans to take up production of a new category of products viz. air purifiers during the forthcoming year.

5. SUBSIDIARY COMPANIES

Forbes Aquamall Limited, a wholly owned subsidiary of the Company has maintained satisfactory results with a turnover of Rs.78.32 crores and a profit before tax of Rs.3.60 crores. This has been possible with the concerted efforts of the whole team in Forbes Aquamall.

As you are aware that both your Company and M/s. Forbes Aquamall Limited are involved in the same major product line, the directors proposed a vertical merger of the business

of both the companies. Accordingly during the year the Board of Directors had approved amalgamation of both the companies with effect from 1st April, 2010 or such other date as the Hon'ble High Court may approve in order to bring efficiency in the operations of the Company and improve its profitability. A petition was filed with Hon'ble High Courts of Uttarakhand and Andhra Pradesh respectively to this effect and the final judgment is expected during the course of the year 2011-12.

Another subsidiary of Aquamall Water Solutions Limited, Aquadiagnostics Water Research & Technology Centre 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.32 lakhs. Looking at the growing demand for the Company's services, the Directors are confident that the Company would break-even in the near future.

6. 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.

7. DIRECTORATE

Mr Vijay Kumar Raman. P, Mr. P. J. Reddy & Mr. J. N. Ichhaporia, Directors retire by rotation and being eligible offer themselves for re-appointment.

8. INSURANCE

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

9. 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 qualification of the Auditor's Report under Clause Nos. 4. (v) and (iii) (c) of Annexure to the Auditor's report are adequately explained in Note No. 23 of the Schedule 'J' of the Notes forming part of the Accounts.

10. 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.

11. PARTICULARS REGARDING EMPLOYEES

The Company has no employee drawing remuneration of Rs.60,00,000/- per annum and over Rs.5,00,000/- 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.

12. 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.

13. 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 : 15th June, 2011

S.L. GOKLANEY
Chairman

AQUAMALL WATER SOLUTIONS LIMITED

ANNEXURE TO THE DIRECTORS' REPORT

[Information under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 2011.]

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 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

The Company has conducted extensive research and development activities in the field of drinking water purification.

The Company entered into a contract with M/s. Ahlstrom of Finland to use a new revolutionary medium called PAC-Disruptor for water purification. The application included development of various water purification filter elements and devices based on PAC-D medium's properties of delivering safe and clean Potable water free from microbiological & select Chemical pollutants.

The Company also entered into technology transfer agreement with M/s. Water Security Corporation of USA for manufacturing and productionisation of MCV Iodinated Resin. The resin which is now produced in-house is meant for use in low-cost water purification products that delivers consistent purification performance.

A new media 'Iodosorb' for use in conjunction with Iodinated Resin was also selected and optimized. One of the functions of Iodosorb media is to indicate the end of usable life of the filters by significant change in its colour for the user to interpret easily. Successful application of both the resins (MCV & Iodosorb) required a new system design which was developed and tested extensively in the field throughout the country.

New models of water purifiers namely Aquaguard Enhance, Aquaguard Neo, Aquaguard Ultra, Aquasure 3 PCTi cartridge and Aquaguard Duo were developed and added to the Company's range of models. Aquaguard Duo has an innovative and unique feature of periodic recirculation of stored water through UV column to maintain its microbiological purity. This feature is a first amongst all water purifiers available in Indian market.

Other important and tactical advancement has been the development of low-cost UV sensor in collaboration with Newport of USA for measurement of intensity of UV in AG Units.

2. Benefits derived as a result of above efforts

As a result of the development of filters/devices based on PACD media, the Company has created a new category of water purifiers identified as "Chemical Free Water Purifiers" which has opened up a hitherto untapped market.

The indigenization and in-house production of MCV resin provides liberty to the Company in supporting its system from within without dependence on an external technology partner.

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

Development of MCV and Iodosorb paves the way for the Company to introduce low-cost storage water purifiers and also gives the Company flexibility of choosing to utilize a particular technology from the available technologies to manoeuvre the market and maximize benefits.

New product like Aquaguard Duo gives the Company a credible edge over the competition.

Future Plan of Action

Plan is to develop the business on these lines and also to bring out more products in the portfolio of the Company that use these developments to either provide existing performance at lower costs or higher performance at par prices.

R&D has also taken up value engineering projects to produce more value and benefits for all stakeholders in the Company. The focus of R&D shall always be to deliver maximum satisfaction to our clients and end users.

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.4,41,87,507/- and the Outgo was Rs.58,76,71,750/-.

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, 2011, 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. In view of the explanation given in note 23 in schedule J of the Financial Statements, the Management has not made any provision in respect of Investment of Rs.8 lakhs in and advances of Rs.90.01 lakhs to Aquadiagnostics Water Research & Technology Centre Ltd. (AWRTC) a subsidiary Company, whose accumulated losses have exceeded the net worth. Consequently, the effect, if any, on the carrying value of Investments and advances given can not be ascertained.
5. 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, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - (vi) Subject to our comments in para 4 above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with 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, 2011;
 - (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
Membership No. 15935

Place : Mumbai
Date : 15th June, 2011

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) 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 discrepancies noticed on verification between book records and physical stock of inventory, were not material and have been properly dealt with in the books of accounts.
- (iii) (a) As informed, the Company has granted loan, to two Companies, covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.590.01 lacs and the year – end balance of loans granted to such parties was Rs.490.01 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) In respect of loans granted, repayment of the principal amount is as stipulated and payment of interest have been regular except for one Party where the loan granted is demand loan and the payment of interest is not 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, having regard to the explanations that some of the items purchased/sold are of a special nature and suitable alternative sources are not readily available for obtaining comparable quotations/prices, 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 and services. During the course of our audit, no major weakness has been noticed in the internal controls.
- (v) In respect of the contract or arrangements entered in the register maintained in pursuance of section 301 of the Companies Act, 1956 to the best of our knowledge and belief and according to the information and explanation given to us:
 - (a) The particulars of contracts or arrangements referred to in Section 301 that need to be entered in the Register maintained under the said Section have been so entered.
 - (b) Where each of such transactions is in excess of Rs.5 lakhs in respect of any party, and having regard to our comments in paragraph (iv) above, 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 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 generally 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 though there have been few instances of delays in depositing certain dues.
- (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	419.31	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 funds raised on short term basis have not 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 Regn. No. 101048W

Place : Mumbai
Date : 15th June, 2011

ATUL MEHTA
Partner
Membership No. 15935

BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedule	Rupees	Rupees	As at 31-03-2010 Rupees
FUNDS EMPLOYED				
1. SHARE CAPITAL	A	2,00,00,800		2,00,00,800
2. RESERVES AND SURPLUS	B	116,84,28,771		93,09,76,595
3. TOTAL SHAREHOLDERS' FUNDS			118,84,29,571	95,09,77,395
4. SECURED LOANS	C		14,46,68,305	8,00,36,164
5. TOTAL FUNDS EMPLOYED			133,30,97,876	103,10,13,559
APPLICATION OF FUNDS				
6. FIXED ASSETS				
Gross Block		86,20,54,348		80,54,20,264
Less : Depreciation		48,41,02,756		43,88,57,288
Net Block		37,79,51,592		36,65,62,976
Capital Advance		48,89,397		1,83,71,816
			38,28,40,989	38,49,34,792
7. INVESTMENTS	E		57,07,500	57,07,000
8. CURRENT ASSETS, LOANS AND ADVANCES	F	128,62,71,829		98,70,91,096
9. Less : CURRENT LIABILITIES AND PROVISIONS	G	35,44,47,634		35,94,44,521
10. NET CURRENT ASSETS			93,18,24,195	62,76,46,575
11. DEFERRED TAX ASSET (Net) (Refer Note 18)			1,27,25,192	1,27,25,192
12. TOTAL ASSETS (NET)			133,30,97,876	103,10,13,559
13. 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 : 15th June, 2011

S.L. GOKLANEY *Chairman*

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

SACHIKANT CHAUDHURY *Company Secretary and
DGM Finance*

Mumbai, Dated : 15th June, 2011

AQUAMALL WATER SOLUTIONS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	Schedule	Rupees	Current Year Rupees	Previous Year Rupees
1. INCOME				
Sales and Other Income	H		332,82,54,750	288,62,54,551
2. EXPENDITURE				
(a) Manufacturing, Trading & Other Expenses	I	290,38,61,846		249,40,01,746
(b) Depreciation		4,68,70,758		7,51,69,834
(c) Interest (Refer Note 4)		81,46,262		80,54,600
			<u>295,88,78,866</u>	<u>257,72,26,180</u>
3. PROFIT BEFORE TAX			36,93,75,884	30,90,28,371
Provision for Tax				
Current Year tax provision		7,36,17,000		5,25,20,000
			<u>7,36,17,000</u>	<u>5,25,20,000</u>
4. PROFIT AFTER TAX			29,57,58,884	25,65,08,371
5. PROFIT BROUGHT FORWARD FROM PREVIOUS YEAR			37,64,76,535	31,67,68,036
6. AMOUNT AVAILABLE FOR APPROPRIATIONS			67,22,35,419	57,32,76,407
7. APPROPRIATIONS				
Interim Dividend		5,00,02,000		4,00,01,600
Tax on Dividend		83,04,708		67,98,272
Transferred to General Reserve		20,00,00,000		15,00,00,000
			<u>25,83,06,708</u>	<u>19,67,99,872</u>
8. BALANCE CARRIED TO BALANCE SHEET			41,39,28,711	37,64,76,535
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			29,57,58,884	25,65,08,371
Basic and Diluted Earning Per Share			Rs.147.87	Rs.128.25
9. NOTES TO THE ACCOUNTS	J			

Per our report attached

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

ATUL MEHTA
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Mumbai, Dated : 15th June, 2011

Mumbai, Dated : 15th June, 2011

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2011

	2010-11		2009-10	
	Rupees	Rupees	Rupees	Rupees
NET PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS		36,93,75,884		30,90,28,371
Adjusted For –				
Depreciation	4,68,70,758		7,51,69,834	
(Profit) / loss on sale or discard of Fixed Assets (Net)	20,955		74,00,809	
Unrealised Foreign Exchange Difference	15,39,572		32,03,032	
Investment Income	(32,41,936)		(32,22,735)	
Interest and other finance charges	81,46,262		80,54,600	
		5,33,35,611		9,06,05,540
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS		42,27,11,495		39,96,33,911
Changes in –				
Trade and Other Receivables	(34,23,14,877)		(17,81,43,315)	
Inventories	(2,97,84,465)		(5,51,35,216)	
Trade Payables and others	(59,26,699)		7,74,27,366	
Leave Encashment & Gratuity Provision	4,51,731		10,52,792	
Miscellaneous Expenses	—		39,20,845	
	(37,75,74,310)		(15,08,77,528)	
Other Adjustments –				
Bad Debts	32,81,471		18,23,641	
	(37,42,92,839)		(14,90,53,887)	
CASH GENERATED FROM OPERATIONS		(37,42,92,839)		(14,90,53,887)
		4,84,18,656		25,05,80,024
Direct Taxes Paid		(8,36,60,257)		(5,68,59,237)
(a) NET CASH FROM OPERATING ACTIVITIES		(3,52,41,601)		19,37,20,787
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets (Including adjustment on account of Capital Advances)	(4,63,98,605)		(5,31,48,625)	
Sale of Fixed Assets	16,00,695		3,36,779	
Purchase Of Investments	(500)		—	
Interest Received	32,41,936		32,22,735	
(b) NET CASH FROM / (USED) IN INVESTING ACTIVITIES		(4,15,56,474)		(4,95,89,111)
CASH FLOW FROM FINANCING ACTIVITIES				
Increase / (Decrease) in cash credit account	6,46,32,141		(2,22,46,525)	
Interest Paid	(81,46,262)		(80,18,436)	
Dividend Paid (including Dividend Tax)	(5,83,06,708)		(4,67,99,872)	

AQUAMALL WATER SOLUTIONS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2011 (Contd.)

	2010-11		2009-10	
	Rupees	Rupees	Rupees	Rupees
(c) NET CASH FROM/ (USED) IN FINANCING ACTIVITIES		(18,20,829)		(7,70,64,833)
NET INCREASE IN CASH AND CASH EQUIVALENTS		<u>(7,86,18,904)</u>		<u>6,70,66,843</u>
CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT 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	
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR, COMPRISING				
Cash, Cheques on hand	1,28,412		2,11,358	
Balances with scheduled banks on Current accounts, Margin accounts and Deposit accounts	1,16,46,228	1,33,50,111	9,01,82,186	9,19,69,015
	15,75,471		15,75,471	
NET INCREASE / (DECREASE) AS DISCLOSED ABOVE		<u>(7,86,18,904)</u>		<u>6,70,66,843</u>

Per our report attached

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

ATUL MEHTA
Partner
Membership No. 15935

Mumbai, Dated : 15th June, 2011

S.L. GOKLANEY *Chairman*

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SACHIKANT CHAUDHURY *Company Secretary and DGM Finance*

Mumbai, Dated : 15th June, 2011

ANNUAL REPORT 2010-2011

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

SCHEDULE 'A' – SHARE CAPITAL

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

	Rupees	Rupees	<i>As at 31-03-2010 Rupees</i>
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	55,00,00,000		40,00,00,000
Add: Transferred from Profit and Loss Account	20,00,00,000		15,00,00,000
		75,00,00,000	55,00,00,000
4. PROFIT AND LOSS ACCOUNT		41,39,28,711	37,64,76,535
		116,84,28,771	93,09,76,595

AQUAMALL WATER SOLUTIONS LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

SCHEDULE 'C' – SECURED LOANS

	Rupees	<i>As at</i> 31-03-2010 Rupees
1. Cash Credit	14,46,68,305	8,00,36,164
(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)	<u>14,46,68,305</u>	<u>8,00,36,164</u>

SCHEDULE 'D' FIXED ASSETS

Amount in Rupees

DESCRIPTION	GROSS BLOCK				DEPRECIATION BLOCK			NET BLOCK		
	<i>As On</i> 01.04.2010	Additions	Deductions	<i>As On</i> 31.03.2011	<i>As On</i> 01.04.2010	Depreciation for the year	Depreciation on deductions during the year	<i>As on</i> 31.03.2011	<i>As on</i> 31.03.2011	<i>As on</i> 31.03.2010
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	3,50,356	33,372	—	3,83,728	47,88,185	48,21,557
Buildings	17,74,86,193	92,58,164	—	18,67,44,357	4,54,35,818	1,23,11,803	—	5,77,47,621	12,89,96,736	13,20,50,375
Building Leased out	11,71,43,064	41,14,667	—	12,12,57,731	4,26,68,547	38,23,492	—	4,64,92,039	7,47,65,692	7,44,74,517
Electrical Instalations	4,37,99,807	6,65,128	42,184	4,44,22,751	2,22,75,511	30,73,879	7,026	2,53,42,364	1,90,80,387	2,15,24,296
Computers	1,48,01,441	5,47,565	3,99,081	1,49,49,925	1,16,84,931	13,61,024	3,00,400	1,27,45,555	22,04,370	31,16,510
Plant & Machinery	8,64,74,379	58,24,893	5,30,465	9,17,68,807	3,98,27,760	72,48,270	35,174	4,70,40,856	4,47,27,951	4,66,46,619
Patterns and Dies	10,47,22,465	3,35,25,470	—	13,82,47,935	6,93,48,286	1,57,23,606	—	8,50,71,892	5,31,76,043	3,53,74,179
Intangible Asset – Trade Mark	18,60,66,800	—	—	18,60,66,800	18,60,66,800	—	—	18,60,66,800	—	—
Furnitures & Fixtures	1,79,80,888	4,76,462	37,500	1,84,19,850	1,22,55,187	11,94,405	31,441	1,34,18,151	50,01,699	57,25,701
Office Equipment	54,12,830	2,52,996	—	56,65,826	30,38,159	3,52,259	—	33,90,418	22,75,408	23,74,671
Vehicles	1,02,59,811	51,96,273	22,37,710	1,32,18,374	53,50,198	16,35,337	12,51,249	57,34,286	74,84,088	49,09,613
Laboratory Equipment	13,61,188	19,406	—	13,80,594	5,55,735	1,13,311	—	6,69,046	7,11,548	8,05,453
Total	80,54,20,264	5,98,81,024	32,46,940	86,20,54,348	43,88,57,288	4,68,70,758	16,25,290	48,41,02,756	37,79,51,592	36,65,62,976
Capital Work-in-progress **	—	—	—	—	—	—	—	—	48,89,397	1,83,71,816
Grand Total	80,54,20,264	5,98,81,024	32,46,940	86,20,54,348	43,88,57,288	4,68,70,758	16,25,290	48,41,02,756	38,28,40,989	38,49,34,792
Previous Year	81,91,78,660	3,81,79,219	5,19,37,615	80,54,20,264	40,78,87,481	7,51,69,834	442,00,027	43,88,57,288	36,65,62,976	

* 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.

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

SCHEDULE 'E' – INVESTMENTS

	Nos.	Rupees	Rupees	<i>As at 31-03-2010 Rupees</i>
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	70,050 (70,000)	7,00,500		7,00,000
(Figures in brackets indicate that of previous year)			57,00,500	57,00,000
2. OTHER INVESTMENTS – UNQUOTED				
Face Value Rs.10/- each				
National Saving Certificates			7,000	7,000
			57,07,500	57,07,000
QUOTED INVESTMENTS			—	—
UNQUOTED INVESTMENTS			57,07,500	57,07,000
TOTAL			57,07,500	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, 2011

SCHEDULE 'F' – CURRENT ASSETS, LOANS AND ADVANCES

	Rupees	Rupees	Rupees	<i>As at 31-03-2010 Rupees</i>
1. CURRENT ASSETS				
(i) Stock-in-Trade *				
Raw Material & Components		33,36,58,413		30,23,67,335
Packing Material		39,58,629		36,18,457
Spares & Accessories		16,99,953		31,66,413
Finished Goods		2,66,45,566		3,76,38,994
Stock-in-Transit		7,42,06,677		6,35,93,574
* (As valued and certified by the Management.)			44,01,69,238	41,03,84,773
(ii) Sundry Debtors (Unsecured, Considered Good unless otherwise stated)				
(a) Debts outstanding for a period exceeding six months		5,37,31,439		5,54,47,549
(b) Other Debts (Refer Note No. 24)		56,14,23,267		24,83,00,946
			61,51,54,706	30,37,48,495
(iii) Cash and Bank Balances				
Cash on hand (Including cheques on hand Rs. /-)		1,28,412		2,11,358
With Scheduled Banks –				
in Current Accounts		1,16,46,228		9,01,82,186
in Margin Accounts		15,75,471		15,75,471
			1,33,50,111	9,19,69,015
2. LOANS AND ADVANCES (Refer Note No. 25) (Unsecured, Considered Good unless otherwise stated)				
(i) Advances recoverable in cash or in kind or for value to be received		4,50,90,022		5,74,79,347
(ii) Advance Payment of Tax (net of provisions)		2,47,79,950		1,47,36,693
(iii) Inter Corporate Deposit to Subsidiary Companies		4,90,51,360		74,01,360
(iv) Deposits with Government Authorities	9,60,05,870			9,61,46,743
Other Deposits	26,70,572			52,24,670
		9,86,76,442		10,13,71,413
			21,75,97,774	18,09,88,813
			128,62,71,829	98,70,91,096

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

SCHEDULE 'G' – CURRENT LIABILITIES AND PROVISIONS

	Rupees	Rupees	<i>As at 31-03-2010 Rupees</i>
1. CURRENT LIABILITIES			
Acceptances		5,21,75,763	3,17,38,265
Sundry Creditors			
Dues to Micro and Small Enterprises	2,43,03,894		4,52,65,574
Others	14,91,13,687		16,33,46,912
		17,34,17,581	20,86,12,486
Other Liabilities		10,64,33,767	10,15,26,983
2. PROVISIONS			
For Expenses		1,61,84,710	1,17,82,705
For Retirement and other employee benefits		40,03,913	36,31,569
For Leave encashment		22,31,900	21,52,513
		<u>35,44,47,634</u>	<u>35,94,44,521</u>

SCHEDULE ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

SCHEDULE 'H' – SALES AND OTHER INCOME

	Rupees	Rupees	<i>Previous Year Rupees</i>
1. INCOME			
Sales (Gross)	326,33,99,105		282,31,34,696
Less Excise Duty	53,05,384		16,95,352
		325,80,93,721	282,14,39,344
2. OTHER INCOME			
Interest Received			
From Deposits, Loans and Advances (Gross) (Tax deducted at source Rs.3,58,599/- Previous Year Rs.3,13,695)	32,41,936		32,22,735
Rent Income (Tax Deducted at source Rs.59,72,906/- Previous Year Rs.86,40,970/-)	5,79,77,650		5,45,51,025
Excess / short Provision written back / off (net)	86,751		13,43,841
Miscellaneous Income	88,54,692		56,97,606
		7,01,61,029	6,48,15,207
		<u>332,82,54,750</u>	<u>288,62,54,551</u>

AQUAMALL WATER SOLUTIONS LIMITED

SCHEDULE ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

SCHEDULE 'I' – MANUFACTURING, TRADING AND OTHER EXPENSES

	Rupees	Rupees	Rupees	<i>Previous Year Rupees</i>
1. Raw Material and Components Consumed		204,35,44,859		182,12,92,936
2. Cost of Raw Material and Components Sold		40,18,76,305		25,68,92,250
3. Packing Material Consumed		8,98,20,327		6,24,44,755
4. Stores Consumed		2,07,66,713		2,48,04,281
			255,60,08,204	216,54,34,222
5. Payments to and Provisions for Employees				
Salaries, Wages and Bonus		5,82,95,100		5,76,24,796
Company's Contribution to Provident and Other Funds		28,96,363		30,48,901
Staff Welfare Expenses		44,13,025		38,19,400
			6,56,04,488	6,44,93,097
6. Manufacturing and Other Expenses				
Power & Fuel			59,83,702	48,27,012
Rent [Net of recoveries Rs. Nil-; (<i>Previous year Rs. Nil</i>)]			28,96,142	27,64,794
Repairs and Maintenance –				
Building	22,58,146			14,55,994
Machinery	18,44,970			5,32,468
Others	1,26,21,183			116,62,041
		1,67,24,299		1,36,50,503
Insurance		39,59,072		53,15,651
Advertisement		1,00,467		63,630
Freight and Transportation		7,22,69,668		5,29,76,238
Auditors' Remuneration -				
Audit Fees	4,96,350			4,96,350
Tax Audit Fee	27,575			27,575
Out of pocket expenses	81,994			56,267
			6,05,919	5,80,192
Printing and Stationery		12,92,669		13,15,002
Postage and Telephone		39,76,338		40,26,307
Travelling and Conveyance		1,16,40,792		1,14,40,243
Legal and Professional Fees		7,89,62,772		5,04,53,421
Vehicle Expenses and Maintenance		62,51,887		61,97,586
Rates and Taxes		58,33,177		1,40,06,094

SCHEDULE ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

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		2,95,649		9,92,157
Pre-Operative Expenses written off during the year		—		39,20,845
Other Establishment Expenses		5,69,30,747		4,38,59,411
Directors' Sitting Fees		2,30,000		2,30,000
Asset Discarded / Written-Off		20,955		74,00,809
Bad Debts/Advances Written-Off		32,81,471		18,23,641
			27,12,55,726	22,58,43,536
7. Changes in Stock-in-Trade and Work-in-Progress (Other than Raw Material and Components)				
Opening Stock				
Finished Goods	3,76,38,994			7,58,69,885
		3,76,38,994		7,58,69,885
Closing Stock				
Finished Goods	2,66,45,566			3,76,38,994
		2,66,45,566		3,76,38,994
			1,09,93,428	3,82,30,891
			290,38,61,846	249,40,01,746

AQUAMALL WATER SOLUTIONS LIMITED

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

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.

(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.

**SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED
31ST MARCH, 2011**

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

- (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 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.

AQUAMALL WATER SOLUTIONS LIMITED

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

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

(o) Lease Accounting

Leasing of assets whereby the lessor essentially remains the owner of the asset is classified as operating leases. The payments made by the Company as lessee in accordance with operational leasing contracts or rental agreements are expensed proportionally during the lease or rental period respectively. Any compensation, according to agreement, that the lessee is obliged to pay to the lessor if the leasing contract is terminated prematurely is expensed during the period in which the contract is terminated.

2. Estimated amount of contracts remaining to be executed on Capital accounts and not provided for – Nil (*Previous Year – Rs.27.78 lakhs*).
3. Contingent liabilities not provided for on account of
 - (a) Bank Guarantees issued on behalf of the Company — Nil (*Previous Year Rs.24.26 lakhs*)
 - (b) Disputed Sales Tax demands — Rs.3,526.90 lakhs (*Previous Year – Rs.3,526.90 lakhs*)
 - (c) Disputed Central Excise demands — Rs.785.85 lakhs (*Previous Year – Rs.785.85 lakhs*)
 - (d) Disputed Income Tax demand — Rs.419.31 lakhs (*Previous Year – Rs.21.52 lakhs*)
 - (e) Disputed Civil Suit — Rs.27.15 lakhs (*Previous Year – Rs.27.15 lakhs*)
 - (f) Corporate Guarantee Rs.1,500 Lakhs (*Previous Year – Rs. Nil*) given to bank on behalf of Forbes Aquamall Limited
4. The Expenditure on interest of Rs.81.46 lakhs (*Previous Year Rs.80.54 lakhs*) pertains to interest on Bank Loan.
5. Amount of exchange differences included in the profit and loss account is a net loss of Rs.80.27 lakhs (*Previous Year loss of – Rs.79.70 lakhs*)
6. Obsolete Stock of Raw Material and Components Consumption Rs.254.08 lacs have been written off during the year.
7. The balances of certain sundry creditors are subject to reconciliation and confirmation.
8. 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:

	2010-11 In Rupees	2009-10 In Rupees
Employer's contribution to Provident Fund	5, 85,679	4, 97, 525
Employer's contribution to superannuation fund	3, 83,717	4, 65, 476
Employer's contribution to Pension scheme	9, 87,992	9, 68, 065

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)	
	2010 – 2011	2009 – 2010	2010 – 2011	2009 – 2010
Defined Benefit obligation at the beginning of the year	49,91,512	41,91,476	21,52,513	19,03,882
Current service cost	4,36,355	4,15,536	3,06,129	2,94,965
Interest cost	3,99,321	3,35,318	1,72,201	1,52,311
Actuarial (gain)/loss	(2,06,391)	1,70,307	(68,778)	(28,257)
Benefits paid	(3,65,208)	(1,21,125)	(3,30,165)	(1,70,388)
Defined Benefit obligation at the end of the year	52,55,589	49,91,512	22,31,900	21,52,513

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

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

	Gratuity Funded		Leave Encashment (unfunded)		
	2010 – 2011	2009 – 2010	2010 – 2011	2009 – 2010	
B. Reconciliation of opening and closing balances of fair value of plan assets					
Fair value of plan assets at the beginning of the year	13,59,943	13,64,048	—	—	
Expected return on plan assets	1,24,435	1,22,764	—	—	
Actuarial gain/(loss)	(15,359)	(5,744)	—	—	
Employer contribution	1,47,865	—	—	—	
Benefits paid	(3,65,208)	(1,21,125)	—	—	
Fair value of plan assets at year end	12,51,676	13,59,943	—	—	
Actual return on plan assets	1,09,076	1,17,020	—	—	
C. Reconciliation of fair value of assets and obligations					
Fair value of plan assets as at 31st March, 2011	12,51,676	13,59,943	—	—	
Present value of obligation as at 31st March, 2011	52,55,589	49,91,512	22,31,900	21,52,513	
Amount recognised in Balance Sheet	(40,03,913)	(36,31,569)	(22,31,900)	(21,52,513)	
	2010-11 Rupees		2009-10 Rupees		
9. Value of Imports on CIF basis :					
Raw Materials & Components	57,71,47,783		53,67,05,931		
Machinery	—		—		
Moulds & Dies	—		—		
	<u>57,71,47,783</u>		<u>53,67,05,931</u>		
10. Raw Materials and Components consumed during the year :					
		For the year ended 31.03.2011		For the year ended 31.03.2010	
	Unit	Quantity	Value (Rupees)	Quantity	Value(Rupees)
(a) Printed Circuit Boards	Nos.	4,27,666	18,34,84,877	4,06,283	17,80,51,324
(b) U V Lamps	Nos.	4,16,578	3,76,18,774	3,67,051	3,54,24,149
(c) Pump	Nos.	2,76,845	21,15,80,736	2,27,941	18,15,44,493
(d) Others	—		161,08,60,472	—	142,62,72,970
			<u>204,35,44,859</u>		<u>182,12,92,936</u>
11. Value of imported and indigenous Raw Materials and Components consumed and percentage of each to total consumption :					
		2010-11		2009-10	
		Rupees	% to Total Consumption	Rupees	% to Total Consumption
(a) Indigenous		134,53,56,877	65.83	129,47,25,397	71.09
(b) Imported		69,81,87,982	34.17	52,65,67,539	28.91
		<u>204,35,44,859</u>	<u>100.00</u>	<u>182,12,92,936</u>	<u>100.00</u>

AQUAMALL WATER SOLUTIONS LIMITED

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

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

	Rupees	<i>Rupees</i>
12. Expenditure in Foreign Currency on account of travel, subscriptions, certification, etc	1,05,23,967	16,71,163
Earnings in Foreign Exchange: Export of Goods on F.O.B. basis	4,41,87,507	3,85,13,261
13. 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.	16,25,000 (16,25,000)	6,59,204 (6,05,597)
	(b) Testing Kit	Nos.	2,68,000 (2,68,000)	— (—)
(ii)	Vacuum Cleaners	Nos.	1,00,000 (1,00,000)	1,800 (200)
(iii)	Water Filter Cartridge	Nos.	5,00,000 (5,00,000)	85,855 (4,70,732)
(iv)	Water Cooler-cum-Purifier	Nos.	1,23,500 (1,23,500)	7,614 (4,835)
(v)	Flexible Food Grade Tube / Pipe	Mts.	22,46,000 (22,46,000)	11,06,995 (12,89,177)
(vi)	Automated Switching Device	Nos.	24,000 (24,000)	— (—)
(vii)	Softner	Nos.	24,000 (24,000)	25,437 (15,547)
(viii)	Hose Pipe	Nos.	1,50,000 (1,50,000)	— (—)
(ix)	Pump Attachment	Nos.	25,000 (25,000)	2,060 (7,390)

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, 2011

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) (a) Water Purifier (Depolluting) Equipment (Water Filter-cum-Purifier)	Nos.	11,870 (20,116)	3,26,30,465 (6,91,70,716)	7,441 (11,870)	2,08,25,093@ (3,26,30,465)@	6,63,633\$ (6,13,843)\$	250,42,47,008 (231,86,65,961)
(b) Testing Kit	Nos.	-- (--)	-- (--)	-- (--)	-- (--)	-- (--)	-- (--)
(ii) Vacuum Cleaners	Nos.	-- (--)	-- (--)	-- (--)	-- (--)	1,800 (200)	65,26,625 (7,26,200)
(iii) Water Filter Cartridge	Nos.	7,205 (17,450)	6,75,563 (6,94,761)	5,238 (7,205)	15,74,154 (6,75,563)	2* (53,972)*	280 (32,49,808)
(iv) Water Cooler-cum-Purifier	Nos.	283 (302)	28,24,933 (32,34,799)	276 (283)	32,07,142 (28,24,933)	7,621\$ (4,854) \$	16,93,83,624 (10,36,42,496)
(v) Flexible Food grade Tube / Pipe	Mts.	10,955 (6,683)	1,66,422 (3,19,650)	510 (10,955)	1,60,683 (1,66,422)	1,78,895# (3,79,045)#	25,37,893 (51,91,717)
(vi) Automated Switching Device	Nos.	1 (1)	359 (359)	1 (1)	359 (359)	-- (--)	-- (--)
(vii) Softner	Nos.	1,302 (1,126)	7,58,644 (7,31,889)	360 (1,302)	2,57,656 (7,58,644)	26,379 (15,371)	1,89,96,305 (1,16,63,105)
(viii) Hose Pipe	Nos.	-- (--)	-- (--)	-- (--)	-- (--)	-- (--)	-- (--)
(xi) Pump Attachment	Nos.	618 (1,738)	5,82,608 (17,17,710)	638 (618)	6,12,779 (5,82,608)	2,040 (8,510)	23,46,000 (97,86,500)
(x) Components							53,51,50,020 (35,77,09,659)
T O T A L			3,76,38,994 (7,58,69,884)		2,66,37,886 (3,76,38,994)		323,91,87,755 (281,06,35,446)

@ Includes value of Accessories

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

* Excluding 87,820 Nos. (Previous Year 4,27,005 Nos.) captive consumption

Excluding 9,38,545 Mtrs. (Previous Year 9,05,860 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) Vacuum Cleaners	Nos.	-- (--)	-- (--)	5,600 (2,890)	2,15,60,000 (1,11,26,500)	2 (--)	7,700 (--)	5,598 (2,890)	2,42,11,350 (1,24,99,250)
TOTAL		-- (--)	-- (--)	5,600 (2,890)	2,15,60,000 (1,11,26,500)	2 (--)	7,700 (--)	5,598 (2,890)	2,42,11,350 (1,24,99,250)

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, 2011

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

15. 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.
16. 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.
17. 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. (i) The Company has taken certain office/residential premises on operating lease basis. Lease payments in respect of such leases recognised in profit and loss account Rs.28.96 lacs (*Previous Year Rs.27.65 Lacs*)
- (ii) Except for escalation clauses contained in certain lease arrangements providing for increase in the lease payments by a specified percentage / amounts after completion of specified period, the lease terms do not contain any exceptional / restrictive covenants other than prior approval of the lessee before the renewal of lease.
- (iii) There are no restrictions such as those concerning dividend and additional debt other than in some cases where prior approval of lesser is required for further leasing. There is no contingent rent payment.
- B. 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	Building	12,12,57,731	4,64,92,040	38,23,492
2	Moulds	35,66,439	6,37,160	6,37,160

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. Disclosures required by accounting Standard (AS-29) “Provisions, Contingent Liabilities and Contingent Assets”

(Rs in lakhs)

Particulars	Excise Duty	Sales Tax
Balance as on 1-4-2010	339.26	45.75
Additional provision during the year	—	—
Paid during the year	—	—
Provision reversed during the year	—	—
Balance as at 31-3-2011	339.26	45.75

20. The information as required under Micro, Small and Enterprises Development Act, 2006 as received by the Company and relied upon by Auditors is as follows
- (a) The amount of principle outstanding in respect of above as at Balance Sheet date is Rs.243.04 lakhs (*Previous Year Rs.452.66 lakhs*)
- (b) The interest due thereon remaining unpaid is Rs.Nil (*Previous Year Rs. Nil*)
- (c) The amount of interest paid by the Company in terms of section 18, along with the amounts of the payment to the supplier beyond the appointed day during each accounting year – Rs.Nil (*Previous Year Rs. Nil*)
- (d) The amount of interest due and payable for the period of delay in making the payment (which have been paid beyond the appointed day during the year) but without adding the interest specified under this Act – Rs. Nil (*Previous Year Rs. Nil*)
- (e) The amount of interest accrued and remaining unpaid at the end of each accounting year: and Rs. Nil (*Previous Year Rs. Nil*)
- (f) The amount of further interest remaining due any payable even in the succeeding years, until such dated when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as deductible expenditure under section 23 – Rs.Nil (*Previous Year Rs. Nil*)

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

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

21. The Company has filed the petition dated 7.01.2011 & 21.02.2011 for the merger of Forbes Aquamall Limited into its Holding Company Aquamall Water Solutions Ltd. with Hon'ble High Court of Uttarakhand and Andhra Pradesh respectively. Pending the Order of the Hon'ble High Court of Uttarakhand the accounting effect of the merger will be given in the year in which the order is received.
22. The Company has not entered into any forward exchange contracts to hedge against its foreign exchange exposures relating to the underlying transactions and firm commitments. The Company does not enter into any derivative instruments for trading speculative purpose.

Currency	Payable (in lakhs)		Receivable (in lakhs)		Payable (Rs. in lakhs)		Receivable (Rs. in lakhs)	
	2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010
SGD	0.67	0.64	1.84	2.23	23.93	20.86	65.11	64.25
USD	0.05	1.60	24.69	20.17	2.45	72.13	1104.82	912.54
JPY	—	43.50	—	—	—	21.11	—	—
EUR	—	0.06	—	—	—	3.72	—	—
					26.38	117.82	1169.93	976.79

23. M/s. Aquadiagnostics Water Research & Technology Centre Limited (AWRTC), a subsidiary of the Company, is India's only U.S. WQA-certified analytical laboratory, which has a pre-eminent set of accreditations and endorsements on its analytical capabilities in water research and allied areas. AWRTC provides analytical test services to the industry. These analytical services include product and performance testing, product certification, trace level analysis, regulatory compliance validation and several other services. The certificates provided by AWRTC are valuable in conducting the business of M/s. Aquamall Water Solutions Limited and M/s. Eureka Forbes Limited. AWRTC's value to the Company cannot be measured merely by operating losses, which are tracked purely because it is structured as an independent Company as opposed to an internal test laboratory. While options regarding AWRTC's future are being considered by management, it is imperative that AWRTC remain an integral part of the Company and any accumulated losses or capital investments made be accrued and settled at the time of potential divestiture in the future. In view of above the Company has not provided for the accumulated losses of AWRTC and interest payable by AWRTC.
24. Sundry Debtors Rs.5,338.06 lakhs (*Previous Year Rs.2,238.17 lakhs*) due from Companies under the same management
25. Loans and advances includes amount due from Companies under the same management.
- (a) Forbes Aquamall Limited Rs.400 lakhs (*Previous Year Rs. Nil*)
(The Maximum outstanding during the year was Rs.500 lakhs (*Previous Year Rs. Nil*)).
- (b) Aquadiagnostics Water Research & Technology Center Rs.90.51 lakhs (*Previous Year Rs.74.01 lakhs*).
(The Maximum outstanding during the year was Rs.90.51 lakhs (*Previous Year Rs.74.01 lakhs*)).
26. Information required in terms of Part IV of the Schedule VI of the Companies Act, 1956 is attached.
27. 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

S.L. GOKLANEY *Chairman*

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

SACHIKANT CHAUDHURY *Company Secretary and
DGM Finance*

Mumbai, Dated : 15th June, 2011

Mumbai, Dated : 15th June, 2011

AQUAMALL WATER SOLUTIONS LIMITED

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

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

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

Balance Sheet Abstract and Company's General Business Profile.

I. Registration Details

Registration No.

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

State Code

0	1
---	---

Balance Sheet Date

3	1
---	---

0	3
---	---

2	0	1	1
---	---	---	---

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

		1	6	8	7	5	4	6
--	--	---	---	---	---	---	---	---

Total Assets

		1	6	8	7	5	4	6
--	--	---	---	---	---	---	---	---

Source of Funds

Paid-Up Capital

				2	0	0	0	0
--	--	--	--	---	---	---	---	---

Reserves & Surplus

		1	1	6	8	4	2	9
--	--	---	---	---	---	---	---	---

Secured Loans

		1	4	4	6	6	8
--	--	---	---	---	---	---	---

Unsecured Loans

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

Application of Funds

Net Fixed Assets

		3	8	2	8	4	0
--	--	---	---	---	---	---	---

Investments

				5	7	0	8
--	--	--	--	---	---	---	---

Net Current Assets

		9	3	1	8	2	4
--	--	---	---	---	---	---	---

Deferred Tax Assets / (Liability)

				1	2	7	2	5
--	--	--	--	---	---	---	---	---

Misc. Expenditure

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

Accumulated Losses

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

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

Net Turnover (Sales & Other Income)

		3	3	2	8	2	5	5
--	--	---	---	---	---	---	---	---

Total Expenditure

		2	9	5	8	8	7	9
--	--	---	---	---	---	---	---	---

+ - Profit Before Tax

✓					3	6	9	3	7	6
---	--	--	--	--	---	---	---	---	---	---

+ - Profit After Tax

✓					2	9	5	7	5	8
---	--	--	--	--	---	---	---	---	---	---

Earnings Per Share in Rs.

		1	4	7	.	8	7
--	--	---	---	---	---	---	---

Dividend Rate %

2	5	0
---	---	---

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

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	
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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		
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Product Description

H	O	S	E	P	I	P	E								

AQUAMALL WATER SOLUTIONS LIMITED

Details required under Accounting Standard 18 on “Related Party Disclosure” issued by the Institute of Chartered Accountants of India – Referred in note 15 in Schedule J to the Accounts for the year ended 31st March, 2011.

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.

B. Enterprises that are controlled – (Subsidiary Company) –

Forbes Aquamall Limited

Aquadiagnostics Water Research & Technology Centre Ltd.

C. Enterprises that are under common control

E4 Development & Coaching Ltd.

EFL Mauritius Limited

Euro Forbes International PTE Ltd.

Forbes Enviro Solutions Limited

Forbes Facility Service (P) Ltd. (formerly known as Forbes Abans Cleaning Solutions (P) Ltd.

Radiant Energy Systems Pvt. Limited

Waterwings Equipments Pvt. Limited

Euro P2P Direct (Thailand) Co. Limited

Forbes Bumi Armada Limited

Forbes Bumi Armada offshore Limited

Forbes Campbell Finance Ltd.

Forbes Campbell Services Ltd.

Forbes Container Lines Limited

Forbes Edumetry Limited

Forbes Smart Data Limited

Forbes Technosys Limited

Forbes Lux FZE

Forbes Lux Group AG

Forbes Aquatech Limited

Forbes Concept Hospitality Services Ltd.

Infinite Water Solutions Pvt. Ltd.

Volkart Fleming Shipping & Services Limited

Details required under Accounting Standard 18 on "Related Party Disclosure" issued by the Institute of Chartered Accountants of India – Referred in note 15 in Schedule J to the Accounts for the year ended 31st March, 2011. (contd.)

Related Party Disclosure – As specified by Accounting Standard 18 (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
1.	Purchases				
	Goods and Materials				
	Eureka Forbes Limited	3,15,000			
	Forbes Aquamall Limited		39,61,924		
	Forbes Aquatech Limited			31,24,800	
	Infinite Water Solutions			1,57,24,570	
	Forbes Facility Services			28,79,523	
	Others		4,39,252	3,10,671	
	Total	3,15,000	44,01,176	2,20,39,564	
2.	Sales				
	Goods and Materials				
	Eureka Forbes Limited	318,37,87,774			
	Forbes Aquatech Ltd.	318,37,87,774	13,65,650		
	Forbes Lux FZE			1,03,21,102	
	Others		1,673	17,220	
	Total	318,37,87,774	13,67,323	4,76,46,774	
	Fixed Assest				
	Forbes Aquatech Ltd.			5,05,196	—
	Total			5,05,196	
3.	Expenses				
	Management Consultancy	5,62,68,100			
	Eureka Forbes Limited	5,62,68,100			
	Total	5,62,68,100			
	Rent and other Services				
	Eureka Forbes Limited	3,84,950			
	Other Expenses	12,92,994	—	—	—
	Total	16,77,944	—	—	—
4.	Income				
	Rent and other Services				
	Eureka Forbes Limited	50,91,052			
	Forbes Aquamall Limited	—	18,92,764		
	Aquadiagnositcs		12,54,839		
	Forbes Aquatech Ltd.			78,92,694	
	Infinite Water Solutions			28,94,503	
	Forbes Facility Services			3,60,000	
	Others	3,47,706			
	Total	54,38,758	31,47,603	1,11,47,197	
	Interest				
	Forbes Aquamall Limited	—	23,17,807	—	—
	Aquadiagnositcs		8,98,470		
	Total		32,16,277		

AQUAMALL WATER SOLUTIONS LIMITED

Details required under Accounting Standard 18 on “Related Party Disclosure” issued by the Institute of Chartered Accountants of India – Referred in note 15 in Schedule J to the Accounts for the year ended 31st March, 2011. (contd.)

Related Party Disclosure – As specified by Accounting Standard 18 (contd.)

II. Transactions with Related Parties: (contd.)

	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
5.	Finance				
	Loans and Advances Given				
	Forbes Aquamall Limited		5,00,00,000		
	Aquadiagnosites		16,50,000		
	Total		5,16,50,000		
	Repayment of Advances Given	—	—	—	
	Forbes Aquamall Limited		1,00,00,000		
	Total		1,00,00,000		
6.	Dividend paid				
	Eureka Forbes Limited	5,00,02,000	—	—	—
	Total	5,00,02,000	—	—	—
7.	Outstanding				
	Receivables		95,29,997	7,90,48,778	
	Eureka Forbes Limited	51,60,75,581			
	Forbes Aquamall Limited		47,49,165		
	Aquadiagnosites		47,80,832		
	Forbes Aquatech Ltd.			78,72,392	
	Infinite Water Solutions			51,09,444	
	Forbes Lux, FZE			6,60,66,942	
	Total	51,60,75,581	95,29,997	7,90,48,778	
	ICDs Given				
	Forbes Aquamall Limited		4,00,00,000		
	Aquadiagnosites		90,51,360		
	Total		4,90,51,360		
	Payable				
	Forbes Facility Services	—	—	1,25,020	
	Total			1,25,020	
	Other Deposits – Taken	1,05,000	5,28,240	29,62,332	
	Eureka Forbes Limited	1,05,000			
	Forbes Aquamall Limited		5,28,240		
	Forbes Aquatech Ltd.			22,14,000	
	Infinite Water Solutions			7,48,332	
	Total	1,05,000	5,28,240	29,62,332	

**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,2011	31st March, 2011
(a) Number of shares in the subsidiary Company held by Aquamall Water Solutions Limited at the above date		
(i) Fully paid	5,00,000	70,050
(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, 2011 are as follows		
For the year (in Rupees)	2,88,62,764	-37,31,706
For the previous years (in Rupees)	17,35,21,671	-82,60,927
(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, 2011 being the dividends received are as under		
For the year	Nil	Nil
For the previous years	Nil	Nil

S.L. GOKLANEY

Chairman

P J REDDY

A V SURESH

J N ICHHAPORIA

K. RAMAN VENKATESH

} *Directors*

SACHIKANT CHAUDHURY

*Company Secretary and
DGM Finance*

Mumbai, Dated : 15th June, 2011

EUREKA FORBES LIMITED

(a wholly owned Subsidiary Company)

Annual Report and Accounts
for the year ended 31st March, 2011

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.

REPORT OF THE DIRECTORS' OF EUREKA FORBES LIMITED

To,

The Members,

The Directors are pleased to submit their Report and the Audited Accounts of the Company for the year ended 31st March, 2011.**1. FINANCIAL RESULTS:**

	2010-11 Rupees	2009-10 Rupees
Sales and Other Income	10,95,81,17,153	990,96,34,703
Profit before Depreciation	26,69,44,899	37,06,37,563
Less: Depreciation	12,55,31,873	11,20,27,219
Profit before Tax	14,14,13,026	25,86,10,344
Less: Provision for Current and Deferred Tax	3,40,65,406	6,42,63,799
Profit After Tax	10,73,47,620	19,43,46,545
Less: Prior Years' Tax Adjustments (Net)	27,36,140	26,16,710
Profit After Tax and Prior Years' Adjustments	10,46,11,480	19,17,29,835
Add: Balance brought forward from Previous year	25,37,26,579	15,19,46,744
Amount available for appropriation	35,83,38,059	34,36,76,579
APPROPRIATIONS:		
Transferred to General Reserve	5,97,84,000	8,99,50,000
Balance carried to Balance Sheet	29,85,54,059	25,37,26,579

2. DIVIDEND:

Considering the future growth plans and investments that may be required to achieve the annualised growth, your directors do not recommend any dividend for the year 2010-11.

3. TRANSFER TO RESERVES:

The Company proposes to transfer Rs.5.98 Crores to the General Reserve out of the amount available for appropriations and an amount of Rs.29.85 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 2,27,000 equity shares of Rs.10/- each at a price of Rs.792/- 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 reduced from 39,55,000 equity shares of Rs.10/- each to 37,28,000 equity shares of Rs.10 each fully paid up.

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

5. OPERATIONS:

The year gone by witnessed strong resilience power of the global economy amidst fears of high recession, sovereign debt crisis in euro currency zones and rising crude prices. India, inspite of inflation at highest level in recent times with RBI taking steps to curb inflation with monetary policy measures, maintained its growing trend aided by strong fundamentals of the economy.

With this backdrop, your Company has performed commendably well with a growth in revenue by 10% over previous year. However, net profit after tax of Rs.10.46 Crores is lower than previous year due to additional spends on Information Technology at Corporate level, Sales promotion and Advertising in Consumer Vertical to counter stiff competition and new initiatives.

The performance of Verticals is an indication of significant contribution by each of them towards the growth of the Company.

EUREKA FORBES LIMITED

Direct Sales, the parent division of the Company, truly lived upto the theme of the year 'Rise and Rule' with an 5% growth in value terms. Aquaguard water transformed itself into 'Paani Ka Doctor', a campaign that helped the Eurochamps receive a record number of enquiries that helped them close sales. Euroclean, the vacuum cleaner business, recorded the highest ever revenue turnover for the category. The new businesses 'Euroair' – air purification system got a fillip through introduction of four new models towards the end of the year and the 'EuroVigil' – electronic security business grew by over 50%.

Transformation truly was the mantra in Direct Sales which evolved to focus on the 'digital medium' becoming very active on the 'social media' helping generate leads, improving word of mouth and making access to consumers easier with the 'click to call' facility both on the website as well as print advertisements. Strong focus on bringing down the 'Cost per unit' and steps to manage the customer database better with 'Data Validation' helped this division achieve its budgeted sales and profits.

In the Consumer Division, the Retail channel crossed for the first time the land mark of Rs.200 Crores, with a value growth of 18%, inspite of stiff competition in the retail environment. This retail success was on the back of strong distribution network across 1550 towns and brand availability in over 14000 retailers. The new growth engine of the division namely Packaged Drinking Water (PDW) Division, has made a rapid foray through out India with a value growth of 61%.

The Forbes Pro Division has ended the year 2010-11 with a growth of 34% on top of a growth of 42% in the previous year. Forbes Pro has introduced on line material indenting and processing and has successfully monitored inventory within approved norms.

Forbes Pro has launched a new retail range of cleaning solutions under the brand name of Eurostar and also the range of professional cleaning equipments and consumables in collaboration with an Italian Company and a German Company for dust extraction systems.

The Water Projects Division has made a significant progress in obtaining recognition in the market place and registration with some renowned consultants, thereby procuring few prestigious orders and also repeat orders. Water Project division has signed a MOU for technical tie-up on desalination plants and high end waste water treatment plants with a U.K based Company.

The Forbes Pro Water Solutions has moved up the value chain by providing skid mounted large capacities RO and UV water treatment plants.

Forbes Pro Railways has distinction of obtaining an Integrated Management System by getting ISO 9001 : 2008, ISO 14001: 2004 and OHSAS 1801 : 2007 certifications. This is the first ever service organization to get all three certifications in this project space.

The initiative taken in the operations management, lead management and brand building of Forbes Pro would catapult the business to greater heights in the years to come.

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

- Richard Ivey School of Business: Top business schools in Canada choose to teach Eureka Forbes case to their students.
- Best Prax Benchmark Award for Leadership Governance (Global Benchmarking Network – GBN).
- Eureka Forbes features in DSN Global 100: The Top Direct Sales Companies in the World.
- India's Best Companies to Work For – 2010 Study By Great Place to Work® Institute & Economic Times (43rd among the top 50).
- Aquaguard once again wins 'The Reader's Digest Platinum Trusted Brand Award' in the Water Purifier category for the fifth year in succession.
- Aquamall Dosti manufacturing facility at Dehradun received ISO 14001:2004 certification.
- The Most Admired Knowledge Enterprise MAKE India 2010 (6th time) and The Most Admired Knowledge Enterprise MAKE Asia 2010 (3rd time).
- EFL won "Special Recognition Award" by the Business Continuity Institute (BCI) in association with KPMG India, in recognition of work done in the area of public awareness. BCI, appreciated the Company's efforts in creating awareness in the area of Water, Air, cleaning. Most importantly for Jagrut Mumbaikar initiative.
- 'Best Partner – Intrusion 2010 at Partner of Choice event, by Honeywell Security at Mumbai.
- Frost & Sullivan Award – Best Company of the year Award – Indian Residential Point-of-use Water Treatment Systems Market – 2nd time.
- Prestigious (4th time) UNESCO – Water Digest Awards in the following categories:
 1. Best Domestic RO Water Purifier – Aquaguard Total Enhance.
 2. Best Domestic UV Water Purifier – Aquaguard Total Infiniti.
 3. Best Domestic Non – Electric Water Purifier – AquaSure 3PCTi.
 4. Distinguished Complete Domestic Water Solutions Provider – Eureka Forbes.
 5. Distinguished Water R&D and Technological Breakthrough for Aquaguard Total Duo.

6. HUMAN RESOURCE DEVELOPMENT, INDUSTRIAL RELATIONS AND CSR:

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

During the year under review, your Company has set up a state of the art call centre 'EuroAble' in association with NASEOH, India (National Society for Equal Opportunities for the Handicapped) at Chembur, Mumbai (India). This unique initiative will be manned by differently abled people.

For the Project EuroAble, the Company has set-up a 5000 sq ft modern facility at NASEOH in Mumbai especially designed for people with physical disabilities and aims to facilitate integration of their abilities into the mainstream of society. The call centre will initially employ 80 such people to cater to the needs of over 8 million customers of your Company.

Once the call centre is fully functional with 140 people, it will cater to about 10,000 customer calls in a day. Your Company has invested its management resources to provide training to the people with special needs right from speaking in English to product training and handling customer calls.

7. DIRECTORATE:

Dr. (Mrs.) Indu Shahani and Mr. Reinhard von der Becke retire by rotation and being eligible offer themselves for re-appointment at the ensuing Annual General Meeting.

8. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES:

During the year under review, the Company's subsidiary, Aquamall Water Solutions Ltd. (AWSL), continued its impressive growth with increase in sales of 13% over previous year, profit before tax grew 16% over the previous year, i.e, from Rs.30.90 crores to Rs.36.94 crores. During the year the Company has developed and added various new models of Water Purifier to the Company's range of models.

Forbes Aquamall Ltd. (FAML), a wholly owned subsidiary of AWSL has maintained satisfactory results with a turnover of Rs.78.32 crores and a profit before tax of Rs.3.60 crores. Since FAML is involved in the manufacture of the same major product line as AWSL, the Directors of AWSL proposed a vertical merger of the business of both the Companies. Accordingly, during the year, the Board of Directors had approved amalgamation of both the companies with effect from 1st April 2010 or such date as the Hon'ble High Court may approve in order to bring efficiency in the operations of the Company and improve its profitability. A petition was filed with Hon'ble High Courts of Uttarakhand and Andhra Pradesh respectively to this effect and final judgement is expected during the course of the year 2011-12.

Another subsidiary of AWSL, Aquadiagnostics Water Research & Technology Centre Ltd., 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.32 lakhs. Looking at the growing demand for the Company's services, the Directors are confident that the Company would break-even in the near future.

During the year under review, the Company's subsidiary, Forbes Facility Services Pvt. Ltd. (FFSPL) has grown by over 50% over the previous year. The Company has its presence in 39 cities across the country and operations ranging from Hospital, Hotel, Manufacturing, Guest Houses to Corporate offices. It has successfully forayed into the catering business. During the year, your Company successfully approached all its past customers of its sister concern M/s. Forbes Concept Hospitality Services Pvt. Ltd. It has entered into fresh agreements of catering business with all these customers. In addition to this, your Company has acquired new customers for its catering business. It has successfully expanded its business to existing customers for providing housekeeping and catering services together. The Company is also looking into entering the Operations & Maintenance sector with a dedicated team. The year gone by has witnessed the Company strengthening its operations in North India where the business has more than doubled. Its Southern region has also shown impressive growth of over 100%.

Forbes Concept Hospitality Services Pvt.Ltd. (FCHSPL), a 50:50 joint venture of the Company, had to discontinue its business operations by the end of March 2011 in view of its accumulated loss of Rs.6.4 crores. Since there are no plans for restructuring the business of FCHSPL in the near future, resulting in an impairment in the value of the Company's investment, a provision for diminution in the value of investment in FCHSPL has been made in the accounts for the year under review of Rs.2.62 crores, including loans granted to FCHSPL of Rs.0.65 crores.

The Company's subsidiary, E4 Development & Coaching Ltd. has shown better performance as compared to the previous year. This Company plans to build its efficiency in the education vertical, with many more learning modules for academic interventions in next year. It will enable the Company to maintain a steady and sustainable growth rate in the future.

Forbes Enviro Solutions Ltd., (formerly known as Forbes Water Ltd.), a wholly subsidiary, has not commenced its commercial operations since, in the ensuing year 2011-12, the Company will take over the operations of two of the subsidiary companies of its parent Company Eureka Forbes Limited, namely Radiant Energy Systems Private Ltd. and Waterwings Equipment Private Ltd. This Company plans to become a flagship Company for the Water Projects business of the Company.

During the year, the Company increased its stake to 88% of the Equity shares in each of the two companies, Radiant Energy Systems Private Limited (RESPL) and Waterwings Equipments Private Limited (WEPL). 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. Your Company has acquired the balance

EUREKA FORBES LIMITED

equity of 12% also on April 01, 2011. With the acquisition of balance equity of 12%, both the companies hence become wholly owned subsidiaries of your Company with effect from April 01, 2011. During the year under review, RESPL has recorded excellent results with turnover of Rs.515.35 lacs, a growth of 70% over the previous year and has made a profit after tax of Rs.52.01 lacs, a growth of 46% over the previous year. WEPL has also recorded excellent results with turnover of Rs.1452.69 lacs, a growth of 98% over the previous year and has made a profit after tax of Rs.81.56 lacs, a growth of 50% over the previous year.

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.92.33 Lakhs. The process of transfer of business of this Company to Forbes Lux FZE at Dubai, which is a 100% subsidiary of Forbes Lux Group AG, Switzerland commenced in the year 2009-10 and will be completed in the year 2011-12. The Company had therefore no business operations during the year.

During the year under review, your Company incorporated and subscribed to the 100% of the equity capital of EFL Mauritius Ltd., Mauritius.

Your Company, alongwith EFL Mauritius Ltd. (wholly owned subsidiary), has entered into a Share Purchase Agreement with the promoters of Lux International AG for acquiring 25% stake in Lux International AG, Switzerland.

During the year under review, the Company's 50:50 joint venture, Forbes Aquatech Ltd., improved its turnover from Rs.53.6 crores in 2009-10 to Rs.55.2 crores in 2010-11 and maintained its profit before tax at Rs.2.42 crores (*previous year Rs.2.16 crores*) inspite of rising costs and inflation. This year saw the introduction of a new generation product for water purification in storage water category. This new product has an innovative technology that does not use any chemicals in the disinfection process.

9. AUDITORS AND AUDIT REPORT:

M/s. Batliboi & Purohit, Chartered Accountants, Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

The Company has received letter from them to the effect that their re-appointment, if made, will be within the prescribed limits under Section 224(1B) of the Companies Act, 1956.

You are requested to consider appointment of M/s. Batliboi & Purohit, Chartered Accountants as Statutory Auditors of the Company from the conclusion of ensuing Annual General Meeting till the conclusion of the next Annual General Meeting.

Reference is invited to qualifications at paragraphs (5), (6) and (7)(f) of the Auditors' Report and in paragraph ii) c) of the Annexure thereto. As regards paragraph (5) read with paragraph 7(f), attention is invited to Note 20 to Schedule K to the Notes forming part of the Accounts. The Note is self-explanatory.

With reference to paragraph (6) read with paragraph (7)(f) of the Auditors' Report, the Company gives a warranty for water purifiers and vacuum cleaners sold every year. During the warranty period the Company replaces certain spares free of cost. Further, the Company also offers Annual Maintenance Contracts (AMC) to its customers for one to three years. During the continuance of the AMC, the Company also replaces certain spares free of cost, which are identical for machines under warranty. Further, the Company charges for spares replaced for machines out of warranty and AMC. Due to voluminous and complex nature of transactions, the Company has not been able to segregate the spares consumed/utilized only for warranty purposes from the overall consumption of spares. However, the Company has maintained overall records of spares consumed for machines under warranty, under AMC and outside AMC. There is, therefore, no impact on the reported results of the Company. The Company has moved into a web based online system which is fully operational and effective since April 2011 and it is expected that from the year 2011-12 onwards the requisite information will be provided.

With reference to paragraph ii) c) in the Annexure to the Auditors' Report, the Company has a vast network of over 1500 locations to carry out the service activities. Servicing of the products happens from these locations and the spares stock is stored in these locations (in the 1500 + locations). Due to malfunctioning of computer software, the main stock record did not get updated. There were, therefore, differences between book and physical stocks in spares. However, at the 1500 locations the stock records are maintained. The differences between book and physical stock therefore have been adequately adjusted in the books of accounts, as reported by the Auditors in paragraph ii) c) of the Annexure. The Company has now installed a new IT system which will ensure online accounting for the year 2011-12.

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(2AA) of the Companies Act, 1956, the Directors, based on representations received from the

Operating Management, confirm that –

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- (ii) 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) 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 Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) 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 of 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: 17th June, 2011

EUREKA FORBES LIMITED

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, 2011.

A. CONSERVATION OF ENERGY

1. Energy Conservation Measures taken:

The manufacturing operations of the Company's wholly owned subsidiary, Aquamall Water Solutions Pvt. Ltd. do not need significant energy inputs. However, by its very nature of business that purports to reduce energy consumption for end-users (i.e. energy savings from avoidance of LPG consumption for boiling drinking water by using your Company's water purifiers), your Company is well aware of energy conservation as a guiding philosophy and looks for ways to further minimize the already low energy used in its manufacturing operations. These methods include utilization of natural light through enabling architecture of manufacturing buildings, recycle and re-use of water to the extent practical, and off-setting of power used in national grid through sustainable wind power generation (windmill operational in Tamil Nadu). During the winter season, a geo-thermal air circulation system helps minimize or even eliminate the use of electric heaters.

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

As explained above, the operations of the manufacturing subsidiary Company already consume insignificant amounts of energy. The subsidiary Company's largest manufacturing plant at Dehradun is already energy-positive because its energy consumption is below what is generated by the offsetting windmill. The Company remains ever sensitive about the declining availability and environmental impact of petroleum and coal-based energy sources, and therefore, opportunities for further energy conservation are always taken up on priority.

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:

Your Company's flagship subsidiary Company is the recipient of Gold LEED (USA) certification for its Dehradun plant, testifying its superior energy-efficient and environmentally sustainable operations in India. This certification puts your Company among the world's best for 'green' manufacturing operations. In the 2010-11 year, your Company also won the Frost & Sullivan Manufacturing Excellence award under the 'aspirants' category for small and medium level enterprises. In addition to awards and low inherent energy usage, the most notable impact in terms of production of goods have been in these areas: Reduction of multi-color print packaging to environmentally-friendly single color brown packaging, Replacement of master cartons with stretch wraps to cut down on paper and pulp products consumption, Use of bio-degradable 'green' packaging in selected products, standardization of components to the extent feasible to help reduce wastage, tighter inventory management improve process efficiency and thus reduce 'invested energy' in the supply chain and others.

B. TECHNOLOGY ABSORPTION

Research and Development (R & D)

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

The Company has carried out extensive Research and Developmental activities in the field of Water purification for drinking and other consumptive uses.

The Company entered into an agreement with Ahlstrom Filtration USA to further develop and deploy a revolutionary new medium (trademarked Disruptor™) for Water Purification. Your Company is now the global pioneer in the use of this medium for gravity-pressure water purification applications. Other applications included development of various Water Purification appliances that use Disruptor medium's properties to provide Safe, Clean, Potable water without the use of any disinfecting chemicals.

The Company also entered into technology transfer arrangement with Water Security Corporation of the USA for production of advanced U.S. EPA-registered MCV® resin. This biocidal resin, now produced in-house, is used for low-cost water purification products that deliver consistent purification performance. The technology transfer was completed in 2010-11 and was very successful right in the first batch of production, where the resin quality matched with that expected by Water Security Corporation.

In addition, the Company developed Dual Power (Electrical & Manual) Community Water Purification Units for Rural Water Supply and Disaster Management. These units were subsequently exported to Ethiopia and also given to World Vision for the stated purpose.

One important R&D milestone has also been development of relatively low-cost UV sensor in conjunction with Newport of USA for measuring the intensity and wavelength of UV light (to ensure it is in the correct 'germicidal' wavelength) for UV-based units.

Another significant project achieved during the year is the development of a patent-pending Waste Water Recycling system for floor scrubbers in Europe, which saves a substantial amount of water (as high as 80%) and reduces the frequency of downtime during routine cleaning operations. The primary client for this development is a leading Italy-based floor cleaning Company. Significant work is underway in the development and validation of pay-per-liter mechanism for commercial customers, where the customers pay for water only as much as they consume. Development of unified PCB assemblies for reduction in inventory was also undertaken in 2010-11, whose benefits are expected to be realized in 2011-12 financial year.

2. Benefits derived as a result of above efforts:

As a result of the developmental activities with Disruptor medium, we have created a new category of Storage Water Purifiers in India called “Chemical Free Water Purifiers”, giving Eureka Forbes a strong technological and positional advantage for the future. The storage water purifier using the innovative technology (branded AquaSure 3PCTi®) is the first of many new product variants under development using this advanced electro-positive nano-scale filtration medium.

The MCV resin production allows us the liberty to support our systems with in-house WP technology without dependence on an external technology partner.

The UV Sensor development clears a major hurdle in the path of acceptance of our Products as NSF Class A certified products—the global ‘Gold Standard’ of UV-based water purifiers.

There are several other benefits the Company derives from R&D beyond those captured in specific examples. These benefits include both tangible product improvement and validated cost reduction benefits as well as intangible benefits, such as Company’s strategic positioning in regulatory, NGO and public impact domains. In addition, your Company’s nationwide network of 16 water laboratories, along with India’s only U.S. WQA-certified Aquadiagnostics Water Research & Technology Centre (AWRTC), provide yeoman service to the Company’s sales and marketing teams and end customers with the right technology selection, product awareness campaigns, training programs and several sponsored events to improve public awareness in areas supporting the Company’s mission and vision.

3. Future Plan of Action:

It has been planned to develop the business into these lines and also to bring out more products in the portfolio of the Company that use the above developments to either provide existing performance at lower costs or higher performance with marginal or no cost increases.

During the 2011-12 year, a major area of focus for R&D is Value Engineering of existing products to significantly reduce costs and deliver more shareholder value to all Stakeholders in the Company. Quite a few projects have been identified, prioritized in order of potential impact, and will be executed in 2011-12 year. The focus of the R&D function is to continue to deliver maximum value and satisfaction to both internal and external customers.

4. Expenditure on R & D:

(a) Capital	Rs.14.96 lakhs
(b) Recurring	Rs.409.32 lakhs
(c) Total	Rs.424.28 lakhs
(d) Total Expenditure as percentage to total Turnover	0.40%

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.4,00,26,000 and the outgo Rs.85,83,09,192.

EUREKA FORBES LIMITED

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, 2011, 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 opinion, we draw attention to the following:
 - (i) Note 18 and of Schedule K to the financial statements relating to advances granted by the Company of Rs.76.47 crores and Rs.12.12 crores to Forbes Lux FZE, Dubai and Euro Forbes International Pte Ltd. respectively which does not require provision in the opinion of the management.
 - (ii) Note 19 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 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. Our report on the financial statements for the year ended 31st March, 2010 contained a similar modification where approval of the Central Government has since been received by the Company.
- (5) *In view of the explanation given in note 20 in Schedule K of the Financial Statements, the Management has not made any provision in respect of advances of Rs.60 lakhs given to Aquadiagnostics Water Research & Technology Centre Ltd. (AWRTC) a subsidiary Company, whose accumulated losses have exceeded the net worth. Consequently, the effect, if any, on the carrying value of advances given can not be ascertained.*
- (6) *The Company is unable to disclose the actual amounts utilised against the warranty provision held, which is not in compliance with Accounting standard 29 'Provisions contingent liabilities and contingent assets'.*
- (7) Further to our comments in the Annexure referred to in paragraph 4 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 and *subject to our comments in paragraph 6* above 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, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 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, *subject to our comments in paragraph 5 and 6 above* 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, 2011;
 - (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 Regn. No. 101048W

ATUL MEHTA
Partner
Membership No. 15935

Mumbai, Dated: 17th June, 2011

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 unsecured loans, to seven companies/parties covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.94.93 crores and the year end balance of loans given was Rs.93.88 crores.
- (b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loan is not *prima facie* prejudicial to the interest of the Company.
- (c) In respect of loans granted repayment of principal amount is as stipulated and payment of interest has been regular, except in case of one overseas parties, and two subsidiaries and one joint venture, where the loans granted are on demand and as informed the Company has not demanded any repayment of any such loan during the year. The payment of interest has not been regular in respect of the above three parties.
- (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, having regard to the explanations that some of the items purchased/sold are of a special nature and suitable alternative sources are not readily available for obtaining comparable quotations/prices, 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 and services. During the course of our audit, no major weakness has been noticed in the internal controls.
- v) In respect of the contract or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
 - (a) The particulars of contracts or arrangements referred to in Section 301 that need to be entered in the Register maintained under the said Section have been so entered.
 - (b) Where each of such transactions is in excess of Rs.5 lakhs in respect of any party, and having regard to our comments in paragraph (iv) above, 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 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 generally regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, employees state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it, though there have been slight delays in few cases.

EUREKA FORBES LIMITED

- (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)	Period to which amount relates	Forum where the dispute is pending
Income Tax Act	Income Tax	26.33	A. Y.1997-98	Additional CIT.
		5.58	A.Y. 2000-01, 01-02	High Court
		829.51	A.Y. 2006-07, 2008-09	CIT (Appeals)
Central Excise Act	Excise Duty	56.51	2002-03	Appellate Tribunal
		47.08	2001-02	Assistant Commissioner Service Tax (Central Excise)
Sales Tax Act	Sales Tax	1611.15	1982-83, 87-88, 96-97, 97-98, 98-99, 99-00, 2000-01, 2001-02, 02-03, 04-05	Deputy Commissioner of Appeals Commercial Taxes
		247.95	1982-83, 96-97, 98-99, 99-00, 2000-01, 02-03, 03-04, 04-05, 05-06, 06-07, 07-08, 09-10.	Deputy Commissioner of Commercial Taxes
		224.37	1990-91, 91-92, 92-93, 93-94, 94-95, 95-96, 96-97, 99-00, 2001-02	Joint Commissioner of Commercial Taxes
		8.76	2004-05	Assistant Commissioner of Sales Tax – Appeals
		1.28	1997-98	Superintendent of Tax
		48.11	1995-96, 96-97, 97-98, 98-99, 99-00, 2000-01, 01-02, 02-03	Appellate Assistant Commissioner
		7.43	1989-90, 90-91, 91-92, 92-93, 93-94	Assistant Commissioner (Assessment) Trade Tax
		509.84	1991-92, 2002-03	High Court
		12.30	1990-91, 92-93, 94-95, 95-96, 96-97, 98-99, 99-00, 2000-01, 03-04, 04-05, 05-06	Assessing Authority
		74.93	2003-04, 04-05, 05-06	Joint Commissioner (Appeals) Trade Tax
		9.49	2006-07, 07-08, 08-09	Assistant Commissioner of Commercial Taxes
		11.99	2004-05	Appellate Tribunal

- x) There are no accumulated losses of the Company at the end of the financial year and it has not incurred any cash losses in the current and the immediately preceding financial year.
- xi) Based on our audit procedures and the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to banks and the Company did not have any dues to financial institutions or debenture holders during the year.
- xii) Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

ANNUAL REPORT 2010-2011

- 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) 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 the funds raised on short term basis of Rs.30 crores have been used for long term investments. Subsequent to the balance sheet date the short term loan has been repaid to the Bank.
- 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 Regn. No. 101048W

ATUL MEHTA
Partner
Membership No. 15935

Mumbai, Dated: 17th June, 2011

EUREKA FORBES LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedule	Rupees	Rupees	As At 31-03-2010 Rupees
FUNDS EMPLOYED:				
1. SHARE CAPITAL	A	3,72,80,000		3,95,50,000
2. RESERVES AND SURPLUS	B	94,32,78,362		101,61,80,882
3. TOTAL SHAREHOLDERS' FUNDS			98,05,58,362	105,57,30,882
4. SECURED LOANS	C		87,18,69,186	78,48,35,654
5. UNSECURED LOANS	D		50,00,00,000	10,00,61,644
6. TOTAL FUNDS EMPLOYED			235,24,27,548	194,06,28,180
APPLICATION OF FUNDS:				
7. FIXED ASSETS:	E			
Gross Block		134,64,48,019		133,36,45,574
Less : Depreciation		<u>56,08,38,854</u>		<u>50,69,20,715</u>
Net Block			78,56,09,165	82,67,24,859
8. INVESTMENTS	F		76,95,98,999	23,45,22,847
9. CURRENT ASSETS, LOANS AND ADVANCES	G	449,96,37,366		373,71,68,309
10. Less : CURRENT LIABILITIES AND PROVISIONS	H	<u>372,66,50,397</u>		<u>288,00,85,656</u>
11. NET CURRENT ASSETS			77,29,86,969	85,70,82,653
12. DEFERRED TAX ASSET (Net) (Refer Note 15)			242,32,415	2,22,97,821
13. TOTAL ASSETS (NET)			235,24,27,548	194,06,28,180
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

Mumbai, Dated: 17th June, 2011

S. P. Mistry

Chairman

S. L. Goklaney

Executive Vice Chairman

D. E. Udawadia

J. C. Chopra

N. D. Khurody

Indu Shahani

Reinhard Von Der Becke

Directors

Dattaram Shinde

Company Secretary

Mumbai, Dated: 17th June, 2011

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	Schedule	Rupees	Current Year Rupees	Previous Year Rupees
1. INCOME:				
Sales and Other Income	I		1095,81,17,153	990,96,34,703
2. EXPENDITURE:				
a) Trading & Other Expenses	J	1061,64,51,494		949,39,93,676
b) Depreciation		12,55,31,873		11,20,27,219
c) Interest (Refer Note 4)		7,47,20,760		4,50,03,464
			1081,67,04,127	965,10,24,359
3. PROFIT BEFORE TAX			14,14,13,026	25,86,10,344
Less : Provision for Taxation:				
Current Year tax		3,60,00,000		6,50,00,000
Deferred Tax (Refer Note 15)		(19,34,594)		(7,36,201)
Prior Years' Tax Adjustments (Net)		27,36,140		26,16,710
			3,68,01,546	6,68,80,509
4. PROFIT AFTER TAX			10,46,11,480	19,17,29,835
5. PROFIT BROUGHT FORWARD FROM PREVIOUS YEAR			25,37,26,579	15,19,46,744
6. AMOUNT AVAILABLE FOR APPROPRIATIONS			35,83,38,059	34,36,76,579
7. APPROPRIATIONS :				
Proposed Final Dividend		—		—
Tax on Dividend		—		—
Transferred to General Reserve		5,97,84,000		8,99,50,000
			5,97,84,000	8,99,50,000
8. BALANCE CARRIED TO BALANCE SHEET			29,85,54,059	25,37,26,579
Number of Equity Shares			37,28,000	39,55,000
Weighted average number of equity shares			39,53,756	42,57,493
Face Value per share			10	10
Profit After Tax available to Equity Shareholders			10,46,11,480	19,17,29,835
Basic and Diluted Earning Per Share			Rs.26.46	Rs.45.03
9. NOTES TO THE ACCOUNTS	K			

Per our report attached

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

ATUL MEHTA
Partner
Membership No. 15935

Mumbai, Dated: 17th June, 2011

S. P. Mistry

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Reinhard Von Der Becke

Dattaram Shinde

Chairman

Executive Vice Chairman

Directors

Company Secretary

Mumbai, Dated: 17th June, 2011

EUREKA FORBES LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

SCHEDULE 'A' – SHARE CAPITAL

	Rupees	<i>As At</i> 31-03-2010 <i>Rupees</i>
AUTHORISED:		
1,50,00,000 Equity Shares of Rs.10/- each	15,00,00,000	15,00,00,000
ISSUED:		
37,28,000 (<i>Previous Year 39,55,000</i>) Equity Shares of Rs.10/- each	3,72,80,000	3,95,50,000
SUBSCRIBED:		
37,28,000 (<i>Previous Year 39,55,000</i>) Equity Shares of Rs.10/- each	3,72,80,000	3,95,50,000
PAID UP:		
37,28,000 (<i>Previous Year 39,55,000</i>) Equity Shares of Rs.10/- each	3,72,80,000	3,95,50,000

[Of the above Shares, (i) 34,58,000 (*Previous Year 36,85,000*) Shares are allotted as fully paid up Bonus Shares by capitalisation of General Reserve; and (ii) 37,27,994 (*Previous Year 39,54,994*) Shares are held by the Holding Company, Forbes & Company Limited (formerly known as Forbes Gokak Ltd.); and 6 (*Previous Year 6*) shares are held jointly with Forbes & Company Limited by nominees of Forbes & Company Limited.]

During the year Company has made buy back of 2,27,000 nos. (*Previous year 3,05,000 nos.*) shares of face value Rs.10/- each from the holding Company.

SCHEDULE 'B' – RESERVES AND SURPLUS

	Rupees	Rupees	<i>As At</i> 31-03-2010 <i>Rupees</i>
1. CAPITAL RESERVE			
Capital Subsidy		25,04,303	25,04,303
2. CAPITAL REDEMPTION RESERVE			
As per last Balance Sheet	99,50,000		69,00,000
Add: Transfer from General Reserve in accordance with Section 77AA of the Companies Act, 1956 on buy-back of equity shares	22,70,000		30,50,000
		122,20,000	99,50,000
3. GENERAL RESERVE			
As per last Balance Sheet	75,00,00,000		84,00,00,000
Less: Amount transfer to Capital Redemption Reserve	22,70,000		30,50,000
Less: Buy back of equity share capital	17,75,14,000		17,69,00,000
Add : Transferred from Profit and Loss Account	5,97,84,000		8,99,50,000
		63,00,00,000	75,00,00,000
4. PROFIT AND LOSS ACCOUNT			
		29,85,54,059	25,37,26,579
		94,32,78,362	101,61,80,882

SCHEDULE 'C' – SECURED LOANS

	Rupees	<i>As At</i> 31-03-2010 <i>Rupees</i>
1. Term Loan		
(Secured by mortgage of immovable property at Mumbai – Marathon Innova)	14,14,28,494	20,55,47,778
2. Short Term Loan		
(Secured by first mortgage charge on Company's immovable properties and hypothecation of stock-in-trade & book debts)	31,75,00,000	36,75,00,000
3. Cash Credit		
(Secured by first mortgage charge on Company's immovable properties and hypothecation of stock-in-trade & book debts)	41,29,40,692	21,17,87,876
	87,18,69,186	78,48,35,654

SCHEDULE 'D' – UNSECURED LOANS

	Rupees	<i>As At</i> 31-03-2010 <i>Rupees</i>
1. From Banks	50,00,00,000	10,00,00,000
2. Interest Accrued & Due	—	61,644
	50,00,00,000	10,00,61,644

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011
SCHEDULE 'E' – FIXED ASSETS

DESCRIPTION	GROSS BLOCK				DEPRECIATION BLOCK				NET BLOCK		
	As On 01.04.2010	Additions	Deletions	As On 31.03.2011	As On 01.04.2010	Depreciation for the year	Depreciation on deductions during the year	As on 31.03.2011	As on 31.03.2010	Rupees	Rupees
Land – Freehold	24,67,955	—	—	24,67,955	—	—	—	—	24,67,955	24,67,955	—
Buildings *	58,69,61,383	—	2,22,86,050	56,46,75,333	7,57,48,414	2,48,74,226	50,03,476	9,56,19,164	46,90,56,169	51,12,12,969	—
Plant & Machinery	8,60,49,121	76,08,165	30,27,235	9,06,30,051	4,11,22,228	77,55,638	14,39,451	4,74,38,415	4,31,91,636	4,49,26,893	—
Computers	25,86,87,328	1,80,36,439	1,58,74,950	26,08,48,817	18,65,57,126	3,18,20,403	1,54,09,754	20,29,67,775	5,78,81,042	7,21,30,202	—
Furnitures & Fixtures	4,38,98,570	49,25,105	15,81,991	4,72,41,684	3,39,68,767	37,31,215	8,52,919	3,68,47,063	1,03,94,621	99,29,803	—
Vehicles	29,21,96,503	8,52,48,841	6,81,93,960	30,92,51,384	13,94,19,466	4,48,70,391	4,89,08,134	13,53,81,723	17,38,69,661	15,27,77,037	—
Intangible Asset – Computer Software **	6,33,84,714	—	—	6,33,84,714	3,01,04,714	124,80,000	—	4,25,84,714	2,08,00,000	3,32,80,000	—
Total	133,36,45,574	11,58,18,550	11,09,64,186	133,84,99,938	50,69,20,715	12,55,31,873	7,16,13,734	56,08,38,854	77,76,61,084	82,67,24,859	—
Capital Advance	—	79,48,081	—	79,48,081	—	—	—	—	79,48,081	—	—
Grand Total	133,36,45,574	12,37,66,631	11,09,64,186	134,64,48,019	50,69,20,715	12,55,31,873	7,16,13,734	56,08,38,854	78,56,09,165	82,67,24,859	—
Previous Year	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	—	—

* 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, 2011

SCHEDULE 'F' – INVESTMENTS

	Nos.	Rupees	Rupees	<i>As At 31.03.2010 Rupees</i>
INVESTMENTS (AT COST)				
LONG TERM INVESTMENTS				
1. TRADE INVESTMENTS – UNQUOTED				
i. Subsidiary Companies				
Aquamall Water Solutions Ltd.	20,00,080	1,95,01,280		<i>1,95,01,280</i>
Fully paid Equity Shares of Rs.10/- each	<i>(20,00,080)</i>			
Euro Forbes International Pte. Ltd.	35,00,000	9,38,85,000		<i>9,38,85,000</i>
Fully paid Equity shares of Singapore \$ 1/- each	<i>(35,00,000)</i>			
Forbes Facility Services Pvt. Ltd. (Formerly Forbes Abans Cleaning Solutions (P) Ltd.)	10,00,000	1,00,00,000		<i>1,00,00,000</i>
Fully paid Equity Shares of Rs.10/- each	<i>(10,00,000)</i>			
E4 Development & Coaching Ltd.	7,50,000	75,00,000		<i>75,00,000</i>
Fully paid Equity Shares of Rs.10/- each	<i>(7,50,000)</i>			
Forbes Enviro Solutions Ltd.	50,000	5,00,000		<i>5,00,000</i>
Fully paid Euity shares of Rs.10/- each	<i>(50,000)</i>			
Waterwings Equipments Private Limited	44,000	1,81,52,500		<i>1,54,28,500</i>
Fully paid Equity shares of Rs.10/- each	<i>(38,000)</i>			
Radiant Energy Systems Private Limited	6,380	89,19,135		<i>76,22,835</i>
Fully paid Equity shares of Rs.100/- each	<i>(5,510)</i>			
EFL Mauritius Limited	15,001	9,45,546		—
Fully paid Ordinary shares of Euro 1/- each	<i>(NIL)</i>			
EFL Mauritius Limited	88,35,000	55,68,92,138		—
Fully paid Preference shares of Euro 1/- each	<i>(NIL)</i>			
ii. Other Companies				
Forbes Aquatech Limited	5,00,000	50,00,000		<i>50,00,000</i>
Fully paid Equity Shares of Rs.10/- each	<i>(5,00,000)</i>			
ForbesLux Group AG	250	92,97,500		<i>92,97,500</i>
Fully paid Equity shares of Swiss Franc 1000/- each	<i>(250)</i>			
Forbes Concept Hospitality Services Ltd.	26,25,000	2,62,50,000		<i>262,50,000</i>
Fully paid Equity Shares of Rs.10/- each	<i>(26,25,000)</i>			
Infinite Water Solutions Private Ltd.	35,00,000	3,50,00,000		<i>3,50,00,000</i>
Fully paid Equity Shares of Rs.10/- each	<i>(35,00,000)</i>			
			79,18,43,099	<i>22,99,85,115</i>
2. OTHER INVESTMENTS – QUOTED				
(a) Reliance Power Limited	8,913	25,06,950		<i>25,06,950</i>
Fully paid Equity Shares of Rs.10/- each	<i>(8,913)</i>			
			25,06,950	<i>25,06,950</i>

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

SCHEDULE 'F' – INVESTMENTS (Contd.)

LONG TERM INVESTMENTS (Contd.)

	Nos.	Rupees	Rupees	As At 31.03.2010 Rupees
CURRENT INVESTMENTS				
1. OTHER INVESTMENTS – QUOTED				
(a) Bajaj Holding and Investment Limited Fully paid Equity Shares of Rs.10/- each	100 (100)	1,23,743		1,23,743
(b) MOIL Ltd. Fully paid Equity Shares of Rs.10/- each	3,785 (NIL)	14,19,375		—
(c) Infrastructure Development Finance Company Limited Fully paid Equity Shares of Rs.10/- each	— (4,000)			7,69,779
(d) Larsen & Toubro Limited Fully paid Equity Shares of Rs.10/- each	— (800)			12,94,484
(e) Bajaj Finserve Limited Fully paid Equity Shares of Rs.10/- each	— (100)			46,870
			15,43,118	22,34,876
(Figures in brackets indicate that of previous year)			79,58,93,167	23,47,26,941
Less : Diminution in value of Long term Investments			262,50,000	—
Diminution in value of Current Investments			44,168	2,04,094
			76,95,98,999	23,45,22,847
QUOTED INVESTMENTS			40,05,900	45,37,732
UNQUOTED INVESTMENTS			76,55,93,099	22,99,85,115
TOTAL			76,95,98,999	23,45,22,847
Market Value Of Quoted Investments			27,35,959	33,74,558

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

Mutual Fund

- (a) 8850342.92 Units of Rs.10/- each of LICMF Income Plus Fund – Growth Plan.
 (b) 12338724.002 Units of Rs.10/- each of LICMF Liquid Fund Growth Plan.
 (c) 124429.3160 Units of Rs.10/- each of Tata Liquid Super High Inve. Fund – Appreciation.

Equity Shares

18002 Shares of Rs.10/- each of Coal India Ltd.

EUREKA FORBES LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

SCHEDULE 'G' – CURRENT ASSETS, LOANS AND ADVANCES

	Rupees	Rupees	Rupees	<i>As At 31-03-10 Rupees</i>
1. CURRENT ASSETS				
i) Stock-in-Trade : *				
Finished Goods		56,60,07,881		56,10,26,762
Spares & Accessories		45,53,11,824		41,16,58,983
Stock-in-Transit		10,64,90,737		458,24,982
* (As valued and certified by the Management.)				
			112,78,10,442	101,85,10,727
ii) Sundry Debtors :				
(Unsecured, Considered Good unless otherwise stated)				
(a) Debts outstanding for a period exceeding six months		20,59,61,148		12,25,21,763
(b) Other Debts (Refer Note 11)		79,06,52,488		64,04,54,372
			99,66,13,636	76,29,76,135
iii) Cash and Bank Balances :				
Cash on hand (Including cheques on hand Rs.5,87,28,759/-)		7,15,63,159		10,68,06,993
With Scheduled Banks –				
in Current Accounts		41,87,98,067		33,91,03,156
in Margin Accounts		34,85,009		32,46,909
in Deposit Accounts (FDR lodged as security with Govt authorities)		2,04,01,211		2,11,93,358
			51,42,47,446	47,03,50,416
2. LOANS AND ADVANCES (Refer Note12)				
(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]		3,20,63,461		3,40,51,620
ii) Advances recoverable in cash or in kind or for value to be received		59,69,18,963		38,78,04,174
iii) Advance Payment of Tax (Net of Provision for Tax)		14,13,51,289		8,17,95,567
iv) Inter Corporate Deposits to				
Subsidiary Companies	14,90,70,704			12,65,24,550
Other Companies	78,97,55,442			71,62,81,413
			93,88,26,146	84,28,05,963
v) Other Deposits [Including Rs.1,05,000/- (<i>Previous year Rs.1,05,000/-</i>) given to a subsidiary Company]		15,16,29,308		13,39,33,600
vi) Income accrued on Investments and Deposits		1,76,675		49,40,107
			186,09,65,842	148,53,31,031
			449,96,37,366	373,71,68,309

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

SCHEDULE 'H' – CURRENT LIABILITIES AND PROVISIONS

	Rupees	Rupees	<i>As At 31-03-10 Rupees</i>
1. CURRENT LIABILITIES			
Acceptances		3,09,78,624	3,19,38,590
Sundry Creditors:			
Micro and Small enterprises (Refer Note 24)	67,65,527		62,52,473
Others [Including Rs.67,40,55,833/- (Previous Year Rs.28,73,72,380/-) due to a subsidiary companies]	109,25,02,280		60,21,07,520
		109,92,67,807	60,83,59,993
Other Liabilities		70,02,58,225	62,56,41,304
Advances Received		153,05,36,092	130,95,92,269
2. PROVISIONS			
For Expenses		31,21,72,896	26,35,86,911
For Retirement and other employee benefits		2,21,14,815	83,96,681
For Leave encashment		3,13,21,938	3,25,69,908
		<u>372,66,50,397</u>	<u>288,00,85,656</u>

EUREKA FORBES LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

SCHEDULE 'I' – SALES AND OTHER INCOME

	Rupees	Rupees	Rupees	<i>Previous Year Rupees</i>
1. SALE OF PRODUCTS			845,62,98,427	765,73,76,199
2. INCOME FROM SERVICES			214,50,96,344	195,33,87,320
3. OTHER INCOME:				
Interest Income:				
From Deposits, Loans, Advances and Deferred Payment Scheme (Gross) [Tax deducted at source Rs.6,47,968/- (previous year Rs.8,58,873/-)]		17,09,45,740		13,31,40,776
Dividend Income From:				
(i) Subsidiary Companies	5,69,54,000			4,47,89,600
(ii) Long Term Investment – Trade	50,00,000			50,00,000
(iii) Long Term Investment – others	—			58,44,197
(iv) Current Investment – others	18,563			21,700
		6,19,72,563		5,56,55,497
Profit on Fixed Assets sold/discarded (Net)		2,24,16,399		113,97,588
Profit on Sale of Investment (Net)		1,28,70,948		2,08,29,061
Excess Provision for earlier years		22,415		21,609
Provision for Diminution in value of Investments written back (Net)		—		12,30,566
Profit on Sale of Discontinuing Business		—		384,47,630
Miscellaneous Income		8,84,94,317		3,81,48,457
			35,67,22,382	29,88,71,184
			1,095,81,17,153	990,96,34,703

**SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR
THE YEAR ENDED 31ST MARCH, 2011**

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		151,45,18,616		132,44,43,956
Company's Contribution to Provident and Other Funds		10,48,03,279		8,87,79,484
Staff Welfare Expenditure		5,06,45,189		4,52,90,153
			166,99,67,084	145,85,13,593
2. OPERATIONAL AND OTHER EXPENSES:				
Electricity		2,21,07,654		2,47,04,041
Rent [Net of recoveries Rs.36,628/-; (Previous year Rs.10,21,507/-)		12,48,52,243		11,22,84,290
Repairs and Maintenance –				
Building	4,72,539			15,43,871
Machinery	2,725			56,418
Other Assets	4,09,65,451			3,93,08,297
		4,14,40,715		4,09,08,586
Insurance		2,23,37,166		4,45,23,268
Advertisement		49,24,33,638		49,62,18,715
Selling and Sales Promotion		34,25,30,595		37,07,94,881
Freight, Forwarding and Delivery		17,64,56,841		12,05,31,661
Auditors' Remuneration –				
Audit Fees	13,23,600			13,23,600
Management Services	1,93,025			2,55,069
Out of pocket expenses	41,812			1,66,576
		15,58,437		17,45,245
Printing and Stationery		3,41,26,092		3,66,82,376
Postage, Telegrams, Telephones and Telex		8,86,88,990		9,27,78,072
Travelling and Conveyance		14,83,34,487		12,93,34,548
Legal and Professional Fees		6,68,96,307		6,83,18,942
Vehicle Expenses and Maintenance		19,81,11,742		16,13,55,835
Rates and Taxes		8,03,23,863		6,84,41,046
Conference Expenses		8,56,54,833		8,08,22,021
Service Charges		99,30,38,806		79,53,90,715
Information Technology Expenses		14,44,50,329		8,60,08,874
Other Establishment Expenses		20,82,53,019		20,88,90,866
Directors' Sitting Fees		5,00,000		2,35,000
Bad Debts/Advances Written-Off		2,51,60,209		1,92,29,894
			329,72,55,966	295,91,98,876
3. DIMINUTION IN VALUE OF INVESTMENTS			2,62,30,840	—
4. COMMISSION TO DIRECTORS (Refer Note 9)			90,25,000	59,00,000
5. ADJUSTMENTS FOR STOCKS:				
TRADED				
Opening Stock		101,85,10,727		116,02,63,215
Add : Purchases		572,32,72,319		492,86,28,719
		674,17,83,046		608,88,91,934
Less : Closing Stock		112,78,10,442		101,85,10,727
			561,39,72,604	507,03,81,207
			1,061,64,51,494	949,39,93,676

EUREKA FORBES LIMITED

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011 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. In respect of Water Purification Projects, contracts are entered into separately with the customers for supply of material and erection & commissioning. The billing is done based on supplies affected to the customers at the agreed rates and revenue is recognised net of sales tax. The Income pertaining to erection & commissioning is done based on milestones as agreed in the contract and revenue is recognised net of tax.

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, 2011

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) 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.

(j) 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.

(k) 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.

(l) 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.1.88 lakhs*).

3. (a) Provision for warranty – Rs.673.60 lakhs (*Previous year Rs.470.84 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. Provision made and utilised/reversed during the year is Rs.673.60 lakhs (*previous year Rs.470.84 lakhs*) and Rs.470.84 lakhs (*previous year Rs.412.75 lakhs*) respectively.

(b) Contingent liabilities not provided for on account of:

(i) Corporate Guarantee given to Bank on behalf of the Subsidiary Company Rs. Nil (*previous year Rs.200 Lakhs*).

(ii) Bank Guarantees issued on behalf of the Company – Rs.1502.56 lakhs (*previous year Rs.1317.89 lakhs*).

(iii) Claims against the Company not acknowledged as debts – Nil (*previous year Rs.51.48 lakhs*).

EUREKA FORBES LIMITED

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

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

(iv)	Disputed Income Tax Demands – Rs.861.42 lakhs (previous year Rs.632.67 lakhs).		
(v)	Disputed Central Excise Demands – Rs.103.60 lakhs (previous year Rs.103.60 lakhs).		
(vi)	Disputed Sales Tax demands – Rs.2767.60 lakhs (previous year Rs.2503.16 lakhs).		
(vii)	Disputed Service Tax demands – Rs.479.86 lakhs (previous year Rs. Nil).		
4.	Expenditure on interest of Rs.7,47,20,760 (previous year Rs.4,50,03,464/-) pertains to interest on Bank borrowings.		
5	(a) Expenditure in foreign currency on account of:	2010-11	2009-10
		Rupees	Rupees
	Subscription, travelling, advertisement, testing charges, training, professional fees royalty etc.	86,88,910	1,05,36,543
	(b) Remittance in Foreign Currency:		
	On account of investment in shares of Subsidiary	55,78,37,684	
	On account of Inter corporate deposit to subsidiary Company	2,99,65,750	38,02,46,091
	On account of Capital Goods		38,07,209
6.	Value of Imports on C.I.F basis:		
	Finished goods, Components & Spare parts	26,18,16,848	26,30,71,326
7.	Earnings in Foreign Exchange:		
	Export of goods on F.O.B basis	200,67,364	22,78,153
	Commission & other receipts	59,38,931	40,68,420
	Interest on Inter corporate deposit to subsidiary Company	1,40,19,705	6,84,48,264
	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 Executive Vice Chairman:		#
	Salary	117,24,655	73,32,743 **
	Commission	72,25,000	37,00,000
	Perquisites in cash or in kind	99,05,819	91,65,929 **
	Contribution to provident and other funds	21,39,657	19,79,840 **
		3,09,95,131	2,21,78,512 *
(ii)	The Non-Wholetime Directors:		
	Commission	18,00,000	22,00,000
		3,27,95,131	2,43,78,512

The Vice Chairman and Managing Director has been elevated as Executive Vice Chairman w.e.f 1st June 2010.

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

** Includes arrears for the previous year.

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

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:

	2010-11 Rupees	2009-10 Rupees
Profit Before tax as per Profit and Loss Account	14,14,13,026	25,86,10,344
<i>Add :</i>		
Depreciation charged in accounts	12,55,31,873	11,20,27,219
Remuneration to Executive Vice Chairman	3,09,95,131	2,21,78,512
Commission to Non-whole-time Directors	18,00,000	22,00,000
Provision for Diminution in Investments	262,30,840	—
	<u>32,59,70,870</u>	<u>39,50,16,075</u>
<i>Less :</i> Depreciation chargeable u/s 350	12,55,31,873	11,20,27,219
Capital Profit on sale of Fixed Assets	37,13,950	—
Profit on Sale of Discontinuing Business	—	3,84,47,630
Provision for Diminution in Investments w.back	—	12,30,566
Profit on sale of Investments (net)	1,28,70,948	2,08,29,061
Profit u/s 349 of the Companies Act	<u>18,38,54,099</u>	<u>22,24,81,599</u>
Maximum Remuneration to whole-time Directors @ 5%	91,92,705	1,11,24,080
Maximum Commission to Non-whole-time Directors @ 1%	18,38,541	22,24,816
Commission provided in Accounts for –		
Executive Vice Chairman	72,25,000	37,00,000
Non-whole-time Directors	18,00,000	22,00,000
Total	<u>90,25,000</u>	<u>59,00,000</u>

Notes:

- (a) Remuneration paid to Executive Vice Chairman exceeds the limit prescribed under schedule XIII to the Companies Act, 1956 by Rs.218.02 lakh and subject to approval of the central government. Pending such approval, the remuneration paid in excess of the limit is being held in trust by the Executive Vice Chairman.
- (b) During the year the Company has received the approval of Central Government in respect of Managerial Remuneration of Rs.110.54 lakhs paid in excess of limits specified in the aforesaid schedule XIII during the previous year.

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	48,130 (77,874)	4,10,931 (2,97,659)	3,76,356 (3,27,403)	82,705 (48,130)
Water filter-cum-purifiers	1,42,275 (1,45,589)	11,74,271 (11,00,227)	11,60,685 (11,03,541)	1,55,861 (1,42,275)
Electronic air cleaning systems	1,206 (2,964)	2,496 (1,108)	1,963 (2,866)	1,739 (1,206)

EUREKA FORBES LIMITED

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

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

(ii) Value (Rs.)

Product	Opening Stock	Purchases	* Sales / Disposals	Closing Stock
Vacuum Cleaners	15,76,21,749 (18,20,76,324)	110,24,12,089 (85,00,17,990)	199,17,11,640 (163,58,62,436)	20,10,90,617 (15,76,21,749)
Water filter-cum-purifiers	39,82,35,792 (43,46,33,968)	321,95,79,783 (297,89,85,891)	566,45,53,792 (537,69,74,943)	39,40,10,045 (39,82,35,792)
Water & Waste Water Treatment Plants	— (—)	8,59,08,556 (6,89,24,814)	9,08,76,731 (9,96,00,848)	49,91,223 (—)
Electronic air cleaning systems	25,52,157 (57,89,461)	83,70,386 (43,15,943)	1,51,93,153 (155,40,893)	38,54,271 (25,52,157)
Digital Security Systems	3,63,75,716 (3,46,46,916)	9,25,74,485 (7,13,73,329)	16,38,04,763 (10,57,86,496)	3,55,54,198 (3,63,75,716)
Chemicals	33,69,809 (1,12,76,761)	25,47,583 (11,72,944)	15,26,893 (8,16,338)	7,86,036 (33,69,809)
Spares & Accessories	42,03,55,504 (49,18,39,785)	121,18,79,437 (95,38,37,808)	52,86,31,455 (42,27,94,245)	48,75,24,052 (42,03,55,504)
	101,85,10,727 (116,02,63,215)	572,32,72,319 (492,86,28,719)	845,62,98,427 (765,73,76,199)	112,78,10,442 (101,85,10,727)

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

Figures in brackets relate to Previous Year.

11. Sundry Debtors include Rs.429.42 lakhs (*previous year Rs.268.53 lakhs*) due from Companies under same management.

12. Loans and Advances includes amount due from Companies under same management:

- (a) Shapoorji Pallonji & Co. Ltd. Rs.21.26 lakhs (*previous year Rs. Nil*).
(The maximum outstanding during the year was Rs.21.26 lakhs (*previous year Rs. Nil*).
- (b) Forbes & Company Ltd. Rs.2.12 lakhs (*previous year Rs.1.71 lakhs*).
(The maximum outstanding during the year was Rs.2.12 lakhs (*previous year Rs.1.71 lakhs*).
- (c) Aquadignostics Water Research & Technology Center Rs.71.65 lakhs (*previous year Rs.66.06 lakhs*).
(The maximum outstanding during the year was Rs.71.65 lakhs (*previous year Rs.66.06 lakhs*).
- (d) Aquamall Water Solutions Limited Rs.1.05 lakhs (*previous year Rs.1.05 lakhs*).
(The maximum outstanding during the year was Rs.1.05 lakhs (*previous year Rs.1.05 lakhs*).
- (e) E4 Development & Coaching Ltd. Rs.3.00 lakhs (*previous year Rs.3.35 lakhs*).
(The maximum outstanding during the year was Rs.3.35 lakhs (*previous year Rs.3.35 lakhs*).
- (f) EFL Mauritius Ltd. Rs.272.80 lakhs (*previous year Rs. Nil*).
(The maximum outstanding during the year was Rs.272.80 lakhs (*previous year Rs. Nil lakhs*).
- (g) Euro Forbes International Pte Ltd. Rs.1379.79 lakhs (*previous year Rs.1114.24 lakhs*).
(The maximum outstanding during the year was Rs.1379.79 lakhs (*previous year Rs.1114.24 lakhs*).
- (h) Forbes Facility Services Pvt. Ltd. Rs.288.85 lakhs (*previous year Rs.243.30 lakhs*).
(The maximum outstanding during the year was Rs.288.85 lakhs (*previous year Rs.243.30 lakhs*).
- (i) Forbes Aquatech Limited Rs.250 lakhs (*previous year Rs.200 lakhs*).
(The maximum outstanding during the year was Rs.250 lakhs (*previous year Rs.200 lakhs*).
- (j) Forbes Concept Hospitality Services Ltd. Rs.30.71 lakhs (*previous year Rs.87.02 lakhs*).
(The maximum outstanding during the year was Rs.87.02 lakhs (*previous year Rs.87.02 lakhs*).
- (k) Infinite Water Solutions Pvt. Ltd. Rs.22.76 lakhs (*previous year Rs.52.21 lakhs*).
(The maximum outstanding during the year was Rs.52.21 lakhs (*previous year Rs.52.21 lakhs*).

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

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

13. 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:

	2010-11 Rupees	2009-10 Rupees
Employer's contribution to Provident Fund *	1,63,22,077	1,60,84,029
Employer's contribution to Superannuation Fund *	74,70,411	73,40,346
Employer's contribution to Pension Scheme	2,60,18,582	2,47,36,379

* 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.

	2010-11		2009-10	
	Gratuity (Funded) Rupees	Leave Encashment (Non Funded) Rupees	Gratuity (Funded) Rupees	Leave Encashment (Non Funded) Rupees
(a) Change in benefit obligations				
Defined benefit obligation at the beginning of the year	8,05,28,920	3,25,69,908	7,83,36,005	3,20,28,398
Current Service cost	94,42,308	55,93,531	111,36,893	70,22,174
Interest cost	64,42,314	26,05,593	62,01,788	25,68,097
Actuarial (gain)/loss on obligations	22,61,394	(13,12,097)	37,53,882	(17,91,684)
Benefit paid	(155,33,276)	(81,34,997)	(188,99,648)	(72,57,077)
Defined benefit obligation at the end of the year	8,31,41,660	3,13,21,938	8,05,28,920	3,25,69,908
(b) Change in fair value of Plan Assets				
Fair value of Plan Assets at the beginning of the year	8,50,68,358		8,05,40,996	
Expected return on Plan Assets	68,05,469		68,82,986	
Employer Contribution	39,41,424		1,49,46,148	
Benefit paid	(155,33,276)		(188,99,648)	
Actuarial gain/(loss) on Plan Assets	(30,78,126)		15,97,876	
Fair value of Plan Assets at year end	7,72,03,849		8,50,68,358	
Total Actuarial gain / (loss) to be recognised	53,39,520		21,56,005	
(c) Expenses recognised during the year (under the head "Payments to and provisions for employees – Schedule J)				
Current Service cost	94,42,308	55,93,531	111,36,893	70,22,174
Interest Cost	64,42,314	26,05,593	62,01,788	25,68,097
Expected Returns on Plan Assets	(68,05,469)		(68,82,986)	
Actuarial Gain or Loss	53,39,520	(13,12,097)	21,56,005	(17,91,684)
Expense Recognised in the Profit and Loss account	1,44,18,673	68,87,027	1,26,11,700	77,98,587
(d) Category of Assets				
Central Government Securities	1,83,42,680		1,83,42,680	
Corporate Bonds	—		4,18,19,000	
Special Deposit Scheme	41,03,069		41,03,069	
State Government Bonds	1,29,39,100		1,56,39,100	
Others	4,18,19,000		51,64,509	
Total Investments	7,72,03,849		8,50,68,358	
(e) Assumptions used in the accounting for defined benefit plans				
Discount Rate	8.25%	8.25%	8.00%	8.00%
Rate of Return on Plan Assets	8.00%		8.00%	
Salary Escalation Rate	3.50%	3.50%	4.50%	4.50%

EUREKA FORBES LIMITED

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

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

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.

14. 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.
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 various residential/commercial premises under cancelable operating lease. Lease rental expenses included in the profit and loss account for the year is Rs.1248.52 Lakhs (*Previous Year Rs.1122.84 lakhs*). Non of the lease agreement entered into by the Company contain a clause on contingent rent. The Company has taken more than 200 premises and each agreement contain an escalation clause which varies depending upon the specific arrangement with each lessor. In all the rent agreements there are no terms for purchase option or any restriction such as those concerning dividend and additional debts.
17. 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 Asset/(Liability) As at 01.04.10 Rupees	During the year Asset / (Liability) Rupees	Closing Asset/(Liability) As at 31.03.11 Rupees
Depreciation	48,35,686	(9,34,187)	39,01,499
Expenses allowed for tax purpose on payment basis	1,74,62,135	28,68,781	2,03,30,916
Total	2,22,97,821	19,34,594	2,42,32,415

18. The terms of repayment of the Company's long term loans to Forbes Lux FZE of Rs.76.47 Crs for business operation in ASEAN countries 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. The Company is in the process of acquiring 75% of shares of FLFZE through a proposed new subsidiary. The transaction is likely to get completed in ensuing financial year.
19. The Company has a 25% stake in Forbes Lux Group AG Switzerland. The Company's share on the negative net worth in FLG AG will not exceed the investment in FLG AG. During the year the year 2010 financial restructuring has been carried out and the operation for the first quarter of the year 2011 are encouraging. With this trend the management of FLG AG is positive about the operation result for this year. 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.
20. M/s. Aquadiagnostics Water Research & Technology Centre Limited (AWRTC), a subsidiary of the Company, is India's only U.S. WQA-certified analytical laboratory, which has a pre-eminent set of accreditations and endorsements on its analytical capabilities in water research and allied areas. AWRTC provides analytical test services to the industry. These analytical services include product and performance testing, product certification, trace level analysis, regulatory compliance validation and several other services. The certificates provided by AWRTC are valuable in conducting the business of M/s. Aquamall Water Solutions Limited and M/s. Eureka Forbes Limited. AWRTC's value to the Company cannot be measured merely by operating losses, which are tracked purely because it is structured as an independent Company as opposed to an internal test laboratory. While options regarding AWRTC's future are being considered by management, it is imperative that AWRTC remain an integral part of the Company and any accumulated losses or capital investments made be accrued and settled at the time of potential divestiture in the future. In view of above the Company has not provided for the accumulated losses of AWRTC and interest payable by AWRTC.
21. 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.
22. Rs.409.32 Lakhs (*previous year Rs.317.26 lakhs*) revenue expenses incurred during the year on Research and Development has been charged to the respective heads of accounts.
23. Net foreign exchange difference gain, included in the profit and loss account is Rs.574.71 lakhs. (*Previous Year Rs.436.27 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 Nil*).

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

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

24. Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 are provided as under for the year 2010-11, to the extent the Company has received intimation from the "Suppliers" regarding their status under the Act.

	31.03.2011	31.03.2010
	<u>Rs. in Lakhs</u>	<u>Rs. in Lakhs</u>
(a) Principal amount remaining unpaid	67.65	62.52
(b) Interest due there on remaining unpaid	—	—
(c) Interest paid by the Company in terms of sec 18 of the Micro, Small and Medium Enterprises Development Act, 2006	—	—
(d) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Development Act,2006	—	—
(e) Interest accrued and remaining unpaid	—	—
(f) Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	—	—

25. The Company has not entered into any forward exchange contracts to hedge against its foreign Currency exposures relating to the underlying transactions and firm commitments. The Company does not enter into any derivative instruments for trading or speculative purposes. The Foreign currency exposure not hedged as at 31st March, 2011 are as under

	Currency	31st Mar 2011		31st March, 2010	
		FC	INR	FC	INR
		<u>In Million</u>	<u>Rs. in Lakhs</u>	<u>In Million</u>	<u>Rs. in Lakhs</u>
(a) Receivable –					
Debtors	USD	0.29	131.79	0.19	87.58
Loans	USD	6.88	3,115.63	6.21	2,794.75
	SGD	16.01	5,744.63	16.01	5,150.31
(b) Payable					
Creditors	USD	0.24	109.19	0.11	50.66
	SGD	0.04	14.92	0.16	50.31
	EUR	0.48	303.93	0.11	64.05
(c) Investments					
Equity Shares	SGD	3.50	938.85	3.50	938.85
	CHF	0.25	92.98	0.25	92.98
	EUR	0.02	9.46	—	—
Preference shares	EUR	8.83	5,568.92	—	—
	INR		Indian Rupees		
	USD		United States Dollar		
	SGD		Singapore Dollar		
	EUR		Euro		
	CHF		Swiss Francs		

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

27. Figures for the previous year have been regrouped, rearranged or reclassified, wherever necessary.

Per our report attached	S. P. Mistry	Chairman
For BATLIBOI & PUROHIT	S. L. Goklaney	Executive Vice Chairman
Chartered Accountants	D. E. Udhwadia	} Directors
Firm Regn. No. 101048W	J. C. Chopra	
	N. D. Khurody	
	Indu Shahani	
	Reinhard Von Der Becke	
ATUL MEHTA	Dattaram Shinde	Company Secretary
Partner		
Membership No. 15935		

Mumbai, Dated: 17th June, 2011

Mumbai, Dated: 17th June, 2011

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. 15 in Schedule K to the Accounts for the year ended 31st March, 2011.

- (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.
 - B. Enterprises that are controlled – (Subsidiary Company) –
Aquadignostics Water Research & Technology Center
Aquamall Water Solutions Limited
E4 Development & Coaching Ltd.
EFL Mauritius 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 Bumi Armada Offshore Ltd.
Forbes Campbell Finance Ltd.
Forbes Campbell Services Ltd.
Forbes Container Lines Ltd.
Forbes Edumetry Ltd.
Forbes Smart Data Ltd.
Forbes Technosys Ltd.
Volkart Fleming Shipping & Services Limited
 - D. Associate Company
Euro P2P Direct (Thailand) Co. Ltd.
Forbes Lux FZE
Forbes Lux 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

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 K to the Accounts for the year ended 31st March, 2011 (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 *
Purchases						
Goods and Materials						
Aquamall Water Solutions Limited		321,35,54,115				
Forbes Aquamall Limited		76,58,66,848				
Forbes Aquatech Limited					55,60,35,745	
Others		8,85,69,628			86,018	
		406,79,90,591	—	—	55,61,21,763	—
Sales						
Goods, Materials and Services						
Shapoorji Pallonji & Co. Ltd.	22,34,953					
Forbes Facility Services Pvt. Ltd.		1,62,65,384				
Forbes Lux FZE				26,51,706		
Others	18,530	2,80,000			4,840	
	22,53,483	165,45,384	—	26,51,706	4,840	—
Fixed Assets						
Infinite Water Solutions Pvt. Ltd.					3,97,800	
					3,97,800	
Expenses						
Rent and other services						
Aquamall Water Solutions Limited		50,91,052				
E4 Development & Coaching Ltd.		52,39,705				
Forbes Facility Services Pvt. Ltd.		1,52,74,904				
Forbes Aquatech Limited					89,25,785	
Others	3,72,456	10,67,577				
	3,72,456	266,73,238	—	—	89,25,785	—
Provision/Write offs						
Forbes Concept Hospitality Services Ltd.					3,27,50,000	
	—	—	—	—	3,27,50,000	—
Income						
Rent and other services						
Shapoorji Pallonji & Co. Ltd.	5,04,300					
Aquamall Water Solutions Limited		3,84,950				
Others	1,73,000	1,18,818	45,000		36,000	
	6,77,300	5,03,768	45,000	—	36,000	—
Interest						
Euro Forbes International Pte. Ltd.		1,40,19,705				
Forbes Lux FZE				9,11,04,113		
Forbes Aquatech Limited					25,89,728	
Others		26,80,953			10,26,008	
	—	1,67,00,658	—	9,11,04,113	36,15,736	—
Dividend						
Aquamall Water Solutions Limited		5,00,02,000				
Others		69,52,000			50,00,000	
	—	5,69,54,000	—	—	50,00,000	—
Provision/Write offs						
Other Recoveries						
Recovery of Expenses						
Aquamall Water Solutions Limited		5,79,08,800				
EFL Mauritius Ltd.		2,72,80,175				
Forbes Aquamall Limited		2,41,14,900				
Others		66,76,305		56,89,529	81,71,772	
		11,59,80,180	—	56,89,529	81,71,772	—

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. 15 in Schedule K to the Accounts for the year ended 31st March, 2011 (Contd.)

(II) Transactions with Related Parties (Contd.)

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 *
Finance						
ICDs Given Forbes Facility Services Pvt. Ltd. Forbes Lux FZE Forbes Aquamall Limited		1,00,00,000		2,99,65,750	50,00,000	
		1,00,00,000	—	2,99,65,750	50,00,000	—
ICDs Repayment Infinite Water Solutions Pvt. Ltd.					40,00,000	
					40,00,000	
Investment in shares EFL Mauritius Ltd. Others		55,78,37,684 40,20,300				
	—	56,18,57,984	—	—	—	—
Buy back of Shares Forbes & Company Ltd.	17,97,84,000					
	17,97,84,000	—	—	—	—	—
Advances Received Sale of Investment						
Dividend paid						
Outstanding						
Payable Aquamall Water Solutions Limited Forbes Aquamall Limited Forbes Aquatech Limited Others		51,60,75,581 12,88,50,945 1,71,82,089			7,66,09,808	
	—	6621,08,615	—	—	766,09,808	—
Receivables EFL Mauritius Ltd. Forbes Facility Services Pvt. Ltd. Forbes Lux FZE Others		2,72,80,175 4,63,16,240		7,35,41,441	45,88,595	
	39,18,616		45,000			
	39,18,616	735,96,415	45,000	735,41,441	45,88,595	—
ICDs Given Euro Forbes International Pte. Ltd. Forbes Facility Services Pvt. Ltd. Forbes Lux FZE Forbes Aquatech Limited Others		12,12,70,704 2,15,00,000 63,00,000		76,47,55,442	2,50,00,000	
	—	14,90,70,704	—	76,47,55,442	2,50,00,000	—
Interest Receivables Euro Forbes International Pte. Ltd. Forbes Facility Services Pvt. Ltd. Forbes Lux FZE Others		1,67,08,583 23,80,436 11,64,956		24,06,38,446	8,09,156	
		202,53,975	—	2406,38,446	8,09,156	—
Other Deposits Given Aquamall Water Solutions Limited		1,05,000				
		1,05,000				
Guarantees						
Given						
Outstanding						

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

Details required under Accounting Standard 27 on "Financial Reporting of interest in Joint Venture" issued by the Institute of Chartered Accountants of India – referred in note no. 21 in Schedule K to the Accounts for the year ended 31st March, 2011

- (a) The aggregate amount of Assets, Liabilities, Income and Expenses related to the Company's interests in the JV as at 31.03.2011 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 Rupees	Liabilities Rupees	Income Rupees	Expenses Rupees
1.	Forbes Concept Hospitality Services Pvt. Ltd.	India	31.03.2011	50%	103.16	156.15	541.27	573.72
2.	Forbes Aquatech Limited	India	31.03.2011	50%	817.50	613.79	2,762.31	2,641.17
3.	Infinite Water Solutions Limited	India	31.03.2011	50%	551.10	373.89	90.28	134.63

- (b) The Company's share of contingent liabilities of the JV Forbes Aquatech Limited as at 31.03.2011 is Rs.5.85 lakhs (*Previous Year Rs.34.55 lakhs*).

EUREKA FORBES LIMITED

Information referred to in Note 26 in Schedule K to the Accounts for the year ended 31st March, 2011
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"/>	<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"/>
	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"/>	Rights Issue	<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"/>	Private Placement	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
	N	I	L					N	I	L		

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"/>	Total Assets	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Source of Funds							Reserves & Surplus	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	
Paid-Up Capital	<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"/>	
Secured Loans	<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"/>	
Application of Funds							Deferred Tax Assets	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>		
Net Fixed Assets	<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"/>		
Net Current Assets	<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"/>									

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

Turnover & Other Income	<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"/>
Profit/Loss Before Tax	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	Profit/Loss After Tax	<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"/>	Dividend Rate %	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	

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

Item code No. (ITC Code)	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Product Description	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Item code No. (ITC Code)	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Product Description	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Item code No. (ITC Code)	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Product Description	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	2010-2011		2009-2010	
	Rupees	Rupees	Rupees	Rupees
NET PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS		14,14,13,026		25,86,10,344
Adjusted For –				
Depreciation	12,55,31,873		11,20,27,219	
Profit on sale of Fixed Assets (Net)	(2,24,16,399)		(113,97,588)	
Profit on sale of Investments (Net)	(1,28,70,948)		(2,08,29,061)	
Extraordinary Items				
Prior Period Items	(27,36,140)		(26,16,710)	
Unrealised Foreign Exchange Difference	(825,08,211)		(226,68,413)	
Investment Income	(17,59,42,819)		(13,15,36,522)	
Interest and other finance charges	747,20,760		450,03,464	
		(9,62,21,884)		(3,20,17,611)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS		4,51,91,142		22,65,92,733
Changes in –				
Trade and Other Receivables	(39,97,86,519)		(15,78,92,913)	
Inventories	(10,92,99,715)		14,17,52,488	
Trade Payables and others	84,52,39,423		38,39,09,385	
		33,61,53,189		36,77,68,960
Other Adjustments –				
Diminution in value of investments	2,60,90,074		(14,82,578)	
Bad Debts	2,51,60,209		1,92,29,894	
CASH GENERATED FROM OPERATIONS		38,74,03,472		38,55,16,276
		43,25,94,614		61,21,09,009
Direct Taxes Paid		(9,55,55,722)		(12,07,50,180)
(a) NET CASH FROM OPERATING ACTIVITIES		33,70,38,892		49,13,58,829
CASH FLOW FROM INVESTING ACTIVITIES:				
Buyback of Shares at premium	(17,97,84,000)		(17,99,50,000)	
Purchase of Fixed Assets (Including adjustment on account of Capital Advances)	(12,37,66,631)		(56,48,26,562)	
Sale of Fixed Assets	6,17,66,851		4,91,75,367	
Purchase Of Investments	(187,76,87,849)		(53,35,76,163)	
Sale of Investments	132,93,92,571		67,95,32,148	
Interest Received	11,39,45,688		8,14,63,006	
Dividend Received	6,67,60,563		5,08,67,497	
Deposits Given/Received back from other Companies	(9,60,20,183)		(37,69,42,221)	

EUREKA FORBES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011 *(Contd.)*

	2010-2011		2009-2010	
	Rupees	Rupees	Rupees	Rupees
(b) NET CASH FROM / (USED) IN INVESTING ACTIVITIES		(70,53,92,990)		(79,42,56,928)
CASH FLOW FROM FINANCING ACTIVITIES				
Increase / (Decrease) in Term Loan	(6,41,19,284)		20,55,47,778	
Increase / (Decrease) in Short Term Loan	(5,00,00,000)		30,00,00,000	
Increase / (Decrease) in cash credit account	20,11,52,816		(15,87,38,315)	
Increase / (Decrease) in unsecured loan	40,00,00,000		10,00,00,000	
Interest Paid	(7,47,82,404)		(4,49,41,820)	
Dividend Paid ((including Dividend tax)	—		(14,95,19,610)	
(c) NET CASH FROM/ (USED) IN FINANCING ACTIVITIES		41,22,51,128		25,23,48,033
NET INCREASE IN CASH AND CASH EQUIVALENTS		4,38,97,030		(5,05,50,066)
CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT 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		40,47,69,824	
	2,44,40,267	47,03,50,416	1,69,61,965	52,09,00,482
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR, COMPRISING:				
Cash, Cheques on hand	7,15,63,159		10,68,06,993	
Balances with scheduled banks on Current accounts, Margin accounts and Deposit accounts	41,87,98,067		33,91,03,156	
	2,38,86,220	51,42,47,446	2,44,40,267	47,03,50,416
NET INCREASE / (DECREASE) AS DISCLOSED ABOVE		4,38,97,030		(5,05,50,066)

Per our report attached

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

ATUL MEHTA
Partner
Membership No. 15935

Mumbai, Dated: 17th June, 2011

S. P. Mistry

Chairman

S. L. Goklaney

Executive Vice Chairman

D. E. Udvardia

J. C. Chopra

N. D. Khurody

Indu Shahani

Reinhard Von Der Becke

Dattaram Shinde

Directors

Company Secretary

Mumbai, Dated: 17th June, 2011

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	Forbes Development and Coaching Limited	E4 Equipments Private Limited	Waterwings Equipments Private Limited	Radiant Energy Systems Private Limited	Forbes Enviro Solutions Ltd.	EFL Mauritius Limited	Forbes Aquamall Limited *	Aquadignostics Water Research & Technology Center **
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The Financial Year of the Subsidiary

Company ended on 31-03-2011 31-03-2011 31-03-2011 31-03-2011 31-03-2011 31-03-2011 31-03-2011 31-03-2011 31-03-2011 31-03-2011 31-03-2011

(a) Number of Shares in the Subsidiary Company held by Eureka Forbes Limited at the above date

(i) Fully paid	Nos.	20,00,080	35,00,000	10,00,000	7,50,000	50,000	7,250	50,000	88,50,001	5,00,000	80,000
(ii) Partly paid	Nos.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Percentage Holding	%	100	100	100	75	88	88	100	100	100	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, 2011 are as follows:

31st March, 2011 are as follows:

For the year	Rs.	24,57,56,884	(92,23,337)	(88,97,254)	3,22,472	31,56,586	23,00,505	(20,060)	(1,60,44,393)	288,62,764	(37,88,152)
For the previous years	Rs.	96,53,20,913	45,69,293	86,70,007	(88,95,203)	13,25,897	13,95,240	(1,03,000)		17,35,21,671	(82,60,927)

(c) The net aggregate amount of profits of the Subsidiary Company which has been dealt with in Eureka Forbes Limited accounts upto 31st March, 2011 being the dividends received are as under:

For the year	Rs.	5,00,02,000				50,00,000	29,00,000				
For the previous years	Rs.	28,22,67,365				41,25,000	21,75,000				

* 5,00,000 Equity Shares are held by Aquamall Water Solutions Limited

** 70,050 Equity Shares are held by Aquamall Water Solutions Limited and 9,950 Equity Shares are held by Forbes Aquamall Limited

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

Mumbai, Dated: 17th June, 2011

E4 DEVELOPMENT & COACHING LIMITED

Subsidiary of Eureka Forbes Limited

Annual Report and Accounts
for the year ended 31st March, 2011

DIRECTORS:

Marzin R. Shroff

S.K. Palekar

R.R. Mallar

R.K. Lawande

Hemant Nerurkar

PRINCIPAL BANKERS:

State Bank of Hyderabad

AUDITORS:

Batliboi & Purohit

REGISTERED OFFICE:

Bhupesh Gupta Bhavan, 1st Floor,
85, Sayani Road,
Prabhadevi,
Mumbai - 400 025.

DIRECTORS REPORT

To,

The Members,

Your Directors are pleased to submit their Report and the audited Accounts of the Company for the Year ended 31st March, 2011.

1. FINANCIAL RESULTS:

	Current Year Rupees	<i>Previous Year Rupees</i>
Income from services and Other Income	74,66,889	44,56,996
Profit before Depreciation	7,56,419	1,83,484
Less: Depreciation	3,59,196	1,09,886
Profit Before Tax	3,97,223	73,598
Less: Provision for Current Tax and Deferred Tax	74,751	(11,278)
Profit after Tax	3,22,472	84,876
Balance Brought Forward from Last Year	(88,95,203)	(89,80,079)
Profit Transferred to Balance Sheet	(85,72,731)	(88,95,203)

2. OPERATIONS:

With the industry showing better trends, the current 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 hearting to note that the Company has retained and grown with almost all its existing clients and has also added several new prestigious clients.

The Company has also added several new senior consultants in specific sectors of the business. viz, healthcare and building materials group industry .Your Company will in the coming year focus on these two sectors to ensure growth, while maintaining its current business objectives. The Company also seeks to collaborate with other leading corporates for co- branded programs.

Company plans to build its efficiency in the education vertical, with many more learning modules for academic interventions in next year. This will enable the Company to maintain a steady and sustainable growth rate in the future.

3. AUDITORS:

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

4. 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.

5. PARTICULARS REGARDING EMPLOYEES:

The Company has no employee drawing remuneration of Rs.60,00,000/- per annum or over Rs.5,00,000/- per month. Hence Section 217 (2A) of the Companies Act, 1956 read with the companies (Particular of employees) Rules 1975 does not apply.

6. DIRECTORS RESPONSIBILITY STATEMENT:

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

- (i) That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.

E4 DEVELOPMENT & COACHING LIMITED

- (ii) That the directors have selected such accounting policies and applied them consistently and prudent such as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period.
- (iii) That they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of this Act for safeguarding the assets of the Company and detecting fraud and other irregularities.

- (iv) The directors have prepared the annual accounts on a going concern basis.

On behalf of the Board of Directors

R. K. Lawande
Director

Mr. Marzin R. Shroff
Director

Mumbai, 2nd June, 2011

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

To,
The Members,

E4 Development & Coaching Limited

Bhupesh Gupta Bhavan,
85, Sayani Road, Prabhadevi,
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, 2011. 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 (RoC), 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 four times during the period April 1, 2010 to March 31, 2011, as under:
 1. May 25, 2010
 2. September 9, 2010
 3. December 12, 2010
 4. March 25, 2011For the above meetings proper notices were given and the minutes were properly recorded and signed and proper minute book has been maintained.
4. Since the Company is a closely held public limited Company, they did not close the Register of Members.
5. During the financial year, no extra-ordinary general meeting of the Company was held.
6. The annual general meeting for the financial year ended on March 31, 2010, was held on May 31, 2010, and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
7. The Company has not advanced any loans to its directors or persons or firms or companies referred in the section 295 of the Act.
8. During the financial year, the Company has appointed a Whole-time Director under the designation of "Director & CEO". The Company has complied with the requisite provisions of the Act and also filed e-Form no. 25C with the RoC.
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. The conduct of the Company during the financial year did not attract provisions of section 314 of the Act.
12. 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.
13. 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

14. 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.
15. There was no appointment of sole-selling agents during the financial year which attracted the provisions of the Act.
16. 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.
17. 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.
18. There was no buy-back of shares during the financial year.
19. The Company has not issued any preference shares/debentures and hence there was no redemption of such shares.
20. 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.
21. The Company has not borrowed any money, which breached the borrowing limit of the Company or attracted Section 293(1) (d) of the Act.
22. The Company has not made any loans and investments, or given guarantees or provided securities to other bodies corporate.
23. 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.
24. The Company has not altered the provisions of the memorandum with respect to the objects of the Company during the year.
25. The Company has not altered the provisions of the memorandum with respect to share capital of the Company during the year under scrutiny.
26. The Company has not altered its Articles of Association during the year.
27. 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.
28. No money or security received from its employees during the year under certification, which attracted the provisions of section 417(1) of the Act.
29. There are no employees employed by the Company who are eligible for the benefit of Provident Fund.

Place: MUMBAI

Date: May 31, 2011

Signature:

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

C. P. No.: 3439

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, 2011.

- (i) Form No. 23AC and Form No. 23ACA (Annual Accounts for the year ending March 31, 2010)
- (ii) Form No. 20B (Annual Return for the year ending March 31, 2010).
- (iii) Form No. 66 for filing Compliance Report of M/s. R.R. Mallar & Associates.
- (iv) Form No. 25C for appointment of Whole-time Director.
- (v) Form No. 23 for Special Resolution passed at the AGM as required under Schedule XIII of the Act.
- (vi) Form No. 32 for resignation of Mr. S.L. Goklaney with effect from April 1, 2010.
- (vii) Form No. 32 for resignation of Ms. Harsimran Singh with effect from May 19, 2010.
- (viii) Form No. 32 for the appointment of Mr. Marzin R. Shroff with effect from May 25, 2010.

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, 2011 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, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 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, 2011;
 - (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, 2nd June, 2011

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 disposal of fixed assets during the year.
- ii) Since the business of the Company is Service Oriented, the provision of clause 4 (ii) of the Companies (Auditor's report) Order, 2003 (as amended) in respect of physical verification of inventory is not applicable to the Company.
- iii) (a) As informed the Company has not granted any loans secured or unsecured to any Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (b) The Company has taken loan from one Company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.3 lakhs and the year-end balance of such loan was Rs.3 lakhs.
- (c) In our opinion and according to the information and explanations given to us, the rate of interest is not prima facie prejudicial to the interest of the Company. No other terms and conditions are stipulated in respect of the loan, and hence we are unable to comment on the same.
- (d) In respect of loans taken, repayment schedule of the principal amount and interest has not been stipulated, hence we are unable to comment whether payments are regular or not.
- 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, except slight delays in few cases.
- (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, therefore clause 4 (x) of the Companies (Auditor's Report) Order, 2003 in respect of accumulated losses and net worth is not applicable.
- 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.

E4 DEVELOPMENT & COACHING LIMITED

- 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

Mumbai, 2nd June, 2011

Atul Mehta
Partner
Membership No. 15935

BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedule	Rupees	Rupees	As at 31-Mar-10 Rupees
FUNDS 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	3,00,000
3. Deferred Tax Liability			43,899	7,819
4. Total Funds Employed			1,03,43,899	1,03,07,819
APPLICATION OF FUNDS				
5. Fixed Assets	B			
(a) Gross Block		29,11,399		3,23,642
(b) Depreciation		5,47,835		188,639
(c) Net Block			23,63,564	1,35,003
6. Current Assets, Loans & Advances	C	34,02,847		29,37,970
7. Less : Current Liabilities & Provisions	D	39,95,243		16,60,357
8. Net Current Assets			(592,396)	12,77,612
9. Miscellaneous Expenditure (To the Extent Not Written Off or adjusted)	E		—	—
10. Debit Balance in Profit & Loss Account			85,72,731	88,95,203
11. Total Assets			1,03,43,899	1,03,07,819
12. Notes to Accounts	H			

Per our report attached

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

Atul Mehta
Partner
M.No. 15935

R. K. Lawande
Marzin R. Shroff
R. R. Mallar
S.K. Palekar
Hemant Nerurkar } *Directors*

Mumbai, Dated : 2nd June, 2011

Mumbai, Dated : 2nd June, 2011

E4 DEVELOPMENT & COACHING LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2011

	Schedule	Rupees	As at 31-Mar-11 Rupees	As at 31-Mar-10 Rupees
1. INCOME				
Income from Services			65,98,506	42,90,080
Other Income			8,68,383	166,916
Total			74,66,889	44,56,996
2. EXPENDITURE				
(a) Employees Cost	F	27,11,713		8,05,230
(b) Administrative & Other Expenses	G	39,73,254		34,50,677
(c) Finance Cost		25,502		17,605
(d) Depreciation		3,59,196		109,886
Total			70,69,665	43,83,398
3. Profit/(Loss) before Tax			397,224	73,598
4. Less : Provision for Taxation:				
Current Tax (MAT)		38,672		—
Deferred Tax		36,080		(11,278)
			74,752	(11,278)
5. Profit/(Loss) after Tax			322,472	84,876
6. Net Profit/(Loss) Brought Forward			(88,95,203)	(8,980,079)
7. BALANCE CARRIED TO BALANCE SHEET			(85,72,731)	(88,95,203)
8. Basic Earning and Diluted Per Share (Refer Note 3)			0.32	0.08
9. Notes on Accounts	H			

Per our report attached

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

Atul Mehta
Partner
M.No. 15935

R. K. Lawande
Marzin R. Shroff
R. R. Mallar
S.K. Palekar
Hemant Nerurkar } *Directors*

Mumbai, Dated : 2nd June, 2011

Mumbai, Dated : 2nd June, 2011

SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS ON 31ST MARCH, 2011

	Rupees	As at 31-Mar-10 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)		
	<u>1,00,00,000</u>	<u>1,00,00,000</u>

SCHEDULE - B

FIXED ASSETS

Particulars	Gross Block			Depreciation			Net Block	Net Block
	<i>As at 1-Apr-10</i>	Additions During the Year	As at 31-Mar-11	<i>As at 1-Apr-10</i>	for the year	As at 31-Mar-11	As at 31-Mar-11	<i>As at 31-Mar-10</i>
Computers	206,246	—	206,246	138,663	27,033	165,696	40,550	67,583
Furnitures & Fixtures	81,146	—	81,146	27,151	9,773	36,924	44,222	53,995
Software	12,000	—	12,000	5,392	1,652	7,044	4,956	6,608
Intangible Assets - Content Development	—	2,587,757	2,587,757	—	318,011	318,011	2,269,746	—
Printer	24,250	—	24,250	17,433	2,727	20,160	4,090	6,817
Total	323,642	2,587,757	2,911,399	188,639	359,196	547,835	2,363,564	135,003
<i>Previous Year (2009-10)</i>	323,642	—	323,642	78,753	109,886	188,639	135,003	244,889

* Intangible Assets are being amortised over estimated useful life of 3 Years.

E4 DEVELOPMENT & COACHING LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS ON 31ST MARCH, 2011

	Rupees	Rupees	As at 31-Mar-10 Rupees
SCHEDULE - C			
CURRENT ASSETS, LOANS & ADVANCES			
I. CURRENT ASSETS			
Sundry Debtors: (Unsecured Considered Good)			
Exceeding six months	—		—
Others	16,03,591		14,54,422
		16,03,591	14,54,422
Cash & Bank Balances:			
Cash on Hand	19,141		3,480
In Current Accounts with Scheduled Banks	4,47,438		7,86,365
		4,66,579	7,89,845
II. LOANS & ADVANCES			
(Unsecured, considered good)			
Advances Recoverable in Cash or in kind or for value to be received		1,93,907	3,76,021
Advance Tax (TDS)		1,138,770	317,681
		34,02,847	29,37,969

SCHEDULE - D

CURRENT LIABILITIES & PROVISIONS

Current Liabilities:

Sundry Creditors* (Payable to Holding Company Rs.58378/-)	32,76,742		8,65,916
Other Liabilities	6,72,329		7,86,941
(* No Dues are outstanding towards Micro & Small Enterprises)		39,49,071	16,52,857

Provisions

Provision for Income Tax		38,672	—
Provision for Fringe Benefit Tax		7,500	7,500
Total		39,95,243	16,60,357

SCHEDULE - E

MISCELLANEOUS EXPENDITURE:

(To the extent not written off or adjusted)

Preliminary Expenses	—		4,52,043
Less: Written off to expenses of Profit & Loss A/c	—		4,52,043
		—	—
		—	—

SCHEDULES ANNEXED TO AND FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	<u>Rupees</u>	<u>Rupees</u>	<i>Previous Year 31-Mar-10 Rupees</i>
SCHEDULE - F			
Payments & Provisions for Employees:			
Staff Salaries		25,55,237	6,55,494
Staff Welfare expenses		1,56,476	1,49,736
		<u>27,11,713</u>	<u>8,05,230</u>

SCHEDULE - G

ADMINISTRATIVE & OTHER EXPENSES

Electricity		72,807	93,652
Service Charges		4,80,000	3,60,000
Repairs and Maintenance :			
Others		—	11,850
Auditors' Remuneration :			
Audit Fees	25,000		25,000
Tax Audit Fees	7,000		7,000
Out of pocket expenses	1,075		—
		33,075	32,000
Printing and Stationery		3,65,021	1,06,027
Postage, Telegrams, Telephones and Telex		92,758	1,08,040
Travelling and Conveyance		10,17,603	4,46,707
Legal and Professional Fees		8,47,830	6,57,000
Rates and Taxes		11,000	457,043
Other Establishment Expenses		10,53,161	11,78,359
		<u>39,73,255</u>	<u>34,50,678</u>

E4 DEVELOPMENT & COACHING LIMITED

SCHEDULES ANNEXED TO & FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

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 & Depreciation

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. Intangible Assets are amortised on straight line method over their estimated useful life.

(c) Revenue Recognition

The Company recognises revenue from services as and when Services are rendered.

(d) Taxation

(i) Tax expenses comprises of current and deferred Tax. Current Income 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.

(f) Provisions

A Provision is recognised when there is present obligation as a result of a past event, that probably requires an outflow of resources and a reliable estimate can be made to settle the amount of obligation. Provision is not discounted to its present value and is determined based on the last estimate required to settle the obligation at the year end. These are reviewed at each year end and adjusted to reflect the best current estimate.

2. BREAKUP OF DEFERRED TAX LIABILITY AND ASSETS

Nature of Timing Difference	<i>Deferred Tax (Liability)/Assets as at 01/04/2010</i>	Deferred Tax (Liability)/Assets	Deferred Tax (Liability)/Assets as at 31/03/2011
Depreciation	<i>(7,819)</i>	(36,080)	(43,899)
TOTAL	<i>(7,819)</i>	(36,080)	(43,899)

3. EARNINGS PER SHARE

Sr. No.	Particulars	As on 31/03/2011
(a)	Net Profit/(Loss) Attributable to Equity Shareholders	322,472
(b)	Weighted Average Number of Equity Shares outstanding during the period (Face Value - Rs.10/- per Share)	1,000,000
(c)	Earning Per Share	0.32

4. A. Managerial remuneration under Section 198 of the Companies Act, 1956, paid or payable during the financial year, to the Directors, as under :

	2010-2011 (Rs.)	2009-2010 (Rs.)
Salary and Allowances	1,800,000	—
	Year Ended 31st March, 2011 (Rs.)	Year Ended 31st March, 2010 (Rs.)

B. Statement showing the computation of Net Profit in accordance with Section 198(1) of the Companies Act, 1956:

Profit/(Loss) before Tax - per Profit and Loss Account	397,224	—
Add: Managerial remuneration paid/provided	1800000	
Depreciation and amortisation	359,196	
	<u>2,159,196</u>	—
	2,556,420	—
Depreciation and amortisation	359,196	
	<u>359,196</u>	—
Net Profit/(Loss) in accordance with Section 198(1)/349	2,197,224	—

C. Managerial remuneration has been provided in the books on the basis of Special resolution passed in the general meeting of the Company held on 31st May 2010 for the payment of remuneration for a period not exceeding three year in accordance with schedule XIII of Company Act,1956.

- As required under Accounting Standard 18 "Related Party Disclosures" issued by The Institute of Chartered Accountants of India, the list of Related Parties and their transactions is attached.
- The Company does not have any contingent liability.
- The Company has not recognised Deferred Tax asset arising from the losses as there is no virtual certainty supported by convincing evidence that such assets will be realised in foreseeable future.
- 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

R. K. Lawande	} Directors
Marzin R. Shroff	
R. R. Mallar	
S.K. Palekar	
Hemant Nerurkar	

Mumbai, Dated : 2nd June, 2011

Mumbai, Dated : 2nd June, 2011

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, 2011

(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 & CEO)

(II) Transactions with Related Parties

Nature of Transactions	Related Party	
	Referred to in A above	Referred to in B above*
Expenses		
Services charges	—	480,000
Reimbursement of Expenses	738,495	—
Interest	25,502	—
Income		
Services Rendered	45,01,210	—
Finance		
Inter corporate deposit taken	300,000	—
Outstanding		
Payable	—	176,480
Receivables	975,636	—

* Details of Remuneration paid to Related party Referred in 'B' above has been shown under note no. 4 in notes to accounts as Managerial Remuneration.

BALANCE SHEET ABSTRACT AND COMPANY GENERAL BUSINESS PROFILE:

1. Registration Details

Registration No.	U80903MH2008PLC185015	State Code	19
Balance Sheet Date	31.03.2011	Registration Date	23.07.2008

2. Capital Raised during the year

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

3. Position of mobilisation and deployment of funds

Total Liabilities	10,343,899	Total Assets	10,343,899
Sources of Funds		Reserve & Surplus	Nil
Paid up Capital	10,000,000	Unsecured Loans	300,000
Secured Loans	Nil	Investment	Nil
Application of Funds		Deferred Tax Liability	43,899
Net Fixed Assets	2,363,564	Accumulated Losses	8,572,731
Net Current Assets	-592,396		
Misc. Expenditure	0		

4. Performance of Company

Total Income	7,466,889	Total Expenditure	7,069,665
Loss Before Tax	397,224	Loss After Tax	322,472
Earning Per Share in Rs.	0.32	Dividend Rate%	Nil

R. K. Lawande
Marzin R. Shroff
R. R. Mallar
S.K. Palekar
Hemant Nerurkar

} *Directors*

Mumbai, Dated : 2nd June, 2011

E4 DEVELOPMENT & COACHING LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	2010-11 (Rupees)		2009-10 (Rupees)	
PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS		397,224		73,598
Adjusted for				
Depreciation	359,196		109,886	
Interest Expenditure	25,502		17,605	
		384,698		127,491
OPERATING LOSS BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS:		781,922		201,088
Changes and other adjustments				
Trade and Other Receivables	(788,144)		(967,951)	
Trade Payables and Others	2,296,215		613,127	
Miscellaneous Expenditure (to the extent not written off or adjusted)	—		452,043	
	1,508,071		97,219	
		1,508,071		97,219
CASH GENERATED FROM OPERATIONS		2,289,993		298,307
Direct Taxes Paid	—		—	
		—		—
(a) NET CASH FROM/ (USED IN) OPERATING ACTIVITIES		2,289,993		298,307
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets (including adjustments on account of capital)	(2,587,757)		—	
(b) NET CASH FROM/(USED IN) INVESTING ACTIVITIES		(2,587,757)		—
CASH FLOW FROM FINANCING ACTIVITIES				
Increase/ (Decrease) in Share Capital	—		—	
Decrease/Increase in Inter Corporate Deposit	—		300,000	
Interest paid	(25,502)		(17,605)	
(c) NET CASH FROM/(USED IN) FINANCING ACTIVITIES		(25,502)		282,395
NET DECREASE/INCREASE IN CASH AND CASH EQUIVALENTS (a) + (b) + (c)		(323,266)		580,702
CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE YEAR, COMPRISING:				
Cash, Cheques on hand & Remittances in transit	3,480		427	
Balance with scheduled banks on current accounts and deposit accounts	786,365		208,716	
		789,845		209,143
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR, COMPRISING:				
Cash, Cheques on hand & remittances in transit	19,141		3,480	
Balances with scheduled banks on current accounts and deposit accounts	447,438		786,365	
		466,579		789,845
NET (DECREASE)/INCREASE AS DISCLOSED ABOVE		(323,266)		580,702

Per our report attached

For **BATLIBOI & PUROHIT**

Chartered Accountants

Firm Regn. No. 101048W

Atul Mehta

Partner

M.No. 15935

R. K. Lawande	}	Directors
Marzin R. Shroff		
R. R. Mallar		
S.K. Palekar		
Hemant Nerurkar		

Mumbai, Dated : 2nd June, 2011

Mumbai, Dated : 2nd June, 2011

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

(a wholly owned Subsidiary Company of Eureka Forbes Limited)

Annual Report and Accounts
for the year ended 31st March, 2011

DIRECTORS:

A.V. Suresh
J.N. Ichhaporia
Govind Bommi

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

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

DIRECTORS' REPORT

The directors of the company are pleased to present their report together with the audited financial statements of the company for the reporting year ended 31 March, 2011.

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

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

Neither at the end of the reporting year nor at any time during the reporting 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 reporting 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 reporting 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 reporting 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 reporting year, there were no unissued shares under option.

8. INDEPENDENT AUDITORS

The independent auditors, RSM Chio Lim LLP, have expressed their willingness to accept re-appointment.

On Behalf of the Directors

Jamasp Nariman Ichhaporia
Director

Suresh Appakudal Venkata Subramanyam
Director

27th May 2011

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, 2011 and of the results, changes in equity and cash flows of the company for the reporting 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 Behalf of the Directors

Jamasp Nariman Ichhaporia
Director

Suresh Appakudal Venkata Subramanyam
Director

27th May 2011

**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)**

Report on the Financial Statements

We have audited the accompanying financial statements of Euro Forbes International Pte. Ltd., which comprise the statement of financial position as at 31 March, 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the reporting 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 of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for 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.

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 of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 an associate of S\$84,851 as at 31 March, 2011 of which no allowance for impairment loss has been made (see Note 8). At the date of this report, we have not received sufficient evidence to enable us to determine whether the cost of investment is impaired. Accordingly, we are unable to satisfy ourselves on the carrying value of the investment.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, 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, 2011 and the results, changes in equity and cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, 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

27th May 2011

Partner in charge of audit: Woo E-Sah

STATEMENT OF COMPREHENSIVE INCOME YEAR ENDED 31 MARCH, 2011

	Notes	2011 SG\$	2011 INR	2010 SG\$	2010 INR
Revenue		—	—	—	—
Other Items of Income					
Other Credit	4	163,001	5,634,325	—	—
Other Items of Expenses					
Administrative Expenses		(58,000)	(2,004,886)	(56,065)	(1,863,865)
Finance Costs	5	(395,762)	(13,679,997)	(83,903)	(2,789,342)
Loss Before Tax From Continuing Operations		(290,761)	(10,050,558)	(139,968)	(4,653,208)
Income Tax Income/(Expense)	6	23,931	827,220	(198,629)	(6,595,550)
Loss From Continuing Operations, Net of Tax		(266,830)	(9,223,338)	(338,597)	(11,248,758)
Other Comprehensive Income for the Year, Net of Tax		—	—	—	—
Total Comprehensive Loss		(266,830)	(9,223,338)	(338,597)	(11,248,758)

The accompanying notes form an integral part of these financial statements

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH, 2011

ASSETS

Non-Current Assets

Plant and Equipment	7	—	—	—	—
Investment in an Associate	8	84,851	2,667,713	84,851	2,667,713
Other Receivables	9	—	—	3,036,798	97,574,142
Total Non-Current Assets		84,851	2,667,713	3,121,649	100,241,855

Current Assets

Other Receivables	9	6,964,550	249,861,588	4,079,405	131,073,739
Other Assets	10	34,905	1,252,270	59,656	1,916,786
Cash and Cash Equivalents	11	62,270	2,234,001	82,852	2,662,076
Total Current Assets		7,061,725	253,347,859	4,221,913	135,652,601
Total Assets		7,146,576	256,015,572	7,343,562	235,894,456

EQUITY AND LIABILITIES

Equity

Share Capital	12	3,500,000	93,885,000	3,500,000	93,885,000
Retained Earnings		47,833	(2,624,977)	314,663	6,598,361
Foreign Currency Translation Reserve		—	35,646,338	—	22,025,428
Total Equity		3,547,833	126,906,361	3,814,663	122,508,789

Non-Current Liabilities

Other Financial Liabilities	13	3,526,321	126,510,994	3,464,158	111,305,479
Total Non-Current Liabilities		3,526,321	126,510,994	3,464,158	111,305,479

Current Liabilities:

Trade and Other Payables	14	72,422	2,598,217	64,741	2,080,189
Total Current Liabilities		72,422	2,598,217	64,741	2,080,189
Total Liabilities		3,598,743	129,109,211	3,528,899	113,385,667
Total Equity and Liabilities		7,146,576	256,015,572	7,343,562	235,894,456

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 CHANGES IN EQUITY YEAR ENDED 31 MARCH, 2011

	Total Equity SG\$	Share Capital SG\$	Retained Earnings	
			SG\$	INR
Current Year:				
Opening Balance at 1 April 2010	3,814,663	3,500,000	314,663	100,483,362
Movement in Equity:				
Total Comprehensive Loss for the Year	(266,830)	—	(266,830)	(9,223,338)
Closing Balance at 31 March, 2011	3,547,833	3,500,000	47,833	91,260,024
Previous 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

The accompanying notes form an integral part of these financial statements

STATEMENT OF CASH FLOWS YEAR ENDED 31 MARCH, 2011

	2011 SG\$	2011 INR	2010 SG\$	2010 INR
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before Tax	(290,761)	(10,050,557)	(139,968)	(4,653,208)
Adjustments for :				
Interest Expense	395,762	13,679,997	83,903	2,789,342
Foreign exchange adjustment Gains	(261,650)	(9,044,246)	—	—
Operating Cash Flows before Changes in Working Capital	(156,649)	(5,414,807)	(56,065)	(1,863,865)
Other Receivables	151,653	(21,213,708)	12,581,634	438,375,582
Other Assets	24,751	664,517	(1,049)	86,313
Trade and Other Payables	7,681	518,028	(8,986,266)	(307,269,654)
Net Cash Flows From Operations Before Interest & Tax	27,436	(25,445,969)	3,538,253	129,328,376
Income Taxes Refund /(Paid)	23,931	827,220	(198,629)	(6,595,550)
Net Cash Flows From Operating Activities	51,367	(24,618,749)	3,339,625	122,732,826
CASH FLOWS FROM INVESTING ACTIVITIES				
Transfer of Subsidiary to a Related Party	—	—	384,977	11,019,736
Net cash Flows From Investing Activities	—	—	384,977	11,019,736
CASH FLOWS FROM FINANCING ACTIVITIES				
Other Receivables			10,587,857	368,096,129
Decrease in Other Financial Liabilities	(71,949)	10,569,764	(14,723,909)	(510,257,033)
Foreign Currency Translation Reserve		13,620,910		(5,824,083)
Net Cash Flows Used in Financing Activities	(71,949)	24,190,674	(4,136,052)	(147,984,987)
Net Decrease in Cash and Cash Equivalents	(20,582)	(428,075)	(411,450)	(14,232,425)
Cash and Cash Equivalents, Beginning Balance	82,852	2,662,076	494,302	16,894,501
Cash and Cash Equivalents, Ending Balance (Note 11)	62,270	2,234,001	82,852	2,662,076

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 2011 : SG\$ 1 = Rs.35.8762

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

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH, 2011

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 27th May 2011.

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: Forbes and Company Limited, 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai - 400 011.

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 year. 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 judgments in the process of applying the entity's accounting policies. The areas requiring management's most difficult, subjective or complex judgments, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

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 dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when recognised in other comprehensive income and if applicable deferred in equity such as for qualifying cash flow hedges. The presentation is in the functional currency.

NOTES TO FINANCIAL STATEMENTS 31 MARCH, 2011 (Contd.)**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.

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.

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 investment 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. 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.

NOTES TO FINANCIAL STATEMENTS 31 MARCH, 2011 (Contd.)

Financial Assets

Initial recognition and measurement and derecognition of financial assets:

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 on the 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 and it is derecognised when the obligation specified in the contract is discharged or cancelled or expires. 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.

Subsequent measurement:

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

1. Liabilities at fair value through profit or loss: As at end of the reporting year date there were no financial liabilities classified in this category.

NOTES TO FINANCIAL STATEMENTS 31 MARCH, 2011 (Contd.)

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 liability held, the asking price. If there is no market, or the markets 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 reporting year they occur.

Critical Judgments, Assumptions and Estimation Uncertainties

The critical judgments 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 reporting year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

Allowances for Doubtful Accounts:

An allowance is made for doubtful 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 reporting year but these changes would not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year.

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

NOTES TO FINANCIAL STATEMENTS 31 MARCH, 2011 (Contd.)

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 judgment. 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 S\$ 84,851 at the end of the reporting year.

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

FRS 24 defines a related party as a person or entity that is related to the reporting entity and it includes (a) A person or a close member of that person's family if that person: (i) has control or joint control over the reporting entity; (ii) has significant influence over the reporting entity; or (Hi) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity, (b) An entity is related to the reporting entity if any of the following conditions apply: (i) The entity and the reporting entity are members of the same group, (ii) One entity is an associate or joint venture of the other entity, (iii) Both entities are joint ventures of the same third party, (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity, (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity, (vi) The entity is controlled or jointly controlled by a person identified in (a), (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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 Shapoorji Pallonji and 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 reporting entity 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 unless stated otherwise 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 company 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.

NOTES TO FINANCIAL STATEMENTS 31 MARCH, 2011 (Contd.)

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Contd.)

Significant related parties transactions:

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

	Parent Co 2011 SG\$	Parent Co 2011 INR	Parent Co 2010 SG\$	Parent Co 2010 INR
Interest Expenses	395,762	13,679,997	83,903	2,789,342

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 Co 2011 SG\$	Parent Co 2011 INR	Parent Co 2010 SG\$	Parent Co 2010 INR
Other Payables:				
Balance at beginning of year	(427,360)	(15,332,053)	(11,340,642)	(364,381,632)
Amount paid in and settlement of liabilities on behalf of the Company	—	—	(4,703,176)	(151,115,867)
Amount paid out and settlement of liabilities on behalf of Parent Company	71,950	2,581,293	—	—
Interest Expenses	(395,762)	(14,198,437)	(83,903)	(2,695,854)
Transfer to Related Party	—	—	15,700,361	504,462,019
Foreign exchange difference	261,650	9,387,008	—	—
Balance at end of the year (Notes 9 and 13)	(489,522)	(17,562,189)	(427,360)	(13,731,333)
	Related parties 2011 SG\$	Related parties 2011 INR	Related parties 2010 SG\$	Related parties 2010 INR
Other Receivable: / Other Payables:				
Balance at beginning of year	4,077,905	131,025,534	(6,724,901)	(216,075,104)
Amount paid out and settlement of liabilities on behalf of Related Party	969,021	34,764,791	8,419,856	270,535,025
Amount paid in and settlement of liabilities on behalf of the Company	(1,022,025)	(36,666,373)	—	—
Transfer from parent company	—	—	(15,700,361)	(504,462,019)
Transfer from a subsidiary	—	—	336,473	10,811,079
Transfer from an 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
Foreign exchange difference	(98,649)	(3,539,151)	—	—
Balance at end of the year (Notes 9)	3,926,252	125,584,801	4,077,905	131,025,534

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

NOTES TO FINANCIAL STATEMENTS 31 MARCH, 2011 (Contd.)

	2011	2011	2010	2010
	SG\$	INR	SG\$	INR
4. OTHER CREDITS				
Foreign exchange adjustment gains	163,001	5,634,325	—	—

5. FINANCE COSTS

	2011	2011	2,010	2,010
	SG\$	INR	SG\$	INR
Interest expense	(395,762)	(13,679,997)	(83,903)	(2,789,342)

6. INCOME TAX

6A. Components of tax (income) expense recognised in profit or loss include:

	2011	2011	2,010	2,010
	SG\$	INR	SG\$	INR
(Over) Under adjustments to current tax in respect of prior periods	(23,931)	(827,220)	198,629	6,595,550
Total income tax (income) expense	(23,931)	(827,220)	198,629	6,595,550

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% (2010 : 17%) to profit or loss before income tax as a result of the following differences

	2011	2011	2,010	2,010
	SG\$	INR	SG\$	INR
Loss before Tax	(290,761)	(10,050,557)	(139,968)	(4,653,208)
Income tax benefit at the above rate	(49,429)	(1,773,325)	(23,794)	(764,515)
Not deductible items	49,429	1,773,325	23,794	764,515
(Over) Under adjustments to tax in respect of prior periods	(23,931)	(858,553)	198,629	6,382,069
Total income tax (income) expense	(23,931)	(858,553)	198,629	6,382,069

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

7. PLANT AND EQUIPMENT

	SG\$	INR
Cost:		
At 1 April 2008 and 31 March, 2009	36,257	970,656
Transfer to Related Party	(9,576)	(256,364)
At end of year 31 March, 2010	26,681	714,292
Disposal	(26,681)	(714,292)
At 31 March, 2011	—	—

NOTES TO FINANCIAL STATEMENTS 31 MARCH, 2011 (Contd.)

	<u>SG\$</u>	<u>INR</u>
Accumulated depreciation:		
At 1 April 2009	36,257	970,656
Depreciation for the year	(9,576)	(256,364)
At 31 March, 2010	<u>26,681</u>	<u>714,292</u>
Disposal	(26,681)	(714,292)
At 31 March, 2011	<u>—</u>	<u>—</u>
Net book value:		
At 31 March, 2009	—	
At 31 March, 2010	—	
At 31 March, 2011	<u>—</u>	

The depreciation expense is charged to administrative expenses.

8. INVESTMENT IN AN ASSOCIATE

	<u>2011 SG\$</u>	<u>2011 INR</u>	<u>2,010 SG\$</u>	<u>2,010 INR</u>
Movement during the year:				
At beginning of year and at end of the year	<u>84,851</u>	<u>2,667,713</u>	<u>84,851</u>	<u>2,667,713</u>
Share of net book value (negative)	<u>(3,621,869)</u>		<u>(3,557,313)</u>	

The associate held by the company is listed below :

Name of Associate, Country of Incorporation

Place of Operations and Principal Activities

	<u>Effective of Percentage of equity held</u>	
	<u>2011 %</u>	<u>2010 %</u>
Euro P2P Direct (Thailand) Co. Ltd. (a) Thailand	<u>49</u>	<u>49</u>

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

9. OTHER RECEIVABLES

	<u>2011 SG\$</u>	<u>2011 INR</u>	<u>2,010 SG\$</u>	<u>2,010 INR</u>
Current:				
Other Receivables				
Outside Parties	1,500	53,814	1,500	48,205
Parent Company (Note 3) (a)	3,036,798	108,948,772	—	—
Related parties (Note 3)	3,926,252	140,859,002	4,077,905	131,025,534
Total current portion	<u>6,964,550</u>	<u>249,861,588</u>	<u>4,079,405</u>	<u>131,073,739</u>

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

NOTES TO FINANCIAL STATEMENTS 31 MARCH, 2011 (Contd.)

	2011	2011	2,010	2,010
	SG\$	INR	SG\$	INR
Non-current:				
Other receivables:				
Parent Company (Note 3) (a)	—	—	3,036,798	97,574,142
Total other receivables	<u>6,964,550</u>	<u>249,861,589</u>	<u>7,116,203</u>	<u>228,647,872</u>

(a) The amount due from parent company is interest-free and repayable on demand. This amount has been classified to current balance during the reporting year as management is expecting the amount to be settled subsequent to year end.

10. OTHER ASSETS, CURRENT

	2011	2011	2,010	2,010
	SG\$	INR	SG\$	INR
Deposits to secure services	26,905	965,260	28,525	916,516
Prepayments	8,000	287,010	31,131	1,000,271
	<u>34,905</u>	<u>1,252,270</u>	<u>59,656</u>	<u>1,916,786</u>

11. CASH AND CASH EQUIVALENTS

	2011	2011	2,010	2,010
	SG\$	INR	SG\$	INR
Not restricted in use	<u>62,270</u>	<u>2,234,001</u>	<u>82,852</u>	<u>2,662,076</u>

The interest earning balances are not significant.

12. SHARE CAPITAL

	Number of Shares issued	Share capital	
		SG\$	INR
Ordinary Shares of no par value:			
Balance at 1 April 2009 and 31 March, 2010 and 31 March, 2011	<u>3,500,000</u>	<u>3,500,000</u>	<u>93,885,000</u>

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 reporting 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 reporting 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 company has no external borrowings

NOTES TO FINANCIAL STATEMENTS 31 MARCH, 2011 (Contd.)

13. OTHER FINANCIAL LIABILITIES

	<u>2011</u> <u>SG\$</u>	<u>2011</u> <u>INR</u>	<u>2,010</u> <u>SG\$</u>	<u>2,010</u> <u>INR</u>
Non Current:				
Parent Company Loans Payable (Note 3) (a)	3,526,321	126,510,994	3,464,158	111,305,479
The range of floating rate interest rate paid were as follows:				
Parent company loans payable (Note 3)	12.00%		12.00%	

(a) The agreement for the loans payable to the parent company provides that they are unsecured, with the above interest rates based on market rates and not expected to repay within next 12 months.

14. TRADE AND OTHER PAYABLES

	<u>2011</u> <u>SG\$</u>	<u>2011</u> <u>INR</u>	<u>2,010</u> <u>SG\$</u>	<u>2,010</u> <u>INR</u>
Trade Payables:				
Outside parties and accrued liabilities	72,422	2,598,217	64,741	2,080,189

15. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS

15A. 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.

	<u>2011</u> <u>SG\$</u>	<u>2011</u> <u>INR</u>	<u>2,010</u> <u>SG\$</u>	<u>2,010</u> <u>INR</u>
Financial Assets				
Cash and Bank Balances	62,270	2,234,001	82,852	2,662,076
Loans and Receivables	6,964,550	249,861,589	7,116,203	228,647,872
At end of the year	<u>7,026,820</u>	<u>252,095,589</u>	<u>7,199,055</u>	<u>231,309,948</u>
Financial Liabilities				
Borrowing at Amortised Cost	3,526,321	126,510,994	3,464,158	111,305,479
Trade and Other Payables at Amortised Cost	72,422	2,598,217	64,741	2,080,189
At end of the year	<u>3,598,743</u>	<u>129,109,211</u>	<u>3,528,899</u>	<u>113,385,667</u>

Further quantitative disclosures are included throughout these financial statements.

15B. 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 are exposures 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.

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

NOTES TO FINANCIAL STATEMENTS 31 MARCH, 2011 (Contd.)

15C. Fair Values of Financial Instruments

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

15D. Credit Risk on Financial Assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner consist principally of cash balances with banks, cash equivalents and receivables. The maximum exposure to credit risk is: the 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 counter-parties 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. As at year end, there is no balance due from customer.

Note 11 discloses the maturity of the cash and cash equivalents balances. Other receivables are normally with no fixed terms and therefore there is no maturity.

15E. Liquidity Risk

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

	<u>Less than 1 year</u> SG\$	<u>1 - 3 years</u> SG\$	<u>Total</u> SG\$
Non-derivative financial liabilities:			
2011:			
Other financial liabilities	—	3,526,321	3,526,321
Trade and other payables	72,423	—	72,423
At end of the year	<u>72,423</u>	<u>3,526,321</u>	<u>3,598,744</u>
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>3,464,158</u>	<u>3,528,899</u>

The above amounts disclosed in the maturity analysis are the contractual undiscounted cash flows and such undiscounted cash flows differ from the amount included in the statement of financial position. When the counterparty has a choice of when an amount is paid, the liability is included on the basis of the earliest date on which it can be required to pay. At the end of the reporting year no claims on the financial guarantees are expected.

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. The average credit period taken to settle trade payables is about 30 to 120 days (2010: 30 to 120 days). The other payables are with short-term durations. The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary.

NOTES TO FINANCIAL STATEMENTS 31 MARCH, 2011 (Contd.)

15F. 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. The following table analyses the breakdown of the significant financial instruments by type of interest rate:

	2011 SG\$	2011 INR	2,010 SG\$	2,010 INR
Group and Company				
Financial liabilities:				
Floating rates	3,526,321	126,510,997	3,464,158	111,305,475
Total at end of the year	<u>3,526,321</u>	<u>126,510,997</u>	<u>3,464,158</u>	<u>111,305,475</u>

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

15G. Foreign Currency Risks

Analysis of amounts denominated in non-functional currency:

	Cash SG\$	Receivables SG\$	Total SG\$
Financial Assets:			
At 31 March, 2011:			
United States Dollars	6,460	801,966	808,426
United. Arab Emirates Dirham	178	—	178
At end of the year	<u>6,638</u>	<u>801,966</u>	<u>808,604</u>
At 31 March, 2010:			
United States Dollars	9,284	974,039	983,323
United. Arab Emirates Dirham	8,869	—	8,869
At end of the year	<u>18,153</u>	<u>974,039</u>	<u>992,192</u>
		Other Financial Liabilities SG\$	Total SG\$
Financial Liabilities:			
At 31 March, 2011:			
United States Dollars		2,480,255	2,480,255
At end of the year		<u>2,480,255</u>	<u>2,480,255</u>
At 31 March, 2010:			
United States Dollars		2,480,255	2,480,255
At end of the year		<u>2,480,255</u>	<u>2,480,255</u>

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

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

NOTES TO FINANCIAL STATEMENTS 31 MARCH, 2011 (Contd.)

Sensitivity analysis:

	2011 SG\$	2010 SG\$
A hypothetical 10% increase in the exchange rate of the function currency S\$ against the US\$ would have a favourable effect on profit before tax of	<u>141,018</u>	<u>149,693</u>

The above table shows sensitivity to a hypothetical 10% variation in the functional currency against the relevant foreign currencies. The sensitivity rate used is the reasonably possible change in foreign exchange rates. For similar rate weakening of the functional currency against the relevant foreign currencies, there would be comparable impacts in the opposite direction on the profit or loss.

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 risks as the historical exposure does not reflect the exposures in future.

16. 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:

	2011 SG\$	2010 SG\$
Not later than one year	44,000	96,000
Later than one year and not later than five years	—	44,000
Rental expense for the year	<u>94,953</u>	<u>94,744</u>

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 not subject to an escalation clause.

17. EVENT SUBSEQUENT TO THE END OF THE REPORTING YEAR

Subsequent to the end of the reporting year, the company reduced the issued and paid-up share capital by S\$3,000,000 and such reduction is satisfied by a cash distribution of S\$3,000,000 to the sole shareholder.

18. CHANGES AND ADOPTION OF FINANCIAL REPORTING STANDARDS

For the reporting year ended 31 March, 2011 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 (Amendments to)
FRS 7	Statement of Cash Flows (Amendments to)
FRS 17	Leases (Amendments to)
FRS 27	Consolidated and Separate Financial Statements (Revised)
FRS 28	Investments in Associates (Revised)
FRS 32	Classification Of Rights Issues (Amendments to) (*)
FRS 36	Impairment of Assets (Amendments to)
FRS 38	Intangible Assets (Amendments to) (*)
FRS 39	Financial instruments: Recognition and Measurement – Eligible Hedged Item (Amendments to) (*)

NOTES TO FINANCIAL STATEMENTS 31 MARCH, 2011 *(Contd.)***18. CHANGES AND ADOPTION OF FINANCIAL REPORTING STANDARDS *(Contd.)***

FRS 39	Financial Instruments: Recognition and Measurement (Amendments to)
FRS 102	Share-based Payment (Amendments to) (*)
FRS 103	Business Combinations (Revised) (*)
FRS 105	Non-current Assets Held for Sale and Discontinued Operations (Amendments to) (*)
FRS 108	Operating Segments (Amendments to) (*)
INT FRS 109	Reassessment of Embedded Derivatives (Amendments to) (*)
INT FRS 116	Hedges of a Net Investment in a Foreign Operation (Amendments to) (*)
INT FRS 117	Distributions of Non-cash Assets to Owners (*)
INT FRS 118	Transfers of Assets from Customers (*)

(*) Not relevant to the entity.

19. 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
FRS1	Presentation of Financial Statements Disclosures (Amendments to)	1 Jan 2011
FRS 103	Business Combinations (Amendments to) (*)	1 Jul 2010
FRS 107	Financial instruments: Disclosures (Amendments to)	1 Jan 2011
FRS 107	Financial Instruments: Disclosures (Amendments to) – Transfers of Financial Assets (*)	1 Jul 2011
FRS 107	Financial Instruments: Disclosures (Amendments to)	1 Jan 2011
FRS 12	Deferred Tax (Amendments to) – Recovery of Underlying Assets (*)	1 Jan 2012
FRS 24	Related Party Disclosures (revised)	1 Jan 2011
FRS 27	Consolidated and Separate Financial Statements (Amendments to)	1 Jul 2011
FRS 34	Interim Financial Reporting (Amendments to) (*)	1 Jan 2011
INT FRS 113	Customer Loyalty Programmes (Amendments to) (*)	1 Jan 2011
INT FRS 114	Prepayments of a Minimum Funding Requirement (revised) (*)	1 Jan 2011
INT FRS 115	Agreements for the Construction of Real Estate (*)	1 Jan 2011
INT FRS 119	Extinguishing Financial Liabilities with Equity Instruments (*)	1 Jul 2010

(*) Not relevant to the entity.

EFL MAURITIUS LIMITED

(a Subsidiary Company of Eureka Forbes Limited)

Annual Report and Accounts
for the year ended 31st March, 2011

Date of appointment

DIRECTORS :

Maheshwar Doorgakant

2nd December, 2010

Navun Dussoruth

2nd December, 2010

ADMINISTRATOR AND SECRETARY :

Apex Fund Services (Mauritius) Limited
4th Floor, Raffles Tower
19, Cybercity
Ebene
Mauritius

REGISTERED OFFICE :

4th Floor, Raffles Tower
19, Cybercity
Ebene
Mauritius

AUDITORS :

Nexia Baker & Arenson
Chartered Accountants
5th Floor, C&R Court
49, Labourdonnais Street
Port Louis
Mauritius

BANKERS :

Standard Chartered Bank (Mauritius) Ltd.
Unit 6A & 6B
6th Floor, Raffles Tower
Lot 19 Cybercity
Ebene
Mauritius

HSBC Mauritius
6th Floor, HSBC Centre 18
Cybercity, Ebene
Mauritius

**COMMENTARY OF THE DIRECTORS
FOR THE PERIOD FROM 02 DECEMBER 2010 (Date of incorporation)
TO 31 MARCH 2011**

ACTIVITY

The principal activity of EFL Mauritius Limited (the “Company”) is to act as an investment holding Company. As at 31 March 2011, the Company’s primary investment holding was in Lux International AG, ZUG.

RESULTS AND DIVIDEND

The results for the period are shown in the statement of comprehensive income and related notes. No dividend was declared during the period.

DIRECTORS

The membership of the Board is set out on page 2. All directors served office throughout the period.

DIRECTORS’ RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year, which present fairly the financial position, financial performance and the cash flows of the Company. The directors are also responsible for keeping accounting records which:

- correctly record and explain the transactions of the Company;
- disclose with reasonable accuracy at any time the financial position of the Company; and
- would enable them to ensure that the financial statements comply with the Mauritian Companies Act 2001.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

AUDITORS

The auditors, Nexia Baker & Arenson, have indicated their willingness to continue in office.

CERTIFICATE FROM THE SECRETARY UNDER SECTION 166 (d) OF THE MAURITIAN COMPANIES ACT 2001

We certify to the best of our knowledge and belief that we have filed with the Registrar of Companies all such returns as are required of EFL Mauritius Limited under the Mauritian Companies Act 2001, during the financial period ended 31 March 2011.

For Apex Fund Services (Mauritius) Limited
Secretary

Registered Office:

4th Floor, Raffles Tower
19, Cybercity
Ebene
Mauritius

Date: 8th June, 2011

EFL MAURITIUS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EFL MAURITIUS LIMITED

Report on the Financial Statements

We have audited the financial statements of EFL MAURITIUS LIMITED set out on pages 7 to 22, which comprise the statement of financial position as at 31 March 2011 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritian Companies Act 2001. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International 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 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 March 2011, and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards and comply with the Mauritian Companies Act 2001.

Other Matter

This report is made solely to the Company's members, as a body, in accordance with Section 205 of the Mauritian Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Report on Other Legal and Regulatory Requirements

Mauritian Companies Act 2001

We have no relationship with or interests in the Company other than in our capacity as auditors.

We have obtained all information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Nexia Baker & Arenson
Chartered Accountants

Ouma Shankar Ochit FCCA
Signing Partner

Date: 8th June, 2011

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM 02 DECEMBER 2010 (Date of incorporation)
TO 31 MARCH 2011**

	<u>Notes</u>	<u>EUR</u>	<u>INR</u>
INCOME		—	—
Expenses			
Due diligence & legal fees		435,347	2,69,69,616
Set up cost		1,590	98,500
Accounting fees		1,408	87,225
Audit fees		989	61,268
Annual tax return		530	32,833
FSC fees		487	30,170
Directors' fees		379	23,479
Annual TRC fees		189	11,708
APS fees		177	10,965
Registered office and Secretarial fees		177	10,965
Bank charges		97	6,009
ROC fees		43	2,664
Disbursement fees		41	2,540
Realised foreign exchange loss		28	1,735
		<u>441,482</u>	<u>2,73,49,677</u>
Operating loss for the period		(441,482)	(2,73,49,677)
Share of profit of associated Company	4	174,664	1,08,20,404
Unrealised foreign exchange gain		7,827	4,84,880
Loss before taxation		<u>(258,991)</u>	<u>(1,60,44,393)</u>
Taxation	5	—	—
Total comprehensive loss for the period		<u><u>(258,991)</u></u>	<u><u>(1,60,44,393)</u></u>

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

EFL MAURITIUS LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2011

	<u>Notes</u>	<u>EUR</u>	<u>INR</u>
ASSETS			
Non-current asset			
Investment in associated Company	4	8,974,664	57,29,68,599
Current assets			
Prepayments		3,041	1,94,146
Cash and cash equivalents		49,903	31,85,952
		<u>52,944</u>	<u>33,80,098</u>
Total assets		<u>9,027,608</u>	<u>57,63,48,697</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital:			
- Ordinary shares	6	15,001	9,45,546
- Preference shares	6	8,835,000	55,68,92,138
Revenue deficit		(258,991)	(1,60,44,393)
Foreign Currency Translation Reserve			66,81,724
		<u>8,591,010</u>	<u>54,84,75,015</u>
Current liability			
Other payable and accruals	7	436,598	2,78,73,682
Total equity and liabilities		<u>9,027,608</u>	<u>57,63,48,697</u>

Approved by the Board on 8th June, 2011 and signed on its behalf by:

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

Maheshwar Doorgakant }
Navun Dussoruth } *Directors*

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM 02 DECEMBER 2010 (Date of incorporation)
TO 31 MARCH 2011**

	Stated capital		Revenue deficit		Total	
	EUR	INR	EUR	INR	EUR	INR
At 02 December 2010	—	”	—	”	—	”
Issue of shares:						
- ordinary shares	15,001	9,45,546	—	”	15,001	9,45,546
- preference shares	8,835,000	55,68,92,138	—	”	8,835,000	55,68,92,138
Total comprehensive loss for the period	—	”	(258,991)	(1,60,44,393)	(258,991)	(1,60,44,393)
At 31 March 2011	8,850,001	55,78,37,684	(258,991)	(1,60,44,393)	8,591,010	54,17,93,291

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

EFL MAURITIUS LIMITED

**STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM 02 DECEMBER 2010 (Date of incorporation)
TO 31 MARCH 2011**

	<u>EUR</u>	<u>INR</u>
Cash flows from operating activities		
Loss before taxation	(258,991)	(1,60,44,393)
Adjustment for:		
Share of profit of associated Company	(174,664)	(1,08,20,404)
Operating loss before working capital changes	(433,655)	(2,68,64,797)
Increase in prepayments	(3,041)	(1,94,146)
Increase in other payable and accruals	436,598	2,78,73,682
Cash used in operating activities	(98)	8,14,739
Cash flow from investing activities		
Investment in associated Company	(8,800,000)	(56,21,48,195)
Net cash used in investing activities	(8,800,000)	(56,21,48,195)
Cash flows from financing activities		
Issue of shares:		
- ordinary shares	15,001	9,45,546
- preference shares	8,835,000	55,68,92,138
- Foreign Currency Translation Reserve		66,81,724
Net cash from financing activities	8,850,001	56,45,19,408
Net increase in cash and cash equivalents	49,903	31,85,952
Cash and cash equivalents at beginning of period	—	—
Cash and cash equivalents at end of period	<u>49,903</u>	<u>31,85,952</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 02 DECEMBER 2010 (Date of incorporation)
TO 31 MARCH 2011**

1. General information

The Company was incorporated in Mauritius under the Mauritian Companies Act 2001 on 2nd December 2010 as a private Company with liability limited by shares and has its registered office at Apex Fund Services (Mauritius) Limited, 4th Floor, Raffles Tower, 19 Cybercity, Ebene, Mauritius. It holds a Category 1 Global Business Licence issued by the Financial Services Commission.

The principal activity of the Company is to act as an investment holding Company. As at 31 March 2011, the Company's primary investment holding was in Lux International AG, ZUG.

The directors regard Eureka Forbes Limited, a Company incorporated in India, as the Company's parent holding Company.

The financial statements of the Company are presented in Euro ("EUR").

2. Accounting policies

The financial statements are prepared in accordance with and comply with the International Financial Reporting Standards ("IFRS").

The principal accounting policies adopted in the preparation of these financial statements are set out below. The preparation of financial statements in accordance with International Financial Reporting Standards requires management to make certain assumptions and estimates that affect the reported amounts of assets and liabilities, revenues and expenses and contingent liabilities. Actual amounts could in certain cases differ from those assumptions and estimates. Changes are taken into account in the statement of comprehensive income if new information comes to light.

(a) Basis of accounting

The financial statements are prepared under the historical cost convention.

(b) Changes in accounting policy and disclosures

(i) *New and amended standards, and interpretations mandatory for the first time for the financial year beginning 1 January 2010 but not currently relevant to the Company.*

The following standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 1 January 2010 or later periods, but the Company has not early adopted them.

- IFRIC 17, 'Distribution of non-cash assets to owners' (effective on or after 1 July 2009). The interpretation was published in November 2008. This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. IFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable.
- IFRIC 18, 'Transfers of assets from customers', effective for transfer of assets received on or after 1 July 2009. This interpretation clarifies the requirements of IFRSs for agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services (such as a supply of electricity, gas or water). In some cases, the entity receives cash from a customer that must be used only to acquire or construct the item of property, plant, and equipment in order to connect the customer to a network or provide the customer with ongoing access to a supply of goods or services (or to do both).
- IFRIC 9, 'Reassessment of embedded derivatives and IAS 39, Financial instruments: Recognition and measurement', effective 1 July 2009. This amendment to IFRIC 9 requires an entity to assess whether an embedded derivative should be separated from a host contract when the entity reclassifies a hybrid financial asset out of the 'fair value through profit or loss' category. This assessment is to be made based on circumstances that existed on the later of the date the entity first became a party to the contract and the date of any contract amendments that significantly change the cash flows of the contract. If the entity is unable to make this assessment, the hybrid instrument must remain classified as at fair value through profit or loss in its entirety.
- IFRIC 16, 'Hedges of a net investment in a foreign operation' effective 1 July 2009. This amendment states that, in a hedge of a net investment in a foreign operation, qualifying hedging instruments may be held by any entity or entities within the group, including the foreign operation itself, as long as the designation, documentation and effectiveness requirements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 02 DECEMBER 2010 (Date of incorporation)
TO 31 MARCH 2011****2. Accounting policies (continued)****(b) Changes in accounting policy and disclosures (continued)**

of IAS 39 that relate to a net investment hedge are satisfied. In particular, the group should clearly document its hedging strategy because of the possibility of different designations at different levels of the group. IAS 38 (amendment), 'Intangible assets', effective 1 January 2010. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives.

- IAS 1 (amendment), 'Presentation of financial statements'. The amendment clarifies that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time.
- IAS 36 (amendment), 'Impairment of assets', effective 1 January 2010. The amendment clarifies that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment, as defined by paragraph 5 of IFRS 8, 'Operating segments' (that is, before the aggregation of segments with similar economic characteristics).
- IFRS 2 (amendments), 'Group cash-settled share-based payment transactions', effective from 1 January 2010. In addition to incorporating IFRIC 8, 'Scope of IFRS 2', and IFRIC 11, 'IFRS 2 – Group and treasury share transactions', the amendments expand on the guidance in IFRIC 11 to address the classification of group arrangements that were not covered by that interpretation.
- IFRS 5 (amendment), 'Non-current assets held for sale and discontinued operations'. The amendment clarifies that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of IAS 1 still apply, in particular paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1.

(ii) *New standards and amendments and interpretations issued but not effective for the financial year beginning 1 January 2010 and not early adopted.*

The Company's assessment of the impact of these new standards and interpretations is set out below.

- IFRS 9, 'Financial instruments', issued in November 2009. This standard is the first step in the process to replace IAS 39, 'Financial instruments: recognition and measurement'. IFRS 9 introduces new requirements for classifying and measuring financial assets and is likely to affect the Company's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption.
- Revised IAS 24 (revised), 'Related party disclosures', issued in November 2009. It supersedes IAS 24, 'Related party disclosures', issued in 2003. IAS 24 (revised) is mandatory for periods beginning on or after 1 January 2011. Earlier application, in whole or in part, is permitted.
- IFRS 7 (amendment) 'Financial instruments: Disclosures'. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. The adoption of the amendment results in additional disclosures but does not have an impact on the Company's financial position or performance.
- 'Classification of rights issues' (amendment to IAS 32), issued in October 2009. The amendment applies to annual periods beginning on or after 1 February 2010. Earlier application is permitted. The amendment addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities. The amendment applies retrospectively in accordance with IAS 8 'Accounting policies, changes in accounting estimates and errors'.
- IFRIC 19, 'Extinguishing financial liabilities with equity instruments', effective 1 July 2010. The interpretation clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 02 DECEMBER 2010 (Date of incorporation)
TO 31 MARCH 2011**

2. Accounting policies (continued)

(b) Changes in accounting policy and disclosures (continued)

- (ii) *New standards and amendments and interpretations issued but not effective for the financial year beginning 1 January 2010 and not early adopted. (continued)*

instruments to a creditor of the entity to extinguish all or part of the financial liability (debt for equity swap). It requires a gain or loss to be recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished.

- 'Prepayments of a minimum funding requirement' (amendments to IFRIC 14). The amendments correct an unintended consequence of IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction'. Without the amendments, entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions. This was not intended when IFRIC 14 was issued, and the amendments correct this. The amendments are effective for annual periods beginning 1 January 2011. Earlier application is permitted. The amendments should be applied retrospectively to the earliest comparative period presented.

(c) Foreign currencies

The financial statements are presented in Euro which is also the currency of the primary economic environment in which the Company operates (functional currency).

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. Monetary gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income. Such balances are translated at the year-end exchange rates unless hedged by forward exchange contracts, in which case the rates specified in such contracts are used.

(d) Deferred tax

Deferred tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred tax.

The principal temporary differences arise from tax losses carried forward. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the tax losses can be utilised.

(e) Income tax

Income taxes currently payable are provided for in accordance with the existing legislation of the various countries in which the Company operates.

(f) Investment in associated Company

Associates are undertakings over which the Company generally has between 20% and 50% of the voting rights or over which the Company has significant influence but which it does not control. The Company holds investment in an associate, which is initially recognised at cost and subsequently accounted for by using the equity method of accounting.

The Company's share of its associate's profits or losses is recognised in the statement of comprehensive income and its share of movements in reserves is recognised in equity. The cumulative movements are adjusted against the carrying amount of the investment. The accounting policies of the associate have been changed where necessary to ensure consistency with the policies adopted by the Company. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is charged to the statement of comprehensive income.

EFL MAURITIUS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 02 DECEMBER 2010 (Date of incorporation) TO 31 MARCH 2011

2. Accounting policies (*continued*)

- (g) Stated capital
Ordinary shares and Preference shares are classified as equity.
- (h) Borrowings
Borrowings are recognised at the value of proceeds received, less any transaction costs incurred.
- (i) Other payable and accruals
Other payable and accruals are recognised initially at fair value and subsequently stated at amortised cost. The difference between the net proceeds received and the amount payable is recognised over the period of the accrual using the effective interest method.
- (j) Cash and cash equivalents
Cash and cash equivalents comprise of bank balances. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.
- (k) Revenue recognition
Interest income is recognised on the accruals basis unless collectibility is in doubt.
- (l) Expense recognition
All expenses are accounted for in the statement of comprehensive income on the accrual basis.
- (m) Related parties
Related parties are individuals and companies where the individual or Company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.
- (n) Impairment
At each reporting date, the Company reviews the carrying amount of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any, and the carrying amount of the asset is reduced to its recoverable amount. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.
- (o) 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 will be required to settle the obligation, and a reliable estimate of the amount can be made.
- (p) Financial instruments
Financial instruments carried on the statement of financial position include cash and cash equivalents, other payable and accruals which approximate their fair values. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Disclosures about financial instruments to which the Company is a party are provided in Note 9.

3. Critical accounting estimates and judgements

The Company makes estimates and judgements that affect the reported amounts of assets and liabilities within the year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

There are no significant estimates or judgements made by the Company for the financial period ended 31 March 2011.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 02 DECEMBER 2010 (Date of incorporation)
TO 31 MARCH 2011**

4. Investment in associated Company

	<u>EUR</u>	<u>INR</u>
At beginning of the period	—	—
Addition during the period	8,800,000	56,18,17,520
Share of profit of associated Company for the period	174,664	1,11,51,079
At end of the period	<u>8,974,664</u>	<u>57,29,68,599</u>

The details of the investment in associated Company as at 31 March 2011 are as follows:

<u>Name of associated Company</u>	<u>Country of incorporation</u>	<u>Type of shares</u>	<u>Number of shares</u>	<u>% held</u>	<u>Cost EUR</u>	<u>Cost INR</u>
Lux International AG	Switzerland	Equity share	18,750	25%	<u>8,800,000</u>	<u>56,18,17,520</u>

The Company, as required by IAS 28 "Investments in Associates", is preparing financial statements under the equity method of accounting for its investment in associated undertaking.

The summarised financial statements information of the associated Company used in applying the equity method of accounting are as follows:

<u>Period ended</u>	<u>Assets</u>		<u>Liabilities</u>		<u>Revenues</u>		<u>Profit</u>	
	<u>EUR</u>	<u>INR</u>	<u>EUR</u>	<u>INR</u>	<u>EUR</u>	<u>INR</u>	<u>EUR</u>	<u>INR</u>
31 March 2011	<u>33,663,143</u>	<u>214,91,52,672</u>	<u>17,698,552</u>	<u>112,99,26,885</u>	<u>1,843,102</u>	<u>11,41,79,616</u>	<u>700,703</u>	<u>4,34,08,341</u>

The investment in Lux International AG, ZUG was made in February 2011. For equity accounting purposes, the management accounts of the associate from February 2011 to 31 March 2011 have been used.

5. Taxation

(a) Income tax

Under current laws and regulations, the Company is liable to pay income tax on its net income at a rate of 15%. The Company is however entitled to a tax credit equivalent to the higher of actual foreign tax suffered or 80% of Mauritius tax payable in respect of its foreign source income tax thus reducing its maximum effective tax rate to 3%.

No Mauritian capital gains tax is payable on profits arising from sale of securities, and any dividends and redemption proceeds paid by the Company to its shareholder will be exempt from any withholding tax in Mauritius.

(b) Tax reconciliation

	<u>EUR</u>	<u>INR</u>
Loss for the period	(258,991)	(1,60,44,393)
Adjustment for non taxable items		
Less exempt income	—	
Less non allowable income	(182,491)	(1,13,05,284)
Add unauthorised deductions	1,618	
Tax loss for the period	<u>(439,864)</u>	<u>(2,73,49,677)</u>
Tax calculated at 15%	(65,980)	(41,02,452)
Deemed tax credit	52,784	3,281,962
Deferred tax asset not recognised	13,196	820,490
Tax charge	<u>—</u>	<u>—</u>

EFL MAURITIUS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 02 DECEMBER 2010 (Date of incorporation) TO 31 MARCH 2011

6. Stated capital

	<u>EUR</u>	<u>INR</u>
<u>Issued and fully paid up:</u>		
– Ordinary shares of EUR1 each	15,001	9,45,546
– Preference shares of EUR1 each	8,835,000	55,68,92,138
	<u>8,850,001</u>	<u>55,78,37,684</u>

7. Other payable and accruals

	<u>EUR</u>	<u>INR</u>
Payable to related parties (See note 8)	435,079	2,77,76,705
Accruals	1,519	96,977
	<u>436,598</u>	<u>2,78,73,682</u>

8. Related party transactions

- (a) Two directors of the Company, Messrs Maheshwar Doorgakant and Navun Dussoruth are also officers of APEX Fund Services (Mauritius) Limited ("the Administrator"), and hence deemed to have beneficial interests in the Service Agreement between the Company and the Administrator.
- (b) During the year, the Company paid directors' fees amounting to EUR379 and secretarial fees of EUR177 to the Administrator.

The nature, relationship and balances with the related parties at 31 March 2011 are as follows:

Name of related parties	Relationship	Nature of transactions	Balance	
			<u>EUR</u>	<u>INR</u>
Apex Fund Services (Mauritius) Limited	Administrator & Secretary	Amount payable	2,705	1,72,695
Eureka Forbes Limited	Shareholder	Amount payable	432,374	2,76,04,010
			<u>435,079</u>	<u>2,77,76,705</u>

9. Financial instruments and associated risks

(a) Fair values

The carrying amounts of cash and cash equivalents and other payable and accruals approximate their fair values.

(b) Currency risk

The Company invests in shares denominated in Swiss Franc ("CHF"). Consequently, the Company is exposed to the risk that the exchange rate of the EUR relative to the CHF may change in a manner which has a material effect on the reported values of the Company's assets which are denominated in CHF.

(c) Currency profile

	Financial assets		Financial liabilities	
	<u>EUR</u>	<u>INR</u>	<u>EUR</u>	<u>INR</u>
Indian Rupees ("INR")	—		427,520	2,72,94,117
United States Dollars ("USD")	—		7,559	4,82,588
Euro ("EUR")	49,903	31,85,952	1,519	96,977
	<u>49,903</u>	<u>31,85,952</u>	<u>436,598</u>	<u>2,78,73,682</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 02 DECEMBER 2010 (Date of incorporation)
TO 31 MARCH 2011**

9. Financial instruments and associated risks (continued)

(d) Concentration risk

At 31 March 2011, a significant portion of the Company's net assets consisted of investment in a Swiss Company, which involve certain considerations and risks.

(e) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(f) Political risk

Further economic and political developments in Switzerland could adversely affect the liquidity or value, or both, of securities in which the Company has invested.

(g) Interest rate risk

Some of the Company's financial assets and liabilities are interest bearing and as a result the Company is subject to amounts of risk due to fluctuations in the prevailing levels of market interest rates.

(h) Liquidity risk

Liquidity risk is managed by maintaining sufficient cash at bank and also by ensuring the financial support of the holding Company.

(i) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns and value for its shareholder.

10. Events after reporting period

There have been no material events since the end of the reporting period which would require disclosure or adjustment to the financial statements for the period ended 31 March 2011.

11. Holding Company

The directors consider Eureka Forbes Limited, a Company incorporated in India as the Company's holding Company.

FORBES AQUAMALL LIMITED

(Subsidiary Company of Aquamall Water Solutions Limited)

Annual Report 2010-2011

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 :

Khasra No. 3946, 3961, 3962,

Lal Tappar, Industrial Area,

Majri Grant,

Dehradun (Uttarakhand) - 248 140

REPORT OF THE DIRECTORS' OF FORBES AQUAMALL LIMITED

To
The Shareholders,
Gentlemen,

Your Directors submit herewith their Report and the Audited Accounts of the Company for the year ended 31st March, 2011.

1. FINANCIAL RESULTS:

	Current Year Rupees	<i>Previous Year</i> <i>Rupees</i>
PROFIT BEFORE DEPRECIATION	5,40,42,918	6,79,16,291
<i>Less</i> : Depreciation	1,79,96,154	1,90,74,987
PROFIT BEFORE TAX	3,60,46,764	4,88,41,304
<i>Less</i> : Provision for Taxation	71,84,000	83,01,000
PROFIT AFTER TAX	2,88,62,764	4,05,40,304
<i>Add</i> : Profit brought forward from previous year	16,95,21,671	13,29,81,367
Amount available for appropriations	19,83,84,435	17,35,21,671
APPROPRIATIONS		
Transferred to General Reserve	30,00,000	40,00,000
Balance carried to Balance Sheet	19,53,84,435	16,95,21,671

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. TRANSFER TO RESERVES:

The Company propose to transfer Rs.30 lakhs to the General Reserve out of the amount available for appropriations and an amount of Rs.19.54 Crores is proposed to be retained in the Profit and Loss Account.

4. OPERATIONS:

During the year the sale of vacuum cleaners witnessed a growth of 23.8% in term of number of units and in value by 6.7%. Current year the profit before tax was lower by 26% due to commencement of operations at a new factory at Baddi in order to meet the market demand and also the expenses incurred on implementation of ERP amounting to Rs 241 lakhs.

The Company has put in a lot of effort to expand the vacuum cleaners category through continuous developmental activity. In the year 2010-11, the Company has introduced a new powerful X Force model in the retail. This model has found good acceptance from the market.

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.

With these steps taken during the year, the Board of Directors are confident of meeting the increased competition in the market place and maintain its market share and improve profitability during the coming year.

Both your Company and M/s. Aquamall Water Solutions Limited are involved in the same major product-line, the Directors propose a vertical merger of the business of both the companies. Accordingly during the year the Board of Directors had approved amalgamation of both the companies with effect from 1st April 2010 or such other date as the Hon'ble High Court may approve in order to bring efficiency in the operations of the Company and improve its profitability. A petition was filed with Hon'ble High Courts of Uttarakhand and Andhra Pradesh respectively to this effect and the final judgment is expected during the course of the year 2011-12.

5. 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

FORBES AQUAMALL LIMITED

Old Age Homes; providing scholarships to the needy students of primary schools; and organising awareness programmes.

6. DIRECTORATE:

Mr. S. L. Goklaney, Mr P. J. Reddy & Mr. A. V. Suresh, Directors retire by rotation and being eligible offer themselves for re-appointment.

7. AUDITORS AND AUDITORS' REPORT :

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.

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. INSURANCE :

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

9. 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.

10. PARTICULARS REGARDING EMPLOYEES:

The Company has no employee drawing remuneration of Rs.60,00,000/- per annum and over Rs.5,00,000/- 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.

11. 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.

12. 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.

13. APPRECIATION:

The Directors wish to convey their appreciation to all the employees for their individual and collective contribution to the Company's performance. We would also like to place on record our appreciation to the Governments of Meghalaya & Uttarakhand and their 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 : 15th June, 2011

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, 2011.]

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 2010-11 the Company has introduced a new powerful X Force 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 Vac 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.2,30,96,140/- and the Outgo was Rs.26,58,51,550/-.

FORBES AQUAMALL LIMITED

COMPLIANCE CERTIFICATE

CIN of the Company : U29197UR2002PLC033315
Nominal Capital : Rs.50,00,000.00
Paid up Capital : Rs.50,00,000.00

To,

The Members

“Forbes Aquamall Limited”

Khasra No. 3946, 3961, 3962,

Lal Tappar, Industrial Area,

Majri Grant,

Dehradun (Uttarakhand) - 248 140

We 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, 2011**. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year.

1. The Company has kept and maintained all registers as stated in **Annexure ‘A’** to this certificate, as per the provisions of the Act and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed some forms and returns as stated in **Annexure ‘B’** to this certificate, with the Registrar of Companies within the time prescribed under the Act and some forms has not been filed within the time prescribed of which the additional fees has already been paid by the Company as mentioned in aforesaid annexure.
3. The Company being a Public Limited Company has paid-up capital of Rs.50 Lacs and its maximum numbers of members during the said financial year was within the limits prescribed under the act excluding its present and past employees and the Company during the year under scrutiny:
 - (i) has not invited public to subscribe for its shares or debentures; and
 - (ii) has not invited or accepted any deposits from persons other than its members, directors and relatives.
4. The Board of Directors duly met 4 times respectively on 2nd June 2010, 30th August 2010, 3rd December 2010 & 23rd February 2011 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the minutes Book maintained for the purpose.
5. The Company was not required to close Register of members and/or Debenture holders’ u/s 154 of the Companies Act, 1956 during the financial year under review.
6. The Annual General Meeting of the Company for the financial year ended on **31.03.2010** was held on 12th July 2010 after giving due notice to the members of the Company and the Resolutions passed the reat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra-ordinary General Meeting was held during the financial year under scrutiny.
8. A Court Convened Meeting of Shareholders, Secured & Un-secured Creditors was held on 16th March, 2011, as per the Order of the Hon’ble High Court of Uttarakhand to approve the proposed amalgamation of the Company with “Aquamall Water Solutions limited” after giving due notice to the members, Secured & un-secured Creditors of the Company and the resolutions passed the reat were duly recorded in the minute book and necessary forms were filed with the Registrar of Companies within stipulated period of time.
9. The Company has not advanced any loans to its directors or persons or firms or Companies referred to under section 295 of the Act.

10. As confirmed by the management and the officials of the Company, the Company has entered into any contract falling within the purview of section 297 of the Act.
11. The Company has made necessary entries in the Register of Contracts maintained under section 301 of the Act.
12. As there were no instances falling within the purview of section 314 of the Companies Act, 1956, the Company was not required to obtain any approval from the Board of Directors, members or previous approval of the Central Government pursuant to section 314 of the Act.
13. The Company has not issued any duplicate Share Certificates during the financial year.
14. The Company has confirmed that:
 - (i) There was no transfer and transmission of shares during the year.
 - (ii) The Company has not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
 - (iii) The Company was not required to post warrants to any member of the Company as no dividend was declared during the financial year.
 - (iv) There were no unpaid/unclaimed dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to required to be transferred to Investor Education and Protection Fund.
 - (v) The Company has duly complied with the requirements of section 217 of the Act but a show cause notice seeking explanation for Section 217(1)(d) & 217(3) has been received by the Company from the Office of Registrar of Companies, Kanpur.
15. The Board of Director of Company is duly constituted. There was no appointment of additional director/ alternate director and directors to fill casual vacancies is made during the year.
16. The Company has not appointed any Managing Director / Whole-time Director / Manager during the financial year.
17. The Company has not appointed any sole selling agents during the financial year under review.
18. The Company obtained approval of the Regional Director and Official Liquidator in the form of Affidavit regarding the Clearance in all respects in the proposed amalgamation of the Company with "Aquamall Water Solutions Limited" under the directions of the Hon'ble High court of Uttarakhand during the financial year.
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 there-under.
20. The Company has not issued any shares during the financial year.
21. The Company has not bought back any shares during the financial year.
22. There was no redemption of preference shares or debentures during the financial year.
23. 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.
24. The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of section 58A during the financial year except some parties who are neither shareholder nor member of the Company.
25. Amount borrowed by the Company from bank during the financial year ending 31st March, 2011 is within the borrowing limits of the Company and that the necessary resolution as per section 293(1)(d) of the Act has been passed in duly convened annual general meeting.
26. 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 under the provisions of section 372(A) of the Act.
27. The Company has altered the Clause II of the Memorandum with respect to Shifting of the Company's Registered Office from the State of Meghalaya to the state of Uttarakhand vide Order No. 699(17)/KB/2010 of Company Law Board, Eastern Region Bench, Kolkata during the financial year under scrutiny.
28. The Company has not altered the Clause of the Memorandum with respect to object of the Company during the year under scrutiny.

FORBES AQUAMALL LIMITED

29. The Company has not altered the Clause of the Memorandum with respect to name of the Company during the year under scrutiny.
30. The Company has not altered the Clause of the Memorandum with respect to share capital of the Company during the year under scrutiny.
31. The Company has not altered its Articles of Association during the financial year.
32. The Company being a “transferor Company” has filed an application with the Hon’ble High Court of Uttarakhand for the amalgamation with “Aquamall Water Solutions Limited” (Transferee Company) which has also filed an application for the same in the Hon’ble High Court of Hyderabad under Section 391 of the Companies Act, 1956.
33. The following show cause notice has been received by the Company:

Dated 11th June 2010 from the Office of the Registrar of Companies, Shillong, Meghalaya regarding the default of the Company U/s 159/166/210/220 of the Companies Act, 1956 and a letter of satisfaction to the above has been received by the Company thereafter.

Dated 27th May 2011 from the Office of the Registrar of Companies, Uttar Pradesh & Uttarakhand for explanation of violation of Section 217(1)(d), 217(3) & 297(2)(a) of the Companies Act, 1956.
34. The Company has not received any money as security from its employees during the financial year.
35. The Company is regular in paying provident fund with respective authorities.

For **PARD Associates**
Company Secretaries

Anuradha Gupta
Partner
C.P. No. 3526

Place : Ghaziabad

Dated : 15th June, 2011

COMPLIANCE CERTIFICATE

Annexure – A

Registers as maintained by the Company

1. Register of Members u/s 150
2. Register of Minutes of Board of Directors u/s 193
3. Register of Minutes of Annual General Meeting's u/s 193
4. Register of Directors and Managing Director u/s 303
5. Register of Director's Shareholding u/s 307
6. Register of Charges u/s 143

Annexure – B

Forms and Returns as filed by the Company with Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending on 31st March, 2011.

Sr. No.	Form No.	Filed U/S	For	Date of Filing	Whether filed in time	If delay whether additional fees paid
1.	Annual Return	159	AGM held on 12.07.2010	29.11.2010	No	Yes
2.	Balance Sheet/ Form 23AC	220	Year ending 31.03.2010	02.11.2010	No	Yes
3.	Form - 66	383A	Year ending 31.03.2010	24.11.2010	No	Yes
4.	Form - 23	192	Registration of Resolution for Approval for scheme of Amalgamation	22.03.2011	Yes	N.A
5.	Form - 18	146	Shifting of Registered Office	20.10.2010	No	Yes
6.	Form - 21	17(1)	Shifting of Registered Office	29.09.2010	Yes	N.A

FORBES AQUAMALL LIMITED

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, 2011, 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, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 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, 2011;
 - (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 Regn. No. 122707W

Place : Mumbai
Date : 15th June, 2011

M.Y. Bamboat
Partner
Membership 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 discrepancies noticed on verification between book records and physical stock of inventory, were not material.
- 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) The Company has taken loan from one Company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.5 crores and the year-end balance of loans taken from such party was Rs.4 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) In respect of loan taken, repayment of principal amount and the interest have been regular during the year.
- 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 explanation given to us, the 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 are as follows:

FORBES AQUAMALL LIMITED

Name of the Status	Nature of dues	Amount (Rs. in Lakhs)	
Income Tax Act	Income Tax	Rs.84.68	Appellate Tribunal

- 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. According to the information and explanations given to us, 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 funds raised on short-term basis have not 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 Regn. No. 122707W

M.Y. Bamboat
Partner
Membership No. 105794

Place : Mumbai
Date : 15th June, 2011

ANNUAL REPORT 2010-2011

BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedule	Rupees	As at 31-03-2011 Rupees	As at 31-03-2010 Rupees
FUNDS EMPLOYED:				
1. SHARE CAPITAL	A	50,00,000		50,00,000
2. RESERVES AND SURPLUS	B	21,56,44,852		18,67,82,088
3. TOTAL SHAREHOLDERS' FUNDS			22,06,44,852	19,17,82,088
4. SECURED LOANS	C		5,79,94,364	3,70,30,478
5. UNSECURED LOANS	D		4,00,00,000	—
6. DEFERRED TAX LIABILITY (Net)			2,07,414	2,07,414
7. TOTAL FUNDS EMPLOYED			<u>31,88,46,630</u>	<u>22,90,19,980</u>
APPLICATION OF FUNDS:				
8. FIXED ASSETS :	E			
Gross Block		9,92,22,888		9,25,26,385
Less : Depreciation		5,70,59,955		3,92,77,147
Net Block		4,21,62,933		5,32,49,238
Capital Advances		13,13,012		42,13,874
			4,34,75,945	5,74,63,112
9. INVESTMENTS	F		4,94,443	4,94,443
10. CURRENT ASSETS, LOANS AND ADVANCES	G	35,44,34,052		25,86,01,660
11. Less : CURRENT LIABILITIES AND PROVISIONS	H	7,95,57,810		8,75,39,235
12. NET CURRENT ASSETS			27,48,76,242	17,10,62,425
13. TOTAL ASSETS (NET)			<u>31,88,46,630</u>	<u>22,90,19,980</u>
14. NOTES TO THE ACCOUNTS	K			

Per our report attached

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

M.Y. BAMBOAT
Partner
Membership No. 105794

S L GOKLANEY

Chairman

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

Directors

Mumbai, Dated : 15th June, 2011

Mumbai, Dated : 15th June, 2011

FORBES AQUAMALL LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	Schedule	Rupees	Rupees	Previous Year Rupees
1. INCOME :				
Sales and Other Income	I		78,56,60,099	73,18,40,227
2. EXPENDITURE :				
(a) Manufacturing, Trading & Other Expenses	J	72,46,76,254		65,77,52,031
(b) Depreciation		1,79,96,154		1,90,74,987
(c) Interest		69,40,927		61,71,905
			74,96,13,335	68,29,98,923
3. PROFIT BEFORE TAX			3,60,46,764	4,88,41,304
Provision for Tax				
Current Year tax provision		71,84,000		83,01,000
			71,84,000	83,01,000
4. PROFIT AFTER TAX			2,88,62,764	4,05,40,304
5. PROFIT BROUGHT FORWARD FROM PREVIOUS YEAR			16,95,21,671	13,29,81,367
6. AMOUNT AVAILABLE FOR APPROPRIATIONS			19,83,84,435	17,35,21,671
7. APPROPRIATIONS :				
Transferred to General Reserve		30,00,000		40,00,000
			30,00,000	40,00,000
8. BALANCE CARRIED TO BALANCE SHEET			19,53,84,435	16,95,21,671
Number of Equity Shares			5,00,000	5,00,000
Face Value per share			10	10
Profit After Tax available to Equity Shareholders			2,88,62,764	4,05,40,304
Basic and Diluted Earning Per Share			Rs.57.73	Rs.81.08
9. NOTES TO THE ACCOUNTS	K			

Per our report attached

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

M.Y. BAMBOAT
Partner
Membership No. 105794

S L GOKLANEY

Chairman

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

Directors

Mumbai, Dated : 15th June, 2011

Mumbai, Dated : 15th June, 2011

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	2010-11		2009-10	
	Rupees	Rupees	Rupees	Rupees
NET PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS		3,60,46,764		4,88,41,304
Adjusted For –				
Depreciation	1,79,96,154		1,90,74,987	
(Profit) / loss on sale or discard of Fixed Assets (Net)	1,38,301		3,20,942	
Unrealised Foreign Exchange Difference	23,80,549		14,74,521	
Intrest Income	(2,61,731)		(39,889)	
Interest and other finance charges	69,40,927		61,71,905	
		2,71,94,200		2,70,02,466
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS		6,32,40,964		7,58,43,770
Changes in –				
Trade and Other Receivables	(6,98,24,086)		(5,00,66,723)	
Inventories	(5,32,51,901)		67,75,030	
Trade Payables and others	(84,24,797)		3,47,16,373	
Leave Encashment & Gratuity Provision	1,39,680		2,41,527	
Miscellaneous Expenses	—		—	
CASH GENERATED FROM OPERATIONS		(13,13,61,104)		(83,33,793)
		(6,81,20,140)		6,75,09,977
Direct Taxes Paid		(1,35,18,427)		(84,43,970)
(a) NET CASH FROM OPERATING ACTIVITIES		(8,16,38,567)		5,90,66,007
CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of Fixed Assets (Including adjustment on account of Capital Advances)	(42,00,778)		(92,37,931)	
Sale of Fixed Assets	53,490		21,17,614	
Interest Received	2,61,731		39,889	
(b) NET CASH FROM / (USED) IN INVESTING ACTIVITIES		(38,85,557)		(70,80,428)
CASH FLOW FROM FINANCING ACTIVITIES				
Increase / (Decrease) in cash credit account	2,09,63,886		(1,53,38,613)	
Increase / (Decrease) in Intercompany Deposit	4,00,00,000		—	
Interest Paid	(69,40,927)		(61,71,905)	
(c) NET CASH FROM / (USED) IN FINANCING ACTIVITIES		5,40,22,959		(2,15,10,518)
NET INCREASE IN CASH AND CASH EQUIVALENTS		(3,15,01,165)		3,04,75,061

FORBES AQUAMALL LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011 (Contd.)

	2010-11		2009-10	
	Rupees	Rupees	Rupees	Rupees
CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE YEAR, COMPRISING :				
Cash, Cheques on hand	87,392		21,428	
Balances with scheduled banks on Current accounts,	3,79,93,799		75,84,702	
Margin accounts and Deposit accounts	—	3,80,81,191	—	76,06,130
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR, COMPRISING :				
Cash, Cheques on hand	1,10,561		87,392	
Balances with scheduled banks on Current accounts,	45,69,465		3,79,93,799	
Margin accounts and Deposit accounts	19,00,000	65,80,026	—	3,80,81,191
NET INCREASE / (DECREASE) AS DISCLOSED ABOVE		(3,15,01,165)		3,04,75,061

Per our report attached

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

M.Y. BAMBOAT
Partner
Membership No. 105794

S L GOKLANEY

Chairman

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

Directors

Mumbai, Dated : 15th June, 2011

Mumbai, Dated : 15th June, 2011

ANNUAL REPORT 2010-2011

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

SCHEDULE 'A' – SHARE CAPITAL

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

	Rupees	Rupees	<i>As at 31-03-2010 Rupees</i>
1. CAPITAL RESERVE			
Capital Subsidy		2,60,417	2,60,417
2. SHARE PREMIUM ACCOUNT		—	—
3. GENERAL RESERVE			
As per last Balance Sheet	1,70,00,000		1,30,00,000
Add : Transferred from Profit and Loss Account	30,00,000		40,00,000
		2,00,00,000	1,70,00,000
4. PROFIT AND LOSS ACCOUNT		19,53,84,435	16,95,21,671
		21,56,44,852	18,67,82,088

SCHEDULE 'C' – SECURED LOANS

	Rupees	<i>As at 31-03-2010 Rupees</i>
1. Cash Credit		
(Secured by hypothecation of stock in trade and book debts further, Secured by corporate guarantee issued by Holding Company)	5,79,94,364	3,70,30,478
	5,79,94,364	3,70,30,478

SCHEDULE 'D' – UNSECURED LOANS

	Rupees	<i>As at 31-03-2010 Rupees</i>
1. Inter Corporate Depositit (From Holding Company)	4,00,00,000	—
	4,00,00,000	—

FORBES AQUAMALL LIMITED

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

SCHEDULE 'E' – FIXED ASSETS

Amount in Rupees

DESCRIPTION	GROSS BLOCK				DEPRECIATION BLOCK				NET BLOCK	
	As On 01.04.2010	Additions	Deductions	As On 31.03.2011	As On 01.04.2010	Depreciation for the year	Depreciation on deduc- tions during the year	As on 31.03.2011	As on 31.03.2011	As on 31.03.2010
Buildings	3,26,137	—	3,26,137	—	1,76,454	13,697	1,90,151	—	—	1,49,683
Electrical Instalations	19,19,156	3,48,189	8,000	22,59,345	8,31,315	2,23,346	5,685	10,48,976	12,10,369	10,87,841
Computers	13,98,827	2,12,702	45,000	15,66,529	7,17,633	3,04,756	12,914	10,09,475	5,57,054	6,81,194
Plant & Machinery	1,10,33,391	12,98,581	—	1,23,31,972	21,94,589	14,13,360	—	36,07,949	87,24,023	88,38,802
Patterns and Dies	2,27,48,344	26,66,466	—	2,54,14,810	79,95,050	49,33,914	—	1,29,28,964	1,24,85,846	1,47,53,294
Intangible Asset - Trade Mark	5,20,00,000	—	—	5,20,00,000	2,60,00,000	1,04,00,000	—	3,64,00,000	1,56,00,000	2,60,00,000
Furnitures & Fixtures	21,15,347	19,32,364	26,000	40,21,711	9,08,984	5,29,389	4,596	14,33,777	25,87,934	12,06,363
Office Equipment	4,15,796	1,13,389	—	5,29,185	1,76,108	37,010	—	2,13,118	3,16,067	2,39,688
Vehicles	5,69,387	5,21,629	—	10,91,016	2,77,014	1,39,705	—	4,16,719	6,74,297	2,92,373
Laboratory Equipment	—	8,320	—	8,320	—	977	—	977	7,343	—
Total	9,25,26,385	71,01,640	4,05,137	9,92,22,888	3,92,77,147	1,79,96,154	2,13,346	5,70,59,955	4,21,62,933	5,32,49,238
Capital Work-in-progress *	—	—	—	—	—	—	—	—	13,13,012	42,13,874
Grand Total	9,25,26,385	71,01,640	4,05,137	9,92,22,888	3,92,77,147	1,79,96,154	2,13,346	5,70,59,955	4,34,75,945	5,74,63,112
<i>Previous Year</i>	<i>8,15,60,493</i>	<i>1,76,65,186</i>	<i>66,99,294</i>	<i>9,25,26,385</i>	<i>2,44,62,898</i>	<i>1,90,74,987</i>	<i>42,60,738</i>	<i>3,92,77,147</i>	<i>5,32,49,238</i>	

* Capital Work in progress includes :

(i) Rs.13,13,012 (*Previous Year Rs.42,13,874*) of Capital Advances given for development of Patterns & Dies and other Assets

SCHEDULE 'F' – INVESTMENTS

	Nos.	Rupees	Rupees	<i>As at 31-03-2010 Rupees</i>
INVESTMENTS (AT COST)				
LONG TERM INVESTMENTS				
1. TRADE INVESTMENTS – UNQUOTED				
Aqua Diagnostic Water Research & Technology Center Ltd. fully paid Equity Shares of Rs.10/- each (Figures in brackets indicate that of previous year)	9,950 (9,950)	99,500		99,500
			99,500	99,500
2. OTHER INVESTMENTS – QUOTED				
Reliance Industries Limited	174	83,940		83,940
Reliance Petroleum Ltd. (Fully paid Equity Shares of Rs.10/- Each)	(174)			
Power Finance Corporation Limited (Fully paid Equity Shares of Rs.10/- Each)	2,491 (2,491)	2,11,735		2,11,735
Power Grid Corporation Limited (Fully paid Equity Shares of Rs.10/- Each)	1,909 (1,909)	99,268		99,268
(Figures in brackets indicate that of previous year)			3,94,943	3,94,943
			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			10,00,026	10,33,991

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

SCHEDULE 'G' – CURRENT ASSETS, LOANS AND ADVANCES

	Rupees	Rupees	Rupees	<i>As at 31-03-10 Rupees</i>
1. CURRENT ASSETS				
(i) Stock-in-Trade : *				
Raw Material & Components		7,86,80,455		7,46,34,852
Packing Material		18,65,479		24,37,865
Spares & Accessories		—		1,400
Finished Goods		1,18,97,999		23,77,749
Stock-in-Transit		5,29,44,881		1,26,85,047
* (As valued and certified by the Management.)				
			14,53,88,814	9,21,36,913
(ii) Sundry Debtors :				
(Unsecured, Considered Good unless otherwise stated)				
(a) Debts outstanding for a period exceeding six months		3,84,82,152		2,19,53,652
(b) Other Debts		14,01,02,236		8,05,58,686
(Refer Note 21)				
			17,85,84,388	10,25,12,338
(iii) Cash and Bank Balances :				
Cash on hand (Including cheques on hand Rs. /-)		1,10,561		87,392
With Scheduled Banks –				
in Current Accounts		45,69,465		3,79,93,799
in Margin Accounts		19,00,000		—
			65,80,026	380,81,191
2. LOANS AND ADVANCES				
(Unsecured, Considered Good unless otherwise stated)				
(i) Advances recoverable in cash or in kind or				
for value to be received		1,15,89,782		1,99,16,832
(ii) Advance Payment of Tax (net of provisions)		95,90,327		32,55,900
(iii) Deposits with				
Government Authorities	4,25,353			4,19,966
Other Deposits	22,40,320			22,78,520
		26,65,673		26,98,486
(iv) Interest accrued on Investment and Deposits		35,042		—
			2,38,80,824	2,58,71,218
			35,44,34,052	25,86,01,660

SCHEDULE 'H' – CURRENT LIABILITIES AND PROVISIONS

	Rupees	Rupees	<i>As at 31-03-10 Rupees</i>
1. CURRENT LIABILITIES			
Acceptances		23,12,287	60,09,673
Sundry Creditors :			
Dues to Micro and Small Enterprises	2,69,75,106		1,98,50,132
Others	3,45,16,455		5,23,38,647
Other Liabilities		6,14,91,561	7,21,88,779
		1,34,92,493	60,95,750
2. PROVISIONS			
For Expenses		14,80,000	26,03,244
For Retirement and other employee benefits		5,10,461	3,49,244
For Leave encashment		2,71,008	2,92,545
		7,95,57,810	8,75,39,235

FORBES AQUAMALL LIMITED

SCHEDULE ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

SCHEDULE 'I' – SALES AND OTHER INCOME

	Rupees	Rupees	<i>Previous Year Rupees</i>
1. INCOME			
Sales (Gross)	78,32,14,850		73,38,56,223
Less Excise Duty	—		53,98,002
		78,32,14,850	72,84,58,221
2. OTHER INCOME :			
Interest Income :			
From Deposits, Loans and Advances (Gross) (Tax deducted at source Rs. Nil Previous Year Rs .Nil)	2,61,731		39,889
Excess / short Provision written back / off (net)	—		26,32,959
Miscellaneous Income	21,83,518		7,09,158
		24,45,249	33,82,006
		78,56,60,099	73,18,40,227

SCHEDULE 'J' – MANUFACTURING, TRADING AND OTHER EXPENSES

	Rupees	Rupees	Rupees	<i>Previous Year Rupees</i>
1. Raw Material and Components Consumed		54,84,50,057		48,96,24,012
2. Cost of Raw Material and Components Sold		2,03,67,608		2,81,98,183
3. Trading Sales		2,91,27,871		1,93,80,561
4. Packing Material Consumed		2,76,96,466		2,78,24,811
5. Stores Consumed		27,34,509		30,75,717
			62,83,76,511	56,81,03,284
6. Payments to and Provisions for Employees :				
Salaries, Wages and Bonus		1,09,30,371		98,73,422
Company's Contribution to Provident and Other Funds		7,22,360		6,37,950
Staff Welfare Expenses		15,06,803		7,90,192
			1,31,59,534	1,13,01,564
7. Manufacturing and Other Expenses :				
Power & Fuel		14,26,494		11,87,892
Rent [Net of recoveries Rs. Nil-; (<i>Previous Year Rs. Nil</i>)		80,28,772		45,83,542
Repairs and Maintenance -				
Machinery	29,084			28,260
Others	20,71,285			10,68,596
		21,00,369		10,96,856

SCHEDULE ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

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

	Rupees	Rupees	Rupees	<i>Previous Year Rupees</i>
Insurance		7,37,108		12,90,407
Advertisement		—		19,900
Freight and Transportation		2,84,04,272		1,97,62,733
Auditors' Remuneration –				
Audit Fees	1,50,000			1,50,000
Tax Audit Fee	12,500			12,500
Out of pocket expenses	11,002			30,968
		1,73,502		1,93,468
Printing and Stationery		4,87,175		4,95,887
Postage and Telephone		6,33,134		6,45,794
Travelling and Conveyance		34,14,606		24,71,343
Legal and Professional Fees		2,49,27,101		1,96,39,450
Vehicle Expenses and Maintenance		11,51,043		12,44,857
Rates and Taxes		1,82,572		11,37,638
Product Development Expenses		2,61,197		5,07,128
Other Establishment Expenses		2,04,69,813		1,57,27,304
Directors' Sitting Fees		1,25,000		1,25,000
Asset Discarded / Written - Off		1,38,301		3,20,942
			9,26,60,459	7,04,50,141
8. Changes in Stock-in-Trade and Work-in-Progress (Other than Raw Material and Components)				
Opening Stock				
Finished Goods	23,77,749			1,02,74,791
		23,77,749		1,02,74,791
Closing Stock				
Finished Goods	1,18,97,999			23,77,749
		1,18,97,999		23,77,749
			(95,20,250)	78,97,042
			72,46,76,254	65,77,52,031

FORBES AQUAMALL LIMITED

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

SCHEDULE 'K' – 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, 2011**

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

(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 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.

(o) Lease Accounting

Leasing of assets whereby the lessor essentially remains the owner of the asset is classified as operating leases. The payments made by the Company as lessee in accordance with operational leasing contracts or rental agreements are expensed proportionally during the lease or rental period respectively. Any compensation, according to agreement, that the lessee is obliged to pay to the lessor if the leasing contract is terminated prematurely is expensed during the period in which the contract is terminated.

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

3. Contingent liabilities not provided for :

- (a) Disputed Income Tax Demand – Rs.84.68 Lacs (*Previous Year Nil*)

FORBES AQUAMALL LIMITED

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

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

4. The balances of certain sundry creditors are subject to reconciliation and confirmation.
5. 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 are as under:

	2010-11 In Rupees	2009-10 In Rupees
Employer's contribution to Provident Fund	1,70,572	1,11,499
Employer's contribution to superannuation fund	1,01,711	1,17,300
Employer's contribution to Pension scheme	1,55,622	1,76,377

Defined Benefit plan

(a) Reconciliation of opening and closing balances of Defined obligation	Gratuity (unfunded)		Leave Encashment (unfunded)	
	2010 – 2011	2009 – 2010	2010 – 2011	2009 – 2010
Defined Benefit obligation at beginning of the year	3,49,244	1,54,565	2,92,545	2,45,697
Current service cost	79,462	70,715	55,013	88,007
Interest cost	27,940	12,365	23,404	19,656
Actuarial (gain)/loss	53,815	1,11,599	44,080	(40,826)
Benefits paid	—	—	(1,44,034)	(19,989)
Defined Benefit obligation at the year end	5,10,461	3,49,244	2,71,008	2,92,545
(b) Reconciliation of fair value of assets and obligations				
Fair value of plan assets as at 31st March, 2011	—	—	—	—
Present value of obligation as at 31st March, 2011	5,10,461	3,49,244	2,71,008	2,92,545
Amount recognised in Balance Sheet	(5,10,461)	(3,49,244)	(2,71,008)	(2,92,545)

6. The amount of exchange differences included in the profit and loss account is a net loss of Rs.36.47 lacs (*Previous Year net Loss – Rs.47.52 lacs*).

	2010-2011 Rupees	2009-2010 Rupees
7. Value of Imports on CIF basis :		
Raw Materials & Components	26,58,51,550	20,49,42,867

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

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

8. Raw Materials and Components consumed during the year :

	Unit	For the year ended 31.03.2011		For the year ended 31.03.2010	
		Quantity	Value (Rupees)	Quantity	Value (Rupees)
(a) Printed Circuit Boards	Nos	—	—	21,852	77,26,813
(b) Aluminium	Kgs	—	—	3,843	5,85,583
(c) Acrilo Butadyne Styryne (ABS)	Kgs	—	—	—	—
(d) Electric Motors	Nos	2,42,898	12,09,25,800	1,84,368	10,12,13,925
(e) Body	Nos	74,421	1,57,73,532	53,657	1,18,36,812
(f) Cord Winder Assembly	Nos	1,19,867	2,63,32,606	78,589	1,73,66,882
(g) Others	—	—	38,54,18,119	—	35,08,93,997
			<u>54,84,50,057</u>		<u>48,96,24,012</u>

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

	2010-11		2009-10	
	Rupees	% to Total Consumption	Rupees	% to Total Consumption
(a) Indigenous	30,64,46,837	55.88	35,43,45,760	72.37
(b) Imported	24,20,03,220	44.12	13,52,78,252	27.63
	<u>54,84,50,057</u>	<u>100.00</u>	<u>48,96,24,012</u>	<u>100.00</u>
		2010-11 Rupees		2009-10 Rupees

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

- NIL -

- NIL -

11. Earnings in Foreign Exchange

Export of Goods on FOB Basis

2,15,42,789

2,59,80,022

Other Income (Sale of Mould)

15,53,162

—

12. Particulars in respect of goods manufactured:

Class of goods manufactured	Unit	Annual Capacity Installed	Actual Production
(i) Water Purifier (Depolluting) Equipment (Water Filter-cum-Purifier)	Nos.	2,00,000 (2,00,000)	200 (21,804)
(ii) Vacuum Cleaners	Nos.	5,22,500 (5,22,500)	2,25,131 (1,84,470)
(iii) Forbes Iron Remover	Nos.	— (24,000)	— (2,940)
(iv) Forbes Ironil	Nos.	— (12,000)	— (3,043)
(v) 10" Iron Remover Core Assembly	Nos.	— (24,000)	— (10,951)

(Figures in brackets pertain to previous year)

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

FORBES AQUAMALL LIMITED

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

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

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

Class of goods	Unit	Opening Stock		Closing Stock		Sales / Disposals	
		Nos.	Rs.	Nos.	Rs.	Nos.	Rs.
(i) Water Purifier (Depolluting) Equipment (Water Filter-cum-Purifier)	Nos.	— (849)	— (19,47,602)	— (—)	— (—)	200 (22,653)	7,00,000 (5,83,77,750)
(ii) Vacuum Cleaners	Nos.	971 (1,666)	23,71,721 (39,57,832)	4,779 (971)	1,15,64,407 (23,71,721)	2,21,323 (1,85,165)	72,19,55,779 (60,79,08,302)
(iii) Forbes Iron Remover	Nos.	— (1814)	— (5,60,526)	— (—)	— (—)	— (4,754)	— (24,00,960)
(iv) Forbes Ironil	Nos.	— (1167)	— (6,51,186)	— (—)	— (—)	— (4,210)	— (35,78,750)
(v) 10" Iron Remover Core Assembly	Nos.	— (—)	— (—)	— (—)	— (—)	— (10,951)	— (26,32,520)
(vi) Components		—	—	—	—	—	2,43,84,002 (3,28,61,511)
T O T A L			23,71,721 (71,17,146)		1,15,64,407 (23,71,721)		74,70,39,781 (70,77,59,793)

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.	5 (1837)	6,028 (31,57,645)	26,894 (13,516)	2,76,77,097 (1,62,68,565)	50 (5)	3,33,592 (6,028)	26,849 (15,348)	3,61,75,069 (2,60,96,430)
TOTAL		5 (1837)	6,028 (31,57,645)	26,894 (13,516)	2,76,77,097 (1,62,68,565)	50 (5)	3,33,592 (6,028)	26,849 (15,348)	3,61,75,069 (2,60,96,430)

(Figures in brackets indicate that of previous year)

14. The Company has a single business segment as per Accounting Standard 17 dealing with "Segment Reporting" issued by the Institute of Chartered Accountants of India.
15. As required under Accounting Standard 18 on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the list of related parties and their transactions is attached.
16. In accordance with Accounting Standard on Leases (AS-19) notified under companies (Accounting Standards) Rules, 2006 disclosures in respect of Leases are made below :
- The Company has taken certain offices/factory premises on operating lease basis. Lease payment in respect of such leases recognised in profit and loss account is Rs.80.29 lacs (Previous Year Rs.45.84 lacs).
 - Except for escalation contained in certain lease arrangements providing for increase in the lease payments by a specified percentage/amounts after completion of specific period, Further the lease terms do not contain any exceptional / restrictive covenants other than prior approval of the lessee before the renewal of lease.

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

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

- (iii) There are no restrictions such as those concerning dividend and additional debt other than in some cases where prior approval of lesser is required for further leasing. There is no contingent rent payment.
17. The information as required under Micro, Small and Medium enterprises Development Act, 2006 as received by the Company and relied upon by Auditors is as follows :
- (a) The amount of Principle outstanding in respect of above as at Balance Sheet date is Rs.269.75 lacs (*Previous Year Rs.198.50 lacs*).
- (b) The Interest due thereon remaining unpaid is Rs. Nil (*Previous Year Rs. Nil*).
- (c) The amount of interest paid by the Company in terms of section 18, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year – Rs. Nil (*Previous Year Rs. Nil*).
- (d) The amount of interest due and payable for the period of delay in making the payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act : Rs. Nil (*Previous Year Rs. Nil*).
- (e) The amount of interest accrued and remaining unpaid at the end of each accounting year and Rs. Nil (*Previous Year Rs. Nil*).
- (f) The amount of further interest remaining due and payable even in the succeeding years, until such dated when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as deduction expenditure under section 23. – Rs.Nil (*Previous Year Rs. Nil*).
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. The Company has filed the petition dated 07.01.2011 & 21.02.2011 for the merger of Forbes Aquamall Limited into its Holding Company Aquamall Water Solutions Ltd with Hon'ble High Court of Uttrakhand and Andhra Pradesh respectively. Pending the Order of the Hon'ble High Court of Uttrakhand the accounting effect of the merger will be given in the year in which the order is received.
20. The Company has not entered into any forward exchange contract to hedge against its foreign exchange exposures relating to the underlying transactions and firm commitments. The Company does not enter into any derivative instruments for trading speculative purpose.

Currency	Payable (in lacs)		Receivable (in lacs)		Payable (Rs. in lacs)		Receivable (Rs. in lacs)	
	2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010
USD	1.41	0.58	18.09	9.02	63.03	26.03	830.05	398.64
EUR	0.03	0.23	—	—	1.74	13.68	—	—
					64.77	39.71	830.05	398.64

21. Sundry Debtors include Rs.1,288.51 lakhs (*Previous year Rs.557.78 lakhs*) due from Companies under the same management.
22. Information required in terms of Part IV of the Schedule VI of the Companies Act, 1956 is attached.
23. 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*

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

Mumbai, Dated : 15th June, 2011

Mumbai, Dated : 15th June, 2011

FORBES AQUAMALL LIMITED

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

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

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.	3	4	-	3	3	3	1	5	State Code	3	4
Balance Sheet Date	3	1	0	3	2	0	1	1			
	Date		Month		Year						

II. Capital raised during the year (Amounts 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 mobilization and Deployment of Funds (Amount in Rs. Thousands)

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

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

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

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

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

V. Generic Name of Principal Product / 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	
---	---	---	---	---	---	--	---	---	---	---	---	---	---	---	--

FORBES AQUAMALL LIMITED

Details required under Accounting Standard 18 on “Related Party Disclosure” issued by the Institute of Chartered Accountants of India – Referred in note 15 in Schedule K to the Accounts for the year ended 31st March, 2011

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.

B. Enterprises that are under common control:

E4 Development & Coaching Ltd.

EFL Mauritius Limited

Euro Forbes International PTE Ltd.

Euro P2P Direct (Thailand) Co. Ltd.

Forbes Enviro Solutions Limited

Forbes Facility Service (P) Ltd. (formerly known as Forbes Abans Cleaning Solutions (P) Ltd.

Forbes Bumi Armada Limited

Forbes Bumi Armada offshore Limited

Forbes Campbell Finance Ltd.

Forbes Campbell Services Ltd.

Forbes Container Lines Limited

Forbes Edumetry Limited

Forbes Smart Data Limited

Forbes Technosys Limited

Forbes Lux FZE

Forbes Lux Group AG

Forbes Aquatech Limited

Forbes Concept Hospitality Services Ltd.

Infinite Water Solutions Pvt Ltd.

Radiant Energy Systems Pvt Limited

Volkart Fleming Shipping & Services Limited

Waterwings Equipments Pvt Limited

II. Transactions with Related Parties:

	Nature of Transactions	Related Party	
		Referred to in A above	Referred to in B above
1.	Purchases Goods and Materials Aquamall Water Solutions Ltd. Total	 <u>13,65,650</u> <u>13,65,650</u>	 —
2.	Sales Goods and Materials Eureka Forbes limited Aquamall Water Solutions Ltd. Forbes Lux FZE, Dubai Total	 75,75,61,462 39,61,924 <u>76,15,23,386</u>	 <u>2,06,08,160</u> <u>2,06,08,160</u>
3.	Expenses Rent and other service charges Forbes Company Ltd. Eureka Forbes Limited Aquamall Water Solutions Ltd. Total Interest Aquamall Water Solutions Ltd.	 7,60,000 2,42,03,300 18,92,764 <u>2,68,56,064</u> 23,17,807	 — —
4.	Income Rent and other service charges Eureka Forbes Limited	 1,22,582	 —
5.	Finance Loans and Advances Taken Aquamall Water Solutions Ltd.	 5,00,00,000	 —
	Repayment of Advances Taken Aquamall Water Solutions Ltd.	 1,00,00,000	 —
6.	Outstanding Receivables Eueraka Forbes Limited Forbes Lux FZE, Dubai	 12,88,50,945	 4,29,63,325
	Payable Aquamall Water Solutions Ltd. Forbes Company Ltd. Total ICDs taken Aquamall Water Solutions Ltd.	 47,49,165 90,000 <u>48,39,165</u> 4,00,00,000	
	Other Deposits – Given Forbes Company Ltd. Aquamall Water Solutions Ltd.	 3,00,000 5,28,240	 — —

FORBES BUMI ARMADA LIMITED

(a Subsidiary Company of Forbes Campbell Finance Limited)

Annual Report and Accounts
for the year ended 31st March, 2011

DIRECTORS:

N.C. Singhal *Chairman*
Ashok Barat
Ravi Shankar
Hassan Assad Basma
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, 2011.

1. FINANCIAL RESULTS:

	Current Year Rupees	<i>Previous Year Rupees</i>
PROFIT/(LOSS) BEFORE TAX	(1,595,457)	18,751,272
<i>Less : Provision for Taxation</i>		
(i) Current Tax	—	3,650,000
(ii) Deferred Tax	—	2,442,102
PROFIT / (LOSS) AFTER TAX	(1,595,457)	12,659,170
<i>Add : Balance brought forward from the last year</i>	4,729,935	(6,809,289)
Total Amounts Available for Appropriation	3,134,478	5,849,881
<i>Less : Appropriations</i>		
(a) Proposed Dividend	—	957,260
(b) Tax on Dividend	—	162,686
Balance carried to Balance Sheet	3,134,478	4,729,935

2. OPERATIONS:

During the year, the Company submitted offers for charter hiring of vessels, FPSO's etc. to various Exploration & Production (E&P) Companies, Engineering, Procurement, Installation Commissioning (EPIC) Companies and Rig Companies. Offers/Responses were received from these companies and some of the offers are under evaluation.

The Company proposes to register with Mercantile Marine Department (MMD) as a Shipping Company and obtain Document of Compliance (DOC) for operation of vessel.

3. DIRECTORATE:

Mr. Jonathan E. Duckett and Mr. N.C. Singhal are due to retire by rotation. Board of Directors commends their reappointment as Directors of the Company.

4. AUDITORS:

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

5. PARTICULARS REGARDING EMPLOYEES:

The Company did not have any employee who was drawing a remuneration of Rs.60,00,000 or more in aggregate, if employed throughout the financial year or Rs.5,00,000 or more per month, if employed for a part of the financial year.

6. COMPANIES (COMPLIANCE CERTIFICATE) RULES, 2001:

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

FORBES BUMI ARMADA LIMITED

7. DIRECTORS' RESPONSIBILITY STATEMENT:

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

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

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

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. Nil whereas the operating expenses in foreign currency aggregated to Rs.2,98,034.

For and on behalf of the
Board of Directors

(N.C. Singhal)
Chairman

Mumbai

Dated: 31st May, 2011.

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, 2011. 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 21st May, 2010, 10th June, 2010, 28th September, 2010, 13th December, 2010 and 2nd March, 2011 and Circular Resolutions dated 8th July, 2010, 9th July, 2010, 28th July, 2010 and 9th November, 2010 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, 2010 was held on 10th June, 2010 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra ordinary General Meeting was held during the financial year.
8. The Company has not advanced any loans to its directors and/or persons or firms or companies referred in the section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of section 297 of the Act.
10. The Company was not required to make any entries in the Register maintained under section 301 of the Act.
11. As there were no instances falling within the purview of section 314 of the Act, the Company has not obtained any approvals from 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/allotment of securities during the financial year.
 - (ii) paid dividend directly by cheques for dividend declared during the financial year.
 - (iii) paid to members of the Company the dividend within statutory time limits which was declared during the financial year.
 - (iv) no unpaid dividend, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid and as are required to be transferred to Investor Education and Protection Fund.
 - (v) duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. There was one resignation of Alternate Director 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.

FORBES BUMI ARMADA LIMITED

17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar or such other applicable authorities as may be prescribed in the Act during the year under review.
18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has not issued any securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of preference shares or debentures during the financial year.
22. There were no transaction necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not accepted inter-corporate 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 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**

Place : Mumbai
Date : 31st May, 2011

(SANJAY R. DHOLAKIA)
Practising Company Secretary
Proprietor

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 : 31st May, 2011

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, 2011.

1. Form 23AC for Balance Sheet as at 31/3/2010 and Form 23ACA for Profit & Loss Account for the year ended 31st March, 2010 filed with the Registrar of Companies, Maharashtra on 6th July, 2010.
2. Form 66 for Compliance Certificate for financial year ended 31st March, 2010 in compliance with the provisions of Section 383A of the Companies Act, 1956 was filed with the Registrar of Companies, Maharashtra on 6th July, 2010.
3. Form 20B for Annual Return made up to 10th June, 2010 filed with the Registrar of Companies, Maharashtra on 10th August, 2010.
4. Form No. 32 in respect of appointment of Alternate Director w.e.f. 9th April, 2010 filed with the Registrar of Companies, Maharashtra on 16th April, 2010.

For **Sanjay Dholakia & Associates**

(SANJAY R. DHOLAKIA)
Practising Company Secretary
Proprietor

Place : Mumbai
Date : 31st May, 2011

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 2011 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 2011 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, 2011;
 - (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 : 31st May, 2011

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, 2011 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 : 31st May, 2011

FORBES BUMI ARMADA LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedule No.	31 st March, 2011 Rupees	31 st March, 2010 Rupees
FUNDS EMPLOYED:			
1. SHARE CAPITAL	"1"	12,500,000	12,500,000
2. RESERVES AND SURPLUS	"2"	3,134,478	4,729,935
3. TOTAL SHAREHOLDERS' FUNDS		15,634,478	17,229,935
4. DEFERRED TAX LIABILITY		23,260	23,260
5. LOANS:			
(a) Secured		—	—
(b) Unsecured		—	—
		—	—
		—	—
TOTAL FUNDS EMPLOYED		15,657,738	17,253,195
APPLICATION OF FUNDS:			
6. FIXED ASSETS:	"3"		
(a) Gross Block		132,518	132,518
(b) Less: Total Depreciation/Amortisation		49,724	28,244
(c) Less: Total Impairment		—	—
(d) Net Block		82,794	104,274
7. INVESTMENTS		—	—
8. DEFERRED TAX ASSET		—	—
9. CURRENT ASSETS, LOANS AND ADVANCES	"4"		
(a) Sundry Debtors		—	78,021,263
(b) Cash and Bank Balances		12,871,466	18,405,523
(c) Other Current Assets		225,632	31,366
(d) Loans and Advances		6,189,117	4,058,274
		19,286,215	100,516,426
10. Less: CURRENT LIABILITIES AND PROVISIONS	"5"		
(a) Liabilities		61,271	78,597,560
(b) Provisions		3,650,000	4,769,945
		3,711,271	83,367,505
11. NET CURRENT ASSETS		15,574,944	17,148,921
12. MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)		—	—
13. PROFIT AND LOSS ACCOUNT DEBIT BALANCE		—	—
TOTAL APPLICATION OF FUNDS		15,657,738	17,253,195

The Accompanying Notes in Schedule 8 are an integral part of the accounts

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

UDAY V. SHAH
Proprietor
M. No. 35626

MUMBAI
Dated : 31st May, 2011

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

Chairman
} Directors/c

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011

	Schedule No.	31 st March, 2011 Rupees	31 st March, 2010 Rupees
1. INCOME:			
Operating Income			
Income from Services Rendered	"6"	—	212,107,211
Other Income			
Interest on Fixed Deposits		539,155	343,278
		539,155	212,450,489
2. EXPENDITURE:			
Trading and Other Expenses	"7"	2,113,132	193,613,970
Interest		—	66,081
		2,113,132	193,680,051
DEPRECIATION (Per Schedule 3)		21,480	19,166
		2,134,612	193,699,217
3. PROFIT BEFORE TAXATION AND EXCEPTIONAL ITEMS		(1,595,457)	18,751,272
4. EXCEPTIONAL ITEMS		—	—
5. PROFIT BEFORE TAX /(LOSS)		(1,595,457)	18,751,272
Income tax expense			
— for Wealth-tax		—	—
— for Income-tax Current		—	3,650,000
— for Fringe Benefit Tax		—	—
— for Income-tax-Deferred (pertaining to previous year)		—	—
— for Income-tax-Deferred (pertaining to current year)		—	2,442,102
		—	6,092,102
6. PROFIT AFTER TAX/(LOSS)		(1,595,457)	12,659,170
7. BALANCE BROUGHT FORWARD FROM LAST YEAR		4,729,935	(6,809,289)
8. TOTAL AMOUNT AVAILABLE FOR APPROPRIATION		3,134,478	5,849,881
Less: Appropriations			
— Proposed Dividend		—	957,260
— Provision for Dividend Distribution Tax		—	162,686
9. BALANCE CARRIED TO BALANCE SHEET		3,134,478	4,729,935
Basic and diluted earnings per share of face value of Rs.10 each		(1.28)	10.58

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 : 31st May, 2011

N.C. Singhal

Ashok Barat

Ravi Shankar

Hassan Assad Basma

Jonathan Edward Duckett

Chan Chee Beng

Chairman

Directors

FORBES BUMI ARMADA LIMITED

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

SCHEDULE "1" – SHARE CAPITAL

	31 st March, 2011 Rupees	31 st March, 2010 Rupees
1. AUTHORISED:		
1,00,00,000 Equity Shares of Rs.10 each.	100,00,000	100,00,000
2. ISSUED AND SUBSCRIBED:		
5,00,000 Equity Shares of Rs.10/- each fully paid	5,00,000	5,00,000
50,00,000 Equity Shares of Rs.10/- each Rs.1.5 paid up	7,50,000	7,50,000
	12,50,000	12,50,000
TOTAL RUPEES	12,50,000	12,50,000

SCHEDULE "2" – RESERVES AND SURPLUS

	31 st March, 2011 Rupees	31 st March, 2010 Rupees
Profit & Loss A/c	3,134,478	4,729,935
TOTAL RUPEES	3,134,478	4,729,935

SCHEDULE "3" – FIXED ASSET

	Description of Assets	GROSS BLOCK				DEPRECIATION BLOCK				NET BLOCK	
		<i>Total Cost (after deducting sale proceeds where the cost is not ascertainable) upto 31st March, 2010</i>	Cost of additions during the year	Cost of deductions during the year	Total Cost (after deducting sale proceeds where the cost is not ascertainable) upto 31 st March, 2011	<i>Cumulative Depreciation upto 31st March, 2010</i>	Depreciation for the Year	Depreciation on deductions for the year	Total Depreciation as at 31 st March, 2011	Balance as at 31 st March, 2011	<i>Balance as at 31st March, 2010</i>
		Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
1.	Furniture, Fixtures & Office Equipment	132,518	—	—	132,518	28,244	21,480	—	49,724	82,794	104,274
	TOTAL RUPEES	132,518	—	—	132,518	28,244	21,480	—	49,724	82,794	104,274

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

SCHEDULE "4" CURRENT ASSETS, LOANS AND ADVANCES

	31 st March, 2011 Rupees	31 st March, 2010 Rupees
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>—</u>	<u>78,021,263</u>
CASH AND BANK BALANCES:		
(i) Cash, cheques on hand and remittances in transit	3,782	18,797
(ii) Bank Balances:		
A. With Scheduled Banks:	—	—
On Current Accounts	3,923,359	15,730,914
On Margin Accounts	—	—
On Deposit Accounts	8,944,325	2,655,812
	<u>12,867,684</u>	<u>18,386,726</u>
B. With Others:	—	—
	<u>12,871,466</u>	<u>18,405,523</u>
OTHER CURRENT ASSETS:		
Interest accrued on Fixed Deposits	225,632	31,366
LOANS AND ADVANCES:		
(Unsecured, considered good unless otherwise stated)		
(i) Loans and Advances to Fellow Subsidiary Company		
(a) Unsecured, Considered Good	2,040,514	—
(b) Considered Doubtful	—	—
	<u>2,040,514</u>	<u>—</u>
Less: Provision for Doubtful Loans and Advances	—	—
	<u>2,040,514</u>	<u>—</u>
(ii) Advances recoverable in cash or in kind or for value to be received		
(a) Unsecured, Considered Good	32,605	31,426
(b) Considered Doubtful	—	—
	<u>32,605</u>	<u>31,426</u>
Less: Provision for Doubtful Loans and Advances	—	—
	<u>32,605</u>	<u>31,426</u>
(iii) (a) Advances Taxes	4,000,091	3,976,835
(v) Balance with Central Excise, Customs, Port Trust and Sales tax	115,907	50,013
	<u>6,189,117</u>	<u>4,058,274</u>
TOTAL RUPEES	<u><u>19,286,215</u></u>	<u><u>100,516,426</u></u>

FORBES BUMI ARMADA LIMITED

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

SCHEDULE "5" – CURRENT LIABILITIES AND PROVISIONS

	31 st March, 2011 Rupees	31 st March, 2010 Rupees
1. CURRENT LIABILITIES:		
(i) Sundry Creditors	12,452	77,689,277
(ii) Amount Payable to Ultimate Holding Company	12,600	—
(iii) Other Liabilities (including Duties & Taxes)	36,219	908,283
(iv) Share Application Money pending Allotment	—	—
(v) Interest accrued but not due on loans	—	—
	61,271	78,597,560
2. PROVISIONS:		
(i) Tax provisions (Provision for Income Tax, Wealth Tax and Fringe Benefit Tax)	3,650,000	3,650,000
(ii) Proposed Dividend	—	957,260
(iii) Provision for Dividend Distribution Tax	—	162,686
	3,650,000	4,769,946
TOTAL RUPEES	7,300,000	83,367,506

SCHEDULE "6" – TRADING AND OTHER INCOMES

	31 st March, 2011 Rupees	31 st March, 2010 Rupees
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 "7" – TRADING AND OTHER EXPENSES

	31 st March, 2011 Rupees	31 st March, 2010 Rupees
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	616,148	3,629,330
	616,148	3,629,330
3. SELLING AND DISTRIBUTION EXPENSES:		
(e) Selling & Sales Promotion Expenses	649,454	—
	649,454	—
4. OTHER EXPENSES:		
(a) Rent	—	90,332
(b) Stamps, Telegrams, Stationery, Printing, Telephones and Other Communication	38,578	56,126
(c) Legal and Professional Charges	533,314	397,530
(d) Auditors' Remuneration:		
(i) Audit Fees	11,030	11,030
(ii) Tax Audit Fees	5,515	5,515
(iii) Company Law Matters	—	3,861
(iv) Other Matters	—	26,801
(vi) Out of Pocket Expenses	—	—
	16,545	47,207
(e) (Gain) / Loss on Foreign Exchange fluctuations(Net)	88,576	2,279,377
(f) Vehicle Expenses	1,929	21,928
(g) Travel and Conveyance	118,146	279,566
(h) Miscellaneous Expenses	50,442	768,389
	847,530	3,940,455
TOTAL RUPEES	2,113,132	193,613,970

SCHEDULE "1" TO "7" ANNEXED TO AND FORMING PART OF 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".

(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	298,034.00	186,459,750.00

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 01.04.2010	Deferred Tax Liability (-) / Asset (+) for the Current Year	Deferred Tax Liability (-) / Assets (+) As at 31.03.2011
Depreciation	(23,260)	—	(23,260)
Carried Forward of Business Losses	—	—	—
Total	(23,260)	—	(23,260)

The Company has not recognised the Deferred tax Assets with respect to carried forward loss under the Income Tax Act, 1961 as there is no virtual certainty that the Company will have sufficient future taxable income. Therefore based on concept of prudence, the deferred tax asset for the year Rs. NIL has been recognised in the profit & loss account for the year and the deferred tax liability up to 31st March 2011 amounting to Rs.23,260/-has been recognised.

FORBES BUMI ARMADA LIMITED

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

4 RELATED PARTY DISCLOSURE

I. List of related parties and relationships

- A. Holding Company / Ultimate Holding Company**
Forbes Campbell Finance Limited (Holding Company)
Forbes & Company Limited (Ultimate Holding Company)
- B. Fellow Subsidiary Company**
Forbes Bumi Armada Offshore Limited
- C. Group companies**
Bumi Armada Berhad
Bumi Armada (Singapore) Pte. Ltd.
Bumi Armada Navigation Sdn Bhd.

II. Transactions with related parties:

Nature of Transactions	31st March, 2011		31st March, 2010	
	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	—
(b) Travelling Services (reimbursement given)	—	—	—	238,757
(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	—
(h) Sales Promotion Expenses (Reimbursement given)	459,500	—	—	—
2. Reimbursement of Expenses	—	2,040,514	—	—
3. Finance				
(a) Loan Repaid (A/c no. 1)	—	—	1,800,000	—
4. Outstanding Balance				
(a) Creditors	12,600	—	—	—
(b) Advances Recoverable	—	2,040,514	—	—

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 : 31st May, 2011

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

} *Chairman*
} *Directors*

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	
State Code	:	11	
Balance Sheet Date	:	March 31, 2011	
II. Capital Raised During the Year: (Amount in Rs. Thousand)			
Public Issue	:	NIL	
Right Issue	:	NIL	
Bonus Issue	:	NIL	
Private Placement	:	NIL	
III. Position of Mobilisation and Deployment of Funds: (Amount in Rs. Thousand)			
Total Liabilities :	:		15,658
Total Assets :	:		15,658
Sources of Funds :			
Paid-up Capital	:		12,500
Reserves and Surplus	:		3,135
Secured Loans	:		—
Unsecured Loans	:		—
Deferred Tax Liability	:		23
Application of Funds:			
Net Fixed Assets	:		83
Investments	:		—
Deferred Tax Assets	:		—
Net Current Assets	:		15,575
Misc. Expenditure	:		—
Accumulated Losses	:		—
IV. Performance Of Company: (Amount in Rs. Thousand)			
Turnover	:		—
Other Income	:		539
Total Expenditure	:		2,135
Profit/Loss Before Tax	:		(1,595)
Profit/Loss After Tax	:		(1,595)
Earning Per Share in Rs.	:		(1.28)
Dividend Rate %	:		—
V. Generic Names Of 3 Principal Products / Services of Company (As per monetary terms) :			
(a) Item Code No. (ITC Code)	:		N.A.
Services Description	:		Shipping
(b) Item Code No. (ITC Code)	:		—
Product Description	:		—
(c) Item Code No. (ITC Code)	:		—
Product Description	:		—

Dated : 31st May, 2011

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

FORBES BUMI ARMADA LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	31 st March, 2011		31 st March, 2010	
	Rupees	Rupees	Rupees	Rupees
NET PROFIT BEFORE TAX AND EXTRA-ORDINARY ITEMS		(1,595,457)		18,751,272
Adjusted for –				
Depreciation	21,480		19,166	
Foreign Exchange Gain Unrealised	—		(1,025,876)	
Interest and Other Finance Charges	—		66,081	
		21,480		(940,629)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		(1,573,977)		17,810,643
Changes in -				
Trade and Other Receivables	77,826,997		(80,607,065)	
Loans and Advances	(2,161,233)		(4,014,397)	
Trade Payables and Others	(79,656,234)		77,247,832	
	(3,990,470)		(7,373,630)	
OTHER ADJUSTMENTS				
Less: Direct Taxes paid (net of refund)	(30,390)		11,165	
		(3,960,080)		(7,384,795)
(a) NET CASH (USED IN) / GENERATED FROM OPERATING ACTIVITIES		(5,534,057)		10,425,848
CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of Fixed Assets(including adjustments on account of capital work-in-progress and capital advances)	—		(32,768)	
(b) NET CASH (USED IN) / GENERATED INVESTING ACTIVITIES		—		(32,768)
CASH FLOW FROM FINANCING ACTIVITIES:				
Proceeds from Long Term Borrowings	—		(1,800,000)	
Call Money Received	—		7,500,000	
Interest Paid	—		(66,081)	
(c) NET CASH (USED IN) / GENERATED FINANCING ACTIVITIES		—		5,633,919
(d) NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (a)+ (b)+(c)		(5,534,057)		16,026,999
CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT 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		1,577,042	
		18,405,523		1,594,866
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	3,782		18,797	
"Balances with scheduled banks on current accounts and deposit accounts"	12,867,684	12,871,466	18,386,726	18,405,523
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(5,534,057)		16,026,999

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

UDAY V. SHAH
Proprietor
M. No. 35626

MUMBAI
Dated : 31st May, 2011

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

Chairman
} Directors

FORBES BUMI ARMADA OFFSHORE LIMITED

(a Subsidiary Company)

Annual Report and Accounts
for the year ended 31st March, 2011

DIRECTORS:

N.C. Singhal *Chairman*
Ashok Barat
Ravishankar S.
Hassan Assad Basma
Jonathan Edward Duckett
Kim Knud Hansen (upto 28.6.2011)
Shaharul Rezza Bin Hassan (from 28.6.2011)

BANKERS:

IDBI Bank Ltd.

AUDITORS:

U.V. Shah & Co.

REGISTERED OFFICE:

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

FORBES BUMI ARMADA OFFSHORE LIMITED

DIRECTORS' REPORT

The Shareholders,

Your Directors submit their Report and the Audited Accounts of the Company for the period 29th October, 2010 to 31st March, 2011.

1. FINANCIAL RESULTS:

	29 th October, 2010 to 31 st March, 2011 Rupees
PROFIT / (LOSS) BEFORE TAX	(2,381,412)
<i>Less:</i> Provision for Taxation	
(i) Current Tax	—
(ii) Deferred Tax	—
PROFIT/(LOSS) AFTER TAX	(2,381,412)
<i>Add:</i> Balance brought forward from the last year	—
Balance carried to Balance Sheet	(2,381,412)

2. OPERATIONS:

The Company was incorporated on 29th October, 2010 and commenced its operations with effect from 13th November, 2010.

The Company bid successfully for the tender invited by Oil and Natural Gas Corporation Ltd. (ONGC) for a 7 year contract for providing 1 No. Floating Production Storage and Offloading Vessel (FPSO) on Charter Hire, including O&M, to ONGC. The contract was awarded on 25th June, 2011. The Company is required to mobilize and deploy the FPSO facility along with crew so as to commence the operations at the specified location on or before 31.12.2012.

3. DIRECTORATE:

Mr. N. C. Singhal, Mr. Ravi Shankar, Mr. Hassan Basma, Mr. Jonathan E. Duckett were appointed Additional Directors of the Company on 23rd February, 2011. Mr. Shaharul Rezza Bin Hassan was appointed Additional Director of the Company on 28th June, 2011. 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 and items regarding their appointment as Directors of the Company are included in the Notice convening the Annual General Meeting.

Mr. Ashok Barat, who is Promoter Director of the Company, is due to retire by rotation and is eligible for reappointment.

Board of Directors commends their appointment as Directors of the Company.

Mr. Amit Mittal and Mr. A.T. Shah, who were Promoter Directors of the Company, ceased to be Directors with effect from 27th June, 2011. Mr. Kim Hansen who was appointed Additional Director on 23rd February, 2011 ceased to be Director with effect from 28th June, 2011. The Board places on record their sincere appreciation for the services rendered by them to the Board and the Company.

4. AUDITORS:

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

5. PARTICULARS REGARDING EMPLOYEES:

The Company did not have any employee who was drawing a remuneration of Rs.60,00,000 or more in aggregate, if employed throughout the financial year or Rs.5,00,000 or more per month, if employed for a part of the financial year.

6. COMPANIES (COMPLIANCE CERTIFICATE) RULES, 2001:

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

7. DIRECTORS' RESPONSIBILITY STATEMENT:

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

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

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

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. NIL whereas the operating expenses in foreign currency aggregated to Rs.20,730.

For and on behalf of the
Board of Directors

(N.C. Singhal)
Chairman

Mumbai
Dated : 28th June, 2011

FORBES BUMI ARMADA OFFSHORE LIMITED

COMPLIANCE CERTIFICATE

To

The Members,

Forbes Bumi Armada Offshore Limited

We have examined the registers, records, books and papers of Forbes Bumi Armada Offshore Limited, (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial period ended on 31st March, 2011 (from the date of incorporation i. e. 29th October, 2010 to 31st March, 2011). 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, 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 29th October, 2010, 12th January, 2011, 27th January, 2011 and 2nd March, 2011 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 period.
6. The Company was not required to conduct Annual General Meeting as the Company was incorporated on 29th October, 2010.
7. Two Extra Ordinary General Meeting were held on 12th January, 2011 and 27th January, 2011 during the financial period 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 was not required to make any entries in the Register maintained under section 301 of the Act.
11. As there were no instances falling within the purview of section 314 of the Act, the Company has not obtained any approvals from 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 period. However the Company has made transfer of equity shares during the year and allotted 50,000 Equity Shares during the period.
 - (ii) not declared any Dividend during the financial period.
 - (iii) not paid any cheques/drafts to the members of the Company as no dividend was declared during the financial period.
 - (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) was not required to comply with the requirements of section 217 of the Act as this is the first accounting period of the Company.
14. The Board of Directors of the Company is duly constituted. There were appointment of 5 Directors during the financial period.
15. No Managing Directors / Whole Time Director / Manager were appointed during the financial period.
16. The Company has not appointed any sole-selling agents during the financial period.

17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director or such other applicable authorities as may be prescribed in the Act during the period 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 50,000 Equity Shares during the financial period.
20. The Company has not bought back any Equity shares during the financial period.
21. There was no redemption of preference shares or debentures during the financial period.
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 period.
24. The Company has made not made any borrowings during the financial period.
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 period.
26. The Company has not altered the provisions of the memorandum with respect to situation of the Company's registered office from one state to another during the period under scrutiny.
27. The Company has not altered the provisions of the memorandum with respect to the objects of the Company during the period under scrutiny.
28. The Company has not altered the provisions of the memorandum with respect to name of the Company during the period under scrutiny.
29. The Company has altered the provisions of the memorandum with respect to share capital of the Company during the period under scrutiny.
30. The Company has altered its articles of association during financial period.
31. There was no prosecution initiated against or show cause notices received by the Company during the financial period for offences under the Act.
32. The Company has not received any money as security from its employees during the financial period 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 : 28th June, 2011

FORBES BUMI ARMADA OFFSHORE LIMITED

ANNEXURE A

Registers as maintained by the Company

1. Register of Members u/s. 150.
2. Register of Directors, Managing Director, Manager and Secretaries u/s. 303.
3. Register of Director's Shareholding u/s. 307.
4. Minutes of the Annual General Meeting/Extra Ordinary General Meeting and Board Meeting under section 193 with Attendance Register.
5. Register of Contracts u/s. 301.
6. Register of Charges u/s 143.

For **Sanjay Dholakia & Associates**

Place : Mumbai
Date : 28th June, 2011

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

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 period ending on 31st March, 2011.

1. Form 32 for Appointment of Directors w e f 23rd February, 2011 was filed with the Registrar of Companies, Maharashtra on 25th February, 2011.
2. Form 2 for allotment of 50,000 Equity Shares made on 28th January, 2011 was filed with the Registrar of Companies, Maharashtra on 3rd February, 2011.
3. Form 23 for resolutions passed at the Extra Ordinary General Meeting held on 12th January, 2011 was filed with the Registrar of Companies, Maharashtra on 14th January, 2011.
4. Form 5 and Stamp Duty for Increase in Authorised Share Capital passed at the Extra Ordinary General Meeting held on 12th January, 2011 were filed with the Registrar of Companies, Maharashtra on 14th January, 2011.
5. Form 20 for Declaration of Compliances u/s 149(2) of the Act was filed with the Registrar of Companies, Maharashtra on 2nd November, 2010.
6. Form 23 for resolutions passed at the Extra Ordinary General Meeting held on 27th January, 2011 was filed with the Registrar of Companies, Maharashtra on 23rd February, 2011 and Form 67 for clarifications required was filed on 11th April, 2011.

NOTE: The Company was incorporated on 29th October, 2010.

For **Sanjay Dholakia & Associates**

Place : Mumbai
Date : 28th June, 2011

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

AUDITORS' REPORT TO THE MEMBERS OF FORBES BUMI ARMADA OFFSHORE LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2011.

1. We have audited the attached Balance Sheet of FORBES BUMI ARMADA OFFSHORE LIMITED as at 31st March 2011 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:
 - (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 2011 disqualified from being appointed as directors of the Company under Clause (g) of sub section (I) of Section 274 of the Companies Act, 1956.
 - (vi) In our opinion, and to the best of our information and according to the explanations given to us, the accounts subject to notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
 - (i) In the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 2011 and
 - (ii) In the case of the Profit and Loss Account of the loss for the year ended on that date.

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

(Uday V. Shah)
Proprietor

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

Mumbai, Dated : 28th June, 2011

ANNEXURE TO THE AUDITOR'S 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.

FORBES BUMI ARMADA OFFSHORE LIMITED

- (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 and the average annual turnover of the last five years is not more than Rs.5 Crores for the 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, 2011 for a period of more than six months from the date they became payable.
- (x) The Company has not been registered for a period for more than five years and hence Clause 4(x) of the Companies (Auditors report) Order 2003 (as amended) in respect of accumulated losses is not applicable.
- (xi) The Company has no dues to Financial Institutions or Bank or Debenture Holders and hence Clause 4(xi) of the Companies (Auditors report) Order 2003 (as amended) in respect of default of payment of such dues is not applicable.
- (xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities and hence Clause 4(xii) of the Companies (Auditors report) Order 2003 (as amended) in respect of documentation of such securities is not applicable.
- (xiii) The Company is not a Chit Fund or a Nidhi / Mutual Benefit Fund / Society and hence Clause 4(xiii) of the Companies (Auditors report) Order 2003 (as amended) is not applicable.
- (xiv) The Company has no dealings in Shares, Securities, Debentures and other Investments and hence Clause 4(xiv) of the Companies (Auditors report) Order 2003 (as amended) is not applicable.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institution and hence Clause 4(xv) of the Companies (Auditors report) Order 2003 (as amended) is not applicable.
- (xvi) According to the information and explanations given to us, the Company has not raised any term loan under review and hence Clause 4(xvi) of the Companies (Auditors report) Order 2003 (as amended) is not applicable.
- (xvii) According to the information and explanations given to us and on overall examination of the balance sheet of the Company, there are no funds raised on short-term basis, which have been used for long-term investment.
- (xviii) During the year, the Company has not made any preferential allotment of shares and hence Clause 4 (xviii) of the Companies (Auditors report) Order 2003 (as amended) is not applicable.
- (xix) No Debentures have been issued by the Company and hence Clause 4(xix) of the Companies (Auditors report) Order 2003 (as amended) is not applicable.
- (xx) During the year, the Company has not raised money by public issue and hence the question of disclosure and verification of end use of such monies does not arise.
- (xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

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

(Uday V. Shah)
Proprietor

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

Mumbai, Dated : 28th June, 2011

BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedule No.	Rupees	As at 31/03/2011 Rupees	As at 31/03/2010 Rupees
1. SOURCES OF FUNDS:				
Share Capital	" 1 "		1,000,000	—
Total Funds Employed			1,000,000	—
2. APPLICATION OF FUNDS :				
Current Assets, Loans and Advances	" 2 "			
(a) Cash and Bank Balances		566,229		—
(b) Loans and Advances		25,000		—
		591,229		—
<i>Less:</i> Current Liabilities and Provisions	" 3 "			
(a) Current Liabilities		2,054,502		—
		2,054,502		—
 NET CURRENT ASSETS			 (1,463,273)	 —
3. MISCELLANEOUS EXPENDITURE			81,861	—
4. PROFIT & LOSS A/C			2,381,412	—
Total Assets (Net)			1,000,000	—

Notes to accounts & significant accounting policies - Schedule 5

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

As per our report of even date

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

Uday V. Shah
Proprietor
(Membership No 35626)
(Firm No. 109814 W)

Mumbai
Dated : 28th June, 2011

N.C. Singhal

Chairman

Ashok Barat
Ravi Shankar S
Hassan Basma
Jonathan Duckett

} *Directors*

FORBES BUMI ARMADA OFFSHORE LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	Schedule No.	Rupees	For the year Ended 31.03.2011 Rupees	For the year Ended 31.03.2010 Rupees
1 INCOME:				
Services and Other Income			—	—
2 EXPENDITURE:				
Administrative and Other Expenses	" 4 "		2,381,412	—
			2,381,412	—
3 Net Profit / (Loss) Before Tax For the year			(2,381,412)	—
4 <i>Less:</i> Provision for Tax				
Current Tax		—		—
Deferred Tax		—	—	—
5 Net Profit for The Year After Tax			(2,381,412)	—
6 Balance Brought Forward From Previous Year			—	—
7 Balance Carried to Balance Sheet			(2,381,412)	—

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

As per our report of even date

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

Uday V. Shah
Proprietor
(Membership No 35626)
(Firm No. 109814 W)

Mumbai
Dated : 28th June, 2011

N.C. Singhal

Chairman

Ashok Barat
Ravi Shankar S
Hassan Basma
Jonathan Duckett

} *Directors*

SCHEDULES ANNEXED TO & FORMING PART OF THE ACCOUNTS

	As at 31/03/2011 Rupees	As at 31/03/2010 Rupees
SCHEDULE "1" – SHARE CAPITAL		
(a) Authorised		
1,00,000 Equity Shares of Rs.10 each	1,000,000	—
(b) Issued and Subscribed		
100,000 Equity Shares of Rs.10 each	1,000,000	—
TOTAL	1,000,000	—

SCHEDULE "2" – CURRENT ASSETS

	Rupees	As at 31/03/2011 Rupees	As at 31/03/2010 Rupees
(a) Cash and Bank Balances			
(i) Cash on Hand	16,167		—
(ii) With Scheduled Banks -			
On Current Account	550,062		—
On Deposit Account	—	566,229	—
TOTAL		566,229	—
(b) Loans and Advances (Unsecured, considered Good otherwise stated)			
Deposits		25,000	—
TOTAL		25,000	—
TOTAL CURRENT ASSETS, LOANS & ADVANCES		591,229	—

SCHEDULE "3" – CURRENT LIABILITIES AND PROVISIONS

	As at 31/03/2011 Rupees	As at 31/03/2010 Rupees
(a) Current Liabilities		
(i) Sundry Creditors	2,054,502	—
TOTAL	2,054,502	—

FORBES BUMI ARMADA OFFSHORE LIMITED

SCHEDULES ANNEXED TO & FORMING PART OF THE ACCOUNTS

	<u>Rupees</u>	<u>For the year Ended 31.03.2011 Rupees</u>	<u>For the year Ended 31.03.2010 Rupees</u>
SCHEDULE "4" – ADMINISTRATIVE AND OTHER EXPENSES			
Bank Charges		196,618	—
Conveyance		60,414	—
Director's Fees		70,000	—
Miscellaneous Expenses		9,794	—
Printing & Stationery		298	—
ROC Filing Fees		200	—
Travelling & Lodging expenses		19,412	—
Tender expenses		58,488	—
Legal & Professional Charges		1,947,400	—
MVAT Registration Exps		5,000	—
Auditor's Remuneration			—
(i) As statutory Auditors	8,273		—
(ii) For Taxation Matters	5,515	13,788	—
TOTAL		<u>2,381,412</u>	<u>—</u>

SCHEDULE 5 – NOTES FORMING PART OF THE ACCOUNTS
1. SIGNIFICANT ACCOUNTING POLICIES**(a) BASIS OF FINANCIAL STATEMENT**

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 preparation of financial statements in conformity with Generally Accepted Accounting Principles requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities as of the date of the financial statements and reported amounts of income and expenses during the period. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Actual results could differ from the estimates.

(c) FIXED ASSETS

Fixed assets are stated at cost less accumulated depreciation. Cost includes expenses related to acquisition and financing costs on borrowings during construction period. Exchange differences on repayment and year end translation of foreign currency liabilities relating to acquisition of assets from a country outside India are recognised in the Profit and Loss account.

(d) DEPRECIATION

Depreciation is to be provided on pro-rata basis to the period of use on the Written Down Value method and, at the rates stipulated in Schedule XIV to the Companies Act, 1956.

(e) CONTINGENT LIABILITY

No proviso is made for liabilities that are contingent in nature but if material, the same are disclosed by way of notes to the accounts.

(f) 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.

(g) FOREIGN CURRENCY TRANSACTIONS

Export / Import Transactions are accounted at forward contracts rates / exchange rates prevailing at the date of transaction. Conversions profits/ losses on realisations and in respect of monetary items at the year end are credited / charged to the profit & Loss account.

(h) RETIREMENT BENEFITS

Company has no defined retirement plan for the employees and management doesn't envisage any future liability on account of employee retiring/leaving their Company. Management is of the view that Accounting Standard 15 pertaining to retirement benefit plan to employee issued by ICAI is not considered applicable. Therefore management has not provided for any future liability.

2. There is no employee getting salary of Rs.24,00,000/- or Rs.2,00,000/- and above per month.

3. Payment to auditors:

Particulars	31.03.2011
For Statutory Audit Fees	7,273/-
For Taxation Matters	5,515/-
For Other Services	26,473/-

FORBES BUMI ARMADA OFFSHORE LIMITED

Sr. No.		31.03.2011
(a)	Value of Imports on CIF Basis (Excluding Imported item purchased locally.)	NIL
	Goods for Trading Goods	
(b)	Expenditure in Foreign Currency: For Director Sitting Fees	Rs. 20,730/-

5. Related Parties Disclosure as required 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 powers:

Shapoorji Pallonji & Company Ltd. (Ultimate Holding Company.)

Forbes & Company Ltd. (Holding Company)

B. Enterprises that are under common control:

- | | |
|---|--|
| 1. Aquamall Water Solutions Ltd. | 10. Forbes Campbell Services Ltd. |
| 2. Aquadignostics Water Research & Technology Centre Ltd. | 11. Forbes Enviro Solutions Ltd. |
| 3. Eureka Forbes Ltd. | 12. Forbes Edumetry Ltd. |
| 4. Euro Forbes International Pte.Ltd. | 13. Forbes Facility Services Pvt. Ltd. |
| 5. E 4 Development & Coaching Ltd. | 14. Forbes Technosys Ltd. |
| 6. EFL Mauritius Ltd. | 15. Forbes Smart Data Ltd. (upto 30.3.2011) |
| 7. Forbes Aquamall Ltd. | 16. Radiant Energy Systems Pvt. Ltd. |
| 8. Forbes Bumi Armada Ltd. | 17. Volkart Fleming Shipping & Services Ltd. |
| 9. Forbes Container Lines Pte Ltd. | 18. Waterwings Equipments Pvt. Ltd. |

Transactions with related parties for the year ended 31st March, 2011

Nature of Transaction	"A" Forbes & Co. Ltd.	"B" Forbes Bumi Armada Ltd.
Purchases		
1. Goods and Materials		
2. Services Rendered		
3. Fixed Assets		
4. Investment		
Sales		
5. Goods and Materials		
6. Services Rendered		
7. Fixed Assets		
8. Investment		
9. Investment – Write off		
Expenses		
10. Rent		
11. Repairs & Other Expenses		
12. Recovery of Expenses		
13. Agency Commission		
14. Interest Paid		
15. Directors Fees		
16. Provision / Write offs		
17. Loss on sale of Investments		
Income		
18. Rent and Other Service Charges		
19. Interest Received		
20. Dividend Received		
21. Profit on sale of Investment		
22. Provision /Write backs		
23. Misc. Income		
24. Deputation of Staff		
25. Other Reimbursements	271,610	
Finance		
26. Loans and Advances Given		
27. Loans and Advances Taken		
28. Deposits Given		
29. Deposits Taken		
30. Equity Infusion	500,010	
31. Repayment of Deposits Taken		
32. Repayment of Deposits Given		

FORBES BUMI ARMADA OFFSHORE LIMITED

Nature of Transaction	"A" Forbes & Co. Ltd.	"B" Forbes Bumi Armada Ltd.
Outstandings		
33. Sundry Creditors	200	2,040,514
34. Interest accrued but not due		
35. Sundry Debtors		
36. Loans and Advances		
37. Advance for Capital Purchase		
38. Prov. for Doubtful Loans and Adv.		
39. Provision for Doubtful Debts		
40. Deposits Payable		
41. Deposits Receivable		
42. Prepaid Expenses		
Remuneration		
43. Paid / Payable		
44. Outstanding		
45. Recoverable		
Guarantees		
46. Given		
47. Outstanding		

6. The Company has not recognised the Deferred tax Assets with respect to carried forward loss under the Income Tax Act, 1961 as there is no virtual certainty that the Company will have sufficient future taxable income. Therefore based on concept of prudence, the deferred tax asset for the year Rs. NIL has been recognised in the profit & loss account for the year.
7. The Company has been incorporated during the year and hence no previous year figures have been provided.
8. No amounts including interest is due to Micro & Small Enterprises under the Micro, Small & Medium Enterprises Development Act, 2006.
9. 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

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

Uday V. Shah
Proprietor
(Membership No 35626)
(Firm No. 109814 W)

Mumbai
Dated : 28th June, 2011

N.C. Singhal

Chairman

Ashok Barat
Ravi Shankar S
Hassan Basma
Jonathan Duckett

} *Directors*

Balancesheet Abstract and Company's General Business Profile as at 31st March, 2011

I. REGISTRATION DETAILS

Registration No.	U11102MH2010PLC209600	State Code	11
Balance Sheet Date	31.03.2011		

II. CAPITAL RAISED DURING THE YEAR (Amount in Thousands)

Public Issue	1,000	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Thousands)

Total Liabilities	1,000	Total Assets	1,000,000
SOURCES OF FUNDS		APPLICATION OF FUNDS	
Paid-up Capital	1,000	Net Fixed Assets	—
Reserves & Surplus	—	Investments	—
Secured Loans	—	Deferred Tax Assets	—
Unsecured Loans	—	Net Current Assets	(1,463)
Deferred Tax Liability	—	Misc. Expenditure	82
		Profit & Loss A/c	2,381

IV. PERFORMANCE OF COMPANY

Turnover	—
Total Expenditure	2,381
Profit Before Tax	(2,381)
Profit After Tax	(2,381)
Earning Per Share	(24)

V. GENERAL NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES OF COMPANY

(as per monetary terms)

Item Code No. (ITC Code)	NA
Product / Service Description	Services

Mumbai, Dated : 28th June, 2011

N.C. Singhal

Chairman

Ashok Barat
Ravi Shankar S
Hassan Basma
Jonathan Duckett

} *Directors*

FORBES BUMI ARMADA OFFSHORE LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011

	2010-11	
	Rupees	Rupees
PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS		(2,381,412)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS		
Changes in:		
Trade and Other Receivables	(25,000)	
Trade Payable and Others	2,054,502	2,029,502
CASH GENERATED FROM OPERATIONS		(351,910)
Direct Taxes Adjusted		—
Preliminary expenses		(81,861)
(A) NET CASH FLOW FROM OPERATING ACTIVITIES		(433,771)
CASH FLOW FROM INVESTING ACTIVITIES		
(B) NET CASH FLOW FROM INVESTING ACTIVITIES		—
CASH FLOW FROM FINANCING ACTIVITIES		
Equity Contribution	1,000,000	
(C) NET CASH FLOW FROM FINANCING ACTIVITIES		1,000,000
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENT (A)+(B)+(C)		566,229
CASH AND CASH EQUIVALENT AS AT THE COMMENCEMENT OF THE YEAR, COMPRISING:		
Cash, Cheques on Hand and Remittances in transit	—	
Balance with Schedule Banks on current Accounts and Deposit Accounts	—	—
CASH AND CASH EQUIVALENT AS AT THE END OF THE YEAR, COMPRISING:		
Cash, Cheques on Hand and Remittances in transit	16,167	
Balance with Schedule Banks on current Accounts and Deposit Accounts	550,062	566,229
NET (DECREASE) / INCREASE AS DISCLOSED ABOVE		566,229

As per our report of even date

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

Uday V. Shah
Proprietor
(Membership No 35626)
(Firm No. 109814 W)

Mumbai
Dated : 28th June, 2011

N.C. Singhal

Chairman

Ashok Barat
Ravi Shankar S
Hassan Basma
Jonathan Duckett

Directors

FORBES CAMPBELL SERVICES LIMITED

(a wholly owned Subsidiary Company of Forbes Campbell Finance Limited)

Annual Report and Accounts
for the year ended 31st March, 2011

DIRECTORS:

C.A. Karnik

Chairman

A.T. Shah

Sunetra Ganesan

BANKERS:

Union Bank of India

AUDITORS:

Messrs. Atul HMV & Associates

REGISTERED OFFICE:

Cassinath Building,

A.K. Nayak Marg,

Fort,

Mumbai - 400 001.

FORBES CAMPBELL SERVICES LIMITED

DIRECTORS' REPORT

To,

The Shareholders,

Your Directors submit their Report and the Audited Accounts of the Company for the year ended 31st March, 2011.

1. FINANCIAL RESULTS:

	Current Year Rupees	Previous Year Rupees
Profit / (Loss) before Tax	53,045	(1,684)
Less : Provision for Taxation	16,391	—
Profit / (Loss) after Tax	36,654	(1,684)
Add : Amount brought forward from previous year	60,671	62,355
Balance carried to Balance Sheet	97,325	60,671

2. DIRECTORATE:

Mr. C. A. Karnik 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.

3. AUDITORS:

You are requested to appoint Auditors for the current year and fix their remuneration. The retiring Auditors, M/s Atul HVM & 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.60,00,000 or more in aggregate if employed throughout the financial year or Rs.5,00,000 or more per month if employed for a part of the financial year.

5. DIRECTORS' RESPONSIBILITY STATEMENT:

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

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

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

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

C. A. KARNIK
Chairman

Mumbai, 23rd June, 2011

AUDITOR'S REPORT TO THE MEMBERS OF FORBES CAMPBELL SERVICES LIMITED (ERSTWHILE FORBES SERVICES LIMITED)

1. We have audited the attached Balance Sheet of **FORBES CAMPBELL SERVICES LIMITED**, as at 31st March 2011 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, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 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 2011,
 - (b) in the case of Profit & 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 flow of the company for the year ended on that date.

For **Atul HMV & Associates**
Chartered Accountants
Firm Regn. No. : 124043W

Hemanshu M. Vora
Partner
Membership No. : 100283

Mumbai, 23rd June, 2011

ANNEXURE TO THE AUDITORS' REPORT

Annexure referred to in paragraph 3 of our Report of even date to the Members of **FORBES CAMPBELL SERVICES LIMITED** (the Company) (erstwhile Forbes Services Ltd.) on the Financial Statements for the year ended 31st March, 2011.

1. The company does not have any fixed assets. Accordingly the provision of clause 4(i) of the Companies (Auditor's Report) Order, 2003 are not applicable.
2. The Company does not have any inventory. Accordingly the provision of clause 4(ii) of the Companies (Auditor's Report) Order, 2003 are not applicable.
3. The Company has neither granted nor taken any loan, secured or unsecured to/from the Companies, firms or other parties covered in the register maintained under Section 301 of the Act. Consequently, clauses (iii) (b), (iii) (c), (iii) (d), (iii) (f) & (iii) (g) of paragraph 4 of the Order are not applicable.

FORBES CAMPBELL SERVICES LIMITED

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, 2011. The company has not incurred cash loss in the current financial year, however it had 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
Firm Regn. No. : 124043W

Hemanshu M. Vora
Partner

Membership No. : 100283

Mumbai, 23rd June, 2011

BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedule	As at 31.03.2011 Rupees	As at 31.03.2010 Rupees
1. SOURCES OF FUNDS :			
I SHAREHOLDERS FUNDS :			
(a) Share capital	A	500,000	500,000
(b) Reserves and Surplus	B	97,325	60,671
		<u>597,325</u>	<u>560,671</u>
2. APPLICATION OF FUNDS :			
CURRENT ASSETS, LOANS AND ADVANCES :	C		
(a) Cash and Bank Balances		388,263	133,020
(b) Loans and Advances		604,342	821,838
		<u>992,606</u>	<u>954,858</u>
LESS: CURRENT LIABILITIES AND PROVISIONS :	D	395,281	394,187
NET CURRENT ASSETS		<u>597,325</u>	<u>560,671</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, 23rd June, 2011

FORBES CAMPBELL SERVICES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	Schedule	As at 31.03.2011 Rupees	As at 31.03.2010 Rupees
1. INCOME :			
Interest and other Income	E	73,400	4,089
Service Charges (Net)	F	(20,354)	(5,773)
2. LESS: EXPENDITURE :			
Establishment Expenses		—	—
3. PROFIT / (LOSS) BEFORE PRIOR YEAR ADJUSTMENT.		53,045	(1,684)
4. PROFIT / LOSS BEFORE TAX		53,045	(1,684)
5. LESS : PROVISION FOR TAXATION		16,391	—
6. PROFIT/ LOSS AFTER TAX [before prior year adjustment]		36,654	(1,684)
7. PRIOR YEAR TAXATION / ADJUSTMENT		—	—
8. PROFIT/ LOSS AFTER TAX		36,654	(1,684)
9. BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR		60,671	62,355
10. SURPLUS CARRIED TO BALANCE SHEET		97,325	60,671
No. of Equity Shares		50,000	50,000
Face Value pre Share		10	10
Basic & Diluted Earning per Share		0.73	(0.03)
11. 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, 23rd June, 2011

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH, 2011**

SCHEDULE 'A' – SHARE CAPITAL

	As at 31.03.2011 Rupees	<i>As at</i> <i>31.03.2010</i> <i>Rupees</i>
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.	500,000	500,000

SCHEDULE 'B' – RESERVES AND SURPLUS

	As at 31.03.2011 Rupees	<i>As at</i> <i>31.03.2010</i> <i>Rupees</i>
1. SURPLUS :		
Profit and Loss Account Balance	97,325	60,671
	97,325	60,671

SCHEDULE 'C' – CURRENT ASSETS, LOANS AND ADVANCES

	As at 31.03.2011 Rupees	<i>As at</i> <i>31.03.2010</i> <i>Rupees</i>
1. CURRENT ASSETS :		
Cash and Bank Balances :		
Cash on hand	8,612	7,712
With Scheduled Banks :		
In Current Accounts	379,651	125,308
	388,263	133,020
2. LOANS AND ADVANCES : (UNSECURED, CONSIDERED GOOD)		
Advances recoverable in cash or in kind or for value to be received :	373,483	346,472
Advance payment of Tax	230,859	475,366
	604,342	821,838
	992,606	954,858

FORBES CAMPBELL SERVICES LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

SCHEDULE 'D' – CURRENT LIABILITIES AND PROVISIONS

	As at 31.03.2011 Rupees	As at 31.03.2010 Rupees
1. CURRENT LIABILITIES :		
Sundry Creditors	378,889	177,477
Advances Received against Services	—	216,710
2. PROVISIONS :		
Provision for Tax	16,391	—
	<u>395,279</u>	<u>394,187</u>

SCHEDULE 'E' – INTEREST AND OTHER INCOME

	As at 31.03.2011 Rupees	As at 31.03.2010 Rupees
Sundry Credit Balances Written back	—	3,626
Interest from others	73,400	463
	<u>73,400</u>	<u>4,089</u>

SCHEDULE 'F' – SERVICE CHARGES

	As at 31.03.2011 Rupees	As at 31.03.2010 Rupees
SERVICE CHARGES RECEIVED (TDS Rs.85000/-; PY. Rs.65022/-)	3,876,689	2,918,603
<i>LESS: EXPENSES</i>		
1. Payment to and Provisions for Employees		
(a) Salaries & Allowances	1,746,185	1,476,608
(b) Co's contribution to P.F. & others Funds	92,707	161,735
(c) Staff Welfare	49,921	32,667
	<u>1,888,813</u>	<u>1,671,010</u>
2. Professional Fees	1,854,382	977,640
3. Motor Car Expenses	10,932	133,350
4. Conveyance Expenses	92,193	76,482
5. Professional Tax	2,500	2,500
6. Telephone	6,207	17,187
7. Office Expenses	4,960	13,450
8. Miscellaneous Expenses	28,783	24,484
9. Auditors Remuneration		
Audit Fees	7,500	7,500
Service Tax	773	773
Out of Pocket Expenses	—	—
	<u>3,897,043</u>	<u>2,924,376</u>
SERVICE CHARGES (NET)	<u>(20,354)</u>	<u>(5,773)</u>

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

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, 2011

6. The name of the Company was changed to "Forbes Campbell Services Limited" from "Forbes Services Limited" 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 31-3-2011

Shapoorji Pallonji & Company Limited (Ultimate Holding Company)
Sterling Investment Corporation Pvt. Limited
Forbes & Company Limited [erstwhile Forbes Gokak Limited]
Forbes Campbell Finance Limited

FORBES CAMPBELL SERVICES LIMITED

B. Fellow Subsidiaries:-

<u>As on 31-3-2011</u>		<u>As on 31-3-2010</u>	
Forbes Bumi Armada Ltd.	Forbes Smart Data Ltd.	Forbes Bumi Armada Ltd.	Forbes Smart Data Ltd.
Forbes Edumetry Ltd.	Forbes Aquamall Ltd.	Forbes Edumetry Ltd.	Forbes Aquamall Ltd.
Forbes Technosys Ltd.	Forbes Facility Centre Pvt. Ltd.	Forbes Technosys Ltd.	Forbes Facility Centre Pvt. Ltd.
Aquadiagnostics Water Research & Technology Centre Ltd.	Euro Forbes International Pte. Ltd.	Aquadiagnostics Water Research & Technology Centre Ltd.	Euro Forbes International Pte. Ltd.
E4 Development & Coaching Pvt. Ltd.	Forbes Enviro Solutions Ltd.	E4 Development & Coaching Pvt. Ltd.	Forbes Enviro Solutions Ltd.
Aquamall Water Solutions Ltd.	Radiant Energy Systems Pvt. Ltd.	Aquamall Water Solutions Ltd.	Radiant Energy Systems Pvt. Ltd.
Eureka Forbes Ltd.	Waterwings Equipments Pvt. Ltd.	Eureka Forbes Ltd.	Waterwings Equipments Pvt. Ltd.
Volkart Fleming Shipping & Services Ltd.		Volkart Fleming Shipping & Services Ltd.	

II. Transactions with related parties : As per Annexure A

As per our Report of even date attached

For **Atul HVM & Associates**
Chartered Accountants

C.A. Karnik

Chairman

HEMANSHU M. VORA
Partner

A.T. Shah

Sunetra Ganesan

}
Directors

Mumbai, 23rd June, 2011

ANNUAL REPORT 2010-2011

Annexure A

Transactions with related parties for the year ended 31st March, 2011 (April-2010 to March-2011)

Nature of Transaction	31.03.2011 "A" Forbes & Company Ltd.	31.03.2010	
		"A" Forbes & Company Ltd.	"B" Volkart Fleming Shipping & Services Ltd.
Purchases			
1. Goods and Materials			
2. Services Rendered			
3. Fixed Assets			
4. Investment			
Sales			
5. Goods and Materials			
6. Services Rendered	3,876,689	2,753,151	165,452
7. Fixed Assets			
8. Investment			
9. Investment – Write off			
Expenses			
10. Rent			
11. Repairs & Other Expenses			
12. Recovery of Expenses			
13. Agency Commission			
14. Interest Paid			
15. Directors Fees			
16. Provision / Write offs			
17. Loss on sale of Investments			
Income			
18. Rent and Other Service Charges			
19. Interest Received			
20. Dividend Received			
21. Profit on sale of Investment			
22. Provision / Write backs			
23. Misc. Income			
24. Deputation of Staff			
25. Other Reimbursements			
Finance			
26. Loans and Advances Given			
27. Loans and Advances Taken			
28. Deposits Given			
29. Deposits Taken			
30. Repayment of Deposits Taken			
31. Repayment of Deposits Given			
Outstandings			
32. Sundry Creditors		1,838	
33. Interest accrued but not due			
34. Sundry Debtors	5,757	1,838	
35. Loans and Advances			
36. Advance for Capital Purchase			
37. Prov. for Doubtful Loans and Adv.			
38. Provision for Doubtful Debts			
39. Deposits Payable			
40. Deposits Receivable			
41. Prepaid Expenses			
Remuneration			
42. Paid / Payable			
43. Outstanding			
44. Recoverable			
Guarantees			
45. Given			
46. Outstanding			

FORBES CAMPBELL SERVICES LIMITED

Balancesheet Abstract and Company's General Business Profile as at 31st March, 2011

I. REGISTRATION DETAILS

Registration No.	11-18077	State Code	11
Balance Sheet Date	31.03.2011		

II. CAPITAL RAISED DURING THE YEAR (Amount in Thousands)

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Thousands)

Total Liabilities	597	Total Assets	597
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SOURCES OF FUNDS

Paid-up Capital	500
Reserves & Surplus	97
Secured Loans	—
Unsecured Loans	—
Deferred Tax Liability	—

APPLICATION OF FUNDS

Net Fixed Assets	—
Investments	—
Deferred Tax Assets	—
Net Current Assets	597
Misc. Expenditure	—

IV. PERFORMANCE OF COMPANY

Turnover	73
Total Expenditure	20
Profit Before Tax	53
Profit After Tax	37
Eaning Per Share	1

V. GENERAL NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES OF COMPANY

(as per monetary terms)

Item Code No. (ITC Code)	NA
Product / Service Description	Service Company

Mumbai, 23rd June, 2011

C.A. Karnik *Chairman*

A.T. Shah
Sunetra Ganesan } *Directors*

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011

	2010-11		2009-10	
	Rupees	Rupees	Rupees	Rupees
PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS		53,045		(1,684)
Adjusted for :				
Interest Income	(73,400)		(463)	
Prior Year Adjustments			(3,626)	
		(73,400)		(4,089)
		(20,354)		(5,773)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS				
Changes in:				
Trade and Other Receivables	302,496		(22,777)	
Trade Payable and Others	1,094		(72,449)	
		303,589		(95,226)
CASH GENERATED FROM OPERATIONS		283,235		(100,999)
Direct Taxes Adjusted		(101,391)		(70,022)
(A) NET CASH FLOW FROM OPERATING ACTIVITIES		181,844		(171,021)
CASH FLOW FROM INVESTING ACTIVITIES				
Interest Received	73,400		463	
Prior Year Adjustments	—		3,626	
(B) NET CASH FLOW FROM INVESTING ACTIVITIES		73,400		4,089
CASH FLOW FROM FINANCING ACTIVITIES				
(C) NET CASH FLOW FROM FINANCING ACTIVITIES		—		—
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENT (A) + (B) + (C)		255,243		(166,932)
CASH AND CASH EQUIVALENT AS AT THE COMMENCEMENT OF THE YEAR, COMPRISING:				
Cash, Cheques on Hand and Remittances in transit	7,712		3,294	
Balance with Schedule Banks on current Accounts and Deposit Accounts	125,308		296,658	
		133,020		299,952
CASH AND CASH EQUIVALENT AS AT THE END OF THE YEAR, COMPRISING:				
Cash, Cheques on Hand and Remittances in transit	8,612		7,712	
Balance with Schedule Banks on current Accounts and Deposit Accounts	379,651		125,308	
		388,263		133,020
NET (DECREASE) / INCREASE AS DISCLOSED ABOVE		255,243		(166,932)

For **Atul HMV & Associates**
Chartered Accountants

C.A. Karnik

Chairman

HEMANSHU M. VORA
Partner

A.T. Shah
Sunetra Ganesan

Directors

Mumbai, 23rd June, 2011

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

(a wholly owned Subsidiary Company)

Annual Report and Accounts
for the year ended 31st March, 2011

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, 2011

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 2011.

1. Directors

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

Padmakumar Unnikrishnan
Mittal Amit

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, Public Accountants and Certified Public Accountants, have expressed their willingness to accept reappointment.

Board of Directors,

.....
MITTAL AMIT

.....
PADMAKUMAR UNNIKISHNAN

Singapore

Date : 20th July, 2010

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

STATEMENT BY THE DIRECTORS – 31 MARCH 2011

In the opinion of the directors,

- (a) the accompanying financial statements are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 March 2011 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.

Board of Directors,

.....
MITTAL AMIT

.....
PADMAKUMAR UNNIKRISHNAN

Singapore
Date : 23rd June, 2011

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF FORBES CONTAINER LINE PTE. LTD. (Incorporated in Singapore)

We have audited the accompanying financial statements of Forbes Container Line Pte. Ltd. (the "Company") as set out on pages 6 to 25, comprising the balance sheet as at 31 March 2011 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 March 2011 and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for 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.

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 auditor's 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 auditor considers 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, 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 2011 and the results, changes in equity and cash flows of the Company for the year ended 31 March 2011.

Report on Other Legal and Regulatory Requirements

In our opinion, 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 : 23rd June, 2011

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

BALANCE SHEET AS AT 31 MARCH 2011

	Note	01.04.2010 to 31.3.2011		01.04.2009 to 31.3.2010	
		S\$	Rs.	S\$	Rs.
Assets					
Non-Current Assets					
Plant and equipment	8	336,849	12,084,870	78,818	2,537,774
Current Assets					
Trade receivable	9	2,316,192	83,096,167	844,066	27,177,153
Other receivables	10	231,058	8,289,483	221,922	7,145,422
Cash and bank balances	11	521,049	18,693,258	1,831,904	58,983,462
		<u>3,068,299</u>	<u>110,078,909</u>	<u>2,897,892</u>	<u>93,306,037</u>
Total Assets		<u>3,405,148</u>	<u>122,163,778</u>	<u>2,976,710</u>	<u>95,843,811</u>
EQUITY AND LIABILITIES					
Share Capital and Reserves					
Share capital	12	864,960	31,031,478	864,960	27,849,896
Retained earnings		(524,957)	(23,240,315)	(709,555)	(29,647,712)
Translation Reserve		(159,432)	7,020,901	(147,733)	(4,756,692)
Foreign Currency Translation Reserve		—	(8,333,854)	—	6,801,531
Total Equity		<u>180,571</u>	<u>82,490,908</u>	<u>7,672</u>	<u>247,022</u>
Non-Current Liabilities					
Redeemable convertible preference shares	13	2,118,750	—	—	—
Current Liabilities					
Trade Payable	14	907,939	32,573,401	844,875	27,203,201
Other payables	15	197,888	7,099,469	24,163	777,998
Advances received from third parties	16	—	—	2,100,000	67,615,590
Income Tax Payable		—	—	—	—
Total Liabilities		<u>1,105,827</u>	<u>39,672,871</u>	<u>2,969,038</u>	<u>95,596,789</u>
Total Equity and Liabilities		<u>3,405,148</u>	<u>122,163,779</u>	<u>2,976,710</u>	<u>95,843,810</u>

Subject to our report of even date

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

(Uday Shah)
Membership No. 35626

Date: 23rd June, 2011

PROFIT AND LOSS STATEMENT FOR THE FINANCIAL PERIOD ENDED 31ST MARCH, 2011

	Note	01.04.2010 to 31.3.2011		01.04.2009 to 31.3.2010	
		S\$	Rs.	S\$	Rs.
Revenue	3	154,51,833	531,029,411	9,102,604	304,459,347
Cost of Sales		(14,176,102)	(487,186,672)	(9,282,830)	(310,487,456)
Gross Profit		1,275,731	43,842,739	(180,226)	(6,028,109)
Other Operating Income		51,889	1,505,975	359	12,008
Administrative Expenses		(973,522)	(33,456,795)	(762,440)	(25,501,712)
Finance Cost		(169,500)	(5,825,166)		
Other Operating Expenses		—	340,643	(130,205)	(4,355,032)
(Loss)/profit before income tax	4	1,84,598	64,07,397	(10,72,512)	(358,72,845)
Income tax	7	—	—	(53,039)	(1,774,022)
(Loss)/profit for the year/period		184,598	6,407,397	(1,019,473)	(34,098,824)

Subject to our report of even date

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

(Uday Shah)
Membership No. 35626

Date: 23rd June, 2011

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

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM 1 APRIL 2010 TO 31ST MARCH, 2011

Particulars	Share Capital		Translation Reserve		Accumulated Loss		Total	
	S\$	Rs.	S\$	Rs.	S\$	Rs.	S\$	Rs.
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)
Total comprehensive loss for the year	—	—	—	—	(1,019,473)	(34,098,824)	(1,019,473)	(34,098,824)
Issuance of ordinary shares	484,960	15,614,694	—	—	—	—	484,960	15,614,694
Balance at 31 March 2010	864,960	24,849,896	(147,733)	(4,756,692)	(709,555)	(29,647,712)	7,672	247,022
Balance at 1 April 2010	864,960	24,849,896	(147,733)	(4,756,692)	(709,555)	(29,647,712)	7,672	247,022
Translation difference recognised directly in equity	—	—	(11,699)	(419,716)	—	—	(11,699)	(419,716)
Total comprehensive income for the year	—	—	—	—	184,598	6,407,397	184,598	6,407,397
Balance at 31 March 2011	864,960	24,849,896	159,432	51,19,814	(524,957)	(23,240,315)	180,571	6,234,703

CASH FLOW STATEMENT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2011

	01.04.2010 to 31.3.2011		01.04.2009 to 31.3.2010	
	S\$	Rs.	S\$	Rs.
Cash Flows from Operating Activities				
(Loss)/Profit before income tax	184,598	6,407,397	(1,072,512)	(35,872,845)
Adjustments for:				
Depreciation of plant and equipment	63,231	2,173,037	26,380	882,358
Finance cost	169,500	5,825,166	—	1,323,609
Foreign Currency Translation Reserve	—	(7,816,088)	—	—
Operating cash flows before working capital changes	417,329	6,589,512	(1,046,132)	(33,666,878)
Changes in working capital:				
Trade Receivables	(1,378,169)	(49,443,467)	528,534	17,017,685
Other Receivables	(9,136)	(327,765)	(3,111)	(100,168)
Trade Payables	37,872	1,358,703	(391,633)	(12,609,760)
Other Payables	4,225	151,577	14,150	455,600
	(927,879)	(41,671,440)	(898,192)	(28,903,521)
Cash generated from/used in operations				
Income tax paid	—	—	(58,715)	(1,963,870)
Net cash used in operating activities	(927,879)	(41,671,440)	(956,907)	(30,867,391)
Cash Flows from Investing Activities				
Purchase of Plant and equipment	(321,262)	(11,040,734)	(66,546)	(2,225,797)
Net cash used in investing activities	(321,262)	(11,040,734)	(66,546)	(2,225,797)
Cash Flows from Financing Activities				
Proceeds from issuance of share capital	—	—	484,960	16,220,700
Proceeds from issuance of preference shares	2,118,750	72,814,569	—	—
Repayment of advances from third party	(2,100,000)	(72,170,193)	—	—
Advances received from third parties	—	—	—	—
ICD taken from 3rd parties	—	—	2,100,000	67,615,590
Dividend paid	—	—	—	—
Net cash generated from financing activities	18,750	644,377	2,584,960	83,836,290
Net (Decrease)/Increase in cash and cash equivalents	(1,230,391)	(37,817,077)	1,561,507	50,277,246
Cash and cash equivalents at the beginning of the year/period	1,831,904	58,983,462	300,352	10,308,081
Effect of foreign exchange rate changes on cash and cash equivalents	(80,464)	11,777,593	29,955	2,067,720
Cash and cash equivalents at the end of the year/period	521,049	18,693,258	1,831,904	58,983,462

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

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2011

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 and publicly listed in India. The Company’s ultimate controlling party is Shapoorji Pallonji & Company Limited, a company incorporated in India.

The board of directors have authorised the issue of the financial statements on the date of the statement by directors.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements, which are expressed in Singapore dollars, have been prepared in accordance with Singapore Financial Reporting Standards (“FRS”) and the provisions of the Singapore Companies Act, Cap. 50.

The financial statements have been prepared on an historical cost basis, 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 sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, except as described below;

Critical judgements in applying accounting policies

(i) Impairment of trade receivables

The Company assesses at each balance sheet date whether there is any objective evidence that trade receivables are impaired. To determine whether there is objective evidence of impairment, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Company’s trade receivables as at 31 March 2011 was S\$2,316,192 (2010: S\$844,066) and is disclosed in Note 9. No impairment loss on trade receivables has been recognised in profit or loss for the financial year ended 31 December 2010.

(b) Adoption of New and Revised FRS and Interpretations to FRS (INT FRS)

(i) Adoption of Revised Financial Reporting Standards (FRS) and Interpretations (INT FRS) effective for annual period beginning on or after 1 April 2010

There are no new and revised FRS applicable and relevant to the Company during the year and accordingly there is no financial impact on the financial statements of the Company with the adoption of new and revised FRS.

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 Disclosures

The revised FRS 24 clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised FRS 24 expands the definition of a related party and would treat two entities as related to each other whenever a person (or a close member of that person’s family) or a third party has control or joint control over the entity, or has significant influence over the entity. The revised standard also introduces a partial exemption of disclosure requirements for government-related entities. The Company is currently determining the impact of the changes to the definition of a related party has on the disclosure of related party transactions. As this is a disclosure standard, it will have no impact on the financial position or financial performance of the Company when implemented in 2011.

Amendments to FRS 107 Financial Instruments: Disclosures

Key amendments include the removal of the requirement to disclose the carrying amount of renegotiated financial assets that would be past due or impaired if not for the renegotiation. Clarification that disclosure of amount that best represents the maximum exposure to credit risk is not required when this amount is represented by the carrying amount of the financial instrument and the requirement to disclose the fair value of collateral and other credit enhancements is replaced with a description to disclose the financial effect of collateral and other credit enhancements. As this is a disclosure standard, it will have no impact on the financial position or financial performance of the Company when implemented in 2011.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2011 (Contd.)

2. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

(c) Revenue Recognition

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or possible return of goods.

Freight income is recognised once the cargo is on board, the ship sails and Bill of Lading is issued. Time charter revenue is recognised over the life of time charter agreements.

(d) Functional Currency and Foreign Currency Transactions

(i) Functional currency and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the “functional currency”). The functional currency of the Company is the United States dollar. 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 the 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.

(e) Income Tax

Income tax expense comprises tax currently payable and movement in deferred tax. Current tax is based on taxable profit using tax rates enacted at the balance sheet date.

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial statements. Deferred tax is charged or credited to the 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.

(f) Plant and Equipment

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the straight-line method to write off the cost of assets 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

The residual values and useful life of plant and equipment 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 profit or loss 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.

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

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2011 (Contd.)

2. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

(g) Trade and Other Receivables

Trade and other receivables which are normally settled in 30 days, are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method, less an 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.

(h) 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.

(i) 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.

(j) Cash and Cash Equivalents

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

(k) 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.

(l) 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.

(m) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

(n) Redeemable Convertible Preference Shares

The liability component of the redeemable convertible preference shares is recognised initially at its fair value, determined using a market interest rate for equivalent non-convertible preference shares. It is subsequently carried at amortised cost using the effective interest method until the liability is extinguished on conversion or redemption of the preference shares.

The difference between the total proceeds and the liability component is allocated to the conversion option (equity component), which is presented in equity net of deferred tax effect. The carrying amount of the conversion option is not adjusted in subsequent periods. When the conversion option is exercised, its carrying amount will be transferred to the share capital account. When the conversion option lapses, its carrying amount will be transferred to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2011 (Contd.)

3. REVENUE

	2011 S\$	2010 S\$
Freight service income	15,451,833	9,102,604

4. PROFIT/(LOSS) BEFORE INCOME TAX

Net profit/(loss) for the year has been arrived at after charging/(crediting):

Depreciation of plant and equipment (included in administrative expenses) (Note 8)	63,231	26,380
Rental - operating lease expense (included in administrative expenses)	81,482	89,280
Rental - office equipment (included in administrative expense)	—	2,057
Exchange gain - realised	(9,912)	—
Preference share dividends (included in finance costs)	169,500	—
Exchange loss - realised (included in other operating expenses)	—	130,205

5. STAFF COSTS

Staff salaries and related costs	400,850	352,237
Staff welfare benefits	5,376	9,080
	406,226	361,317

The above staff costs exclude director's remuneration. Director's remuneration is disclosed in Note 6 below.

6. DIRECTOR'S REMUNERATION

Salaries and other costs	197,717	120,000
Contributions to defined contribution plans	8,622	7,836
	206,339	127,836

7. INCOME TAX

Over provision of tax in prior financial year	—	(53,039)
---	---	----------

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% (2010: 17%) to profit before tax as a result of the following differences:

	2011 S\$	2010 S\$
Profit/(loss) before income tax	184,598	(1,072,512)
Income tax expense/(benefit) at statutory rate of 17% (2010: 17%)	31,382	(182,327)
Expenses not deductible for tax purposes	10,857	(4,485)
Deferred tax assets not recognised	—	186,812
Benefits from previously unutilised tax benefits	(42,239)	—
Over provision of tax in prior financial year	—	(53,039)
	—	(53,039)

As at the balance sheet date, unutilised tax losses amounting to approximately S\$982,244 (2010: S\$1,230,707) are available for offsetting 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\$166,981 (2010: S\$209,220) have not been recognised in the financial statements in accordance with accounting policy 2(e).

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

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2011 (Contd.)

8. PLANT AND EQUIPMENT

	Software System		Computers		Office Equipment		Furniture & Fittings		Containers		Total	
	S\$	Rs.	S\$	Rs.	S\$	Rs.	S\$	Rs.	S\$	Rs.	S\$	Rs.
2011												
Cost												
At 1 April 2010	74,080	2,385,376	53,843	1,733,745	1,948	62,726	18,906	608,773	65,731	2,116,538	214,508	6,907,158
Additions	—	—	1,120	38,491	—	—	—	—	320,142	11,002,243	321,262	11,040,734
At 31 March 2011	<u>74,080</u>	<u>2,657,709</u>	<u>54,963</u>	<u>1,971,864</u>	<u>1,948</u>	<u>69,887</u>	<u>18,906</u>	<u>678,275</u>	<u>385,873</u>	<u>13,843,657</u>	<u>535,770</u>	<u>19,221,392</u>
Accumulated depreciation												
At 1 April 2010	72,688	2,340,554	50,875	1,638,175	1,337	43,051	10,790	347,438	—	—	135,690	4,369,218
Charge for the year	1,392	47,839	4,088	140,491	390	13,403	3,781	129,948	53,580	1,841,357	63,231	2,173,037
At 31 March 2011	<u>74,080</u>	<u>2,657,709</u>	<u>54,963</u>	<u>1,971,864</u>	<u>1,727</u>	<u>61,958</u>	<u>14,571</u>	<u>522,759</u>	<u>53,580</u>	<u>1,922,232</u>	<u>198,921</u>	<u>7,136,522</u>
Net book value												
At 31 March 2011	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>221</u>	<u>7,929</u>	<u>4,335</u>	<u>155,516</u>	<u>332,293</u>	<u>11,921,425</u>	<u>336,849</u>	<u>12,084,870</u>
2010												
Cost												
At 1 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	<u>74,080</u>	<u>2,385,220</u>	<u>53,843</u>	<u>1,733,632</u>	<u>1,948</u>	<u>62,722</u>	<u>18,906</u>	<u>608,733</u>	<u>65,731</u>	<u>2,116,400</u>	<u>214,508</u>	<u>7,303,853</u>
Accumulated depreciation												
At 1 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	<u>72,688</u>	<u>2,340,401</u>	<u>50,875</u>	<u>1,638,068</u>	<u>1,337</u>	<u>43,049</u>	<u>10,790</u>	<u>347,415</u>	<u>—</u>	<u>—</u>	<u>135,690</u>	<u>4,368,933</u>
Net book value												
At 31 March 2010	<u>1,392</u>	<u>44,819</u>	<u>2,968</u>	<u>95,563</u>	<u>611</u>	<u>19,673</u>	<u>8,116</u>	<u>261,318</u>	<u>65,731</u>	<u>2,116,400</u>	<u>78,818</u>	<u>2,537,774</u>

9. TRADE RECEIVABLES

	2011		2010	
	S\$	Rs.	S\$	Rs.
Receivables from customers	—	—	40,542	1,454,493
Receivables from agents:				
— Related companies	1,442,633	51,756,190	716,830	25,717,136
— Third parties	871,120	31,252,475	84,071	3,016,148
GST receivable	2,439	87,502	2,623	94,103
	<u>2,316,192</u>	<u>83,096,167</u>	<u>844,066</u>	<u>30,281,881</u>

10. OTHER RECEIVABLES

Deposits	176,521	6,332,903	181,780	5,852,934
Amount due from holding company	—	—	3,494	112,499
Prepayments	11,707	420,003	—	—
Others	42,830	1,536,578	36,648	1,179,989
	<u>231,058</u>	<u>8,291,484</u>	<u>221,922</u>	<u>7,145,422</u>

Amount due from the holding company has been fully repaid during the year.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2011 (Contd.)

11. CASH AND BANK BALANCES

	2011		2010	
	S\$	Rs.	S\$	Rs.
Cash on hand	500	17,938	44	1,417
Cash at bank	520,549	18,675,320	1,831,860	58,982,045
	<u>521,049</u>	<u>18,693,258</u>	<u>1,831,904</u>	<u>58,983,462</u>

12. ISSUED CAPITAL

	2011			2010		
	No. of shares	S\$	Rs.	No. of shares	S\$	Rs.
Issued and fully paid;						
At the beginning of the year	864,960	864,960	31,031,478	380,000	380,000	13,632,956
Issuance of ordinary shares	—	—	—	484,960	484,960	17,398,522
At the end of the year	<u>864,960</u>	<u>864,960</u>	<u>31,031,478</u>	<u>864,960</u>	<u>864,960</u>	<u>31,031,478</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. REDEEMABLE CONVERTIBLE PREFERENCE SHARES

	2011			2010		
	No. of preference shares	S\$	Rs.	No. of preference shares	S\$	Rs.
Issued and fully paid:						
Balance at the beginning of the year	—	—	—	—	—	—
Issued during the year	2,118,750	2,118,750	—	—	—	—
Balance at the end of the year	<u>2,118,750</u>	<u>2,118,750</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

Redeemable convertible preference shares ("RCPS") are entitled to receive an 8% cumulative preference dividend before any dividends are declared to the ordinary shareholders. The preference dividend shall without the need for any proposal, recommendation, approval, notification or any other action by the Company and/or the directors, constitute a debt due from and immediately payable by the Company on and from each dividend payment date. The Company has the option to redeem these RCPS within two years from the date of allotment (8 June 2010). The subscribers of RCPS have the option to convert them into ordinary shares on a one-for-one basis after two years from the date of allotment up to June 2030. RCPS have no right to share any surplus assets or profits and carry no voting rights. If the RCPS has not been converted into ordinary shares on the expiration of twenty years from date of allotment it has to be fully redeemed in cash by the Company.

As the RCPS contains characteristics of a compound financial instrument as stated in FRS 32, management has evaluated the allocation of the initial carrying amount into equity and liability components. Based on management's assessment, the equity component is not considered material and the whole instrument has been recorded as a financial liability.

14. TRADE PAYABLES

	2011		2010	
	S\$	Rs.	S\$	Rs.
Payables to:				
— A related company	80,078	2,872,894	475,660	15,315,253
— Third parties	827,861	29,700,507	369,215	11,887,948
	<u>907,939</u>	<u>32,573,401</u>	<u>844,875</u>	<u>27,203,201</u>

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

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2011 (Contd.)

15. OTHER PAYABLES

	2011		2010	
	S\$	Rs.	S\$	Rs.
Accrued expenses	28,388	1,018,454	24,163	866,877
Preference share dividends payable	169,500	6,081,016	—	—
	<u>197,888</u>	<u>7,099,469</u>	<u>24,163</u>	<u>866,877</u>

16. ADVANCES FROM A THIRD PARTY

The advances from a third party was fully repaid during the current financial year.

17. 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:

	2011		2010	
	S\$	Rs.	S\$	Rs.
<u>With related companies:</u>				
Agent commission paid/payable	414,974	14,261,311	147,156	5,057,275
Share Capital Received	—	—	484,960	16,666,503
	<u>414,974</u>	<u>14,261,311</u>	<u>632,116</u>	<u>21,723,728</u>

Related companies refer to other members of the holding company's group of companies.

Remuneration of the directors, who are the key management of the Company, is disclosed in Note 6.

18. LEASE COMMITMENTS

The Company leased its office premises from 1 August 2006 to 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:

	2011		2010	
	S\$	Rs.	S\$	Rs.
Payable:				
Within 1 year	80,184	2,755,664	83,216	1,120,906
After 1 year but within 5 years	26,728	918,555	106,912	36,744,020
	<u>106,912</u>	<u>3,674,219</u>	<u>190,128</u>	<u>37,864,926</u>

19. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Policies

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 polices 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 the shareholder, to support the Company's stability and growth; and to provide capital for the purpose of strengthening the Company's financial management capability.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2011 (Contd.)

19. FINANCIAL INSTRUMENTS (Contd.)

(a) Financial Risk Management Policies (Contd.)

(i) Capital risk (Contd.)

The Company actively and regularly reviews and manages its capital structure to ensure an optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Company and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. As part of the capital risk management process, the Board monitors regularly the Company's ratio of net debt to shareholder's equity as shown below:

	2011		2010	
	S\$	Rs.	S\$	Rs.
Net debt	2,703,528	96,992,311	1,137,134	36613326.82
Shareholders' equity	180,571	6,478,201	7,672	247022.2888
Net debt to shareholder's equity Ratio	14.97	14.97	148.22	148.2187174

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.

The Company is not subject to externally imposed capital requirements.

(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 United States dollar. The Company is exposed to foreign currency risk when transactions such as sales and purchases are denominated in currencies other than United States 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:

	Denominated in the following currencies					
	Singapore dollar \$	Indian Rupees Rs.	United States dollar S\$	Indian Rupees Rs.	Total S\$	Total Rs.
2011						
Financial assets						
Trade receivables	141,292	5,069,020	2,172,461	77,939,645	2,313,753	83,008,665
Other receivables	219,351	7,869,480	—	—	219,351	7,869,480
Due from immediate holding company	—	—	—	—	—	—
Cash and cash equivalents	20,708	742,924	500,341	17,950,334	521,049	18,693,258
	381,351	13,681,425	2,672,802	95,889,979	3,054,153	109,571,404
Financial liabilities						
Trade payables	11,336	406,693	896,603	32,166,709	907,939	32,573,401
Other payables	197,888	7,099,469	—	—	197,888	7,099,469
Redeemable convertible preference shares	—	—	2,118,750	76,012,699	2,118,750	76,012,699
	209,224	7,506,162	3,015,353	108,179,407	3,224,577	115,685,569
Net financial assets/ (liabilities)	172,127	6,175,263	(342,551)	(12,289,428)	(170,424)	(6,114,166)

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

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2011 (Contd.)

19. FINANCIAL INSTRUMENTS (Contd.)

(a) Financial Risk Management Policies (Contd.)

(ii) Foreign currency risk (Contd.)

2010	S\$	Rs.	S\$	Rs.	S\$	Rs.
Financial assets						
Trade receivables	16,090	518,098	827,976	26,660,827	844,066	27,178,925
Other receivables	—	—	218,428	7,033,382	218,428	7,033,382
Due from immediate holding company	3,494	112,507	—	—	3,494	112,507
Cash and cash equivalents	20,688	666,154	1,811,216	58,321,155	1,831,904	58,987,309
	<u>40,272</u>	<u>1,296,758</u>	<u>2,857,620</u>	<u>92,015,364</u>	<u>2,897,892</u>	<u>93,312,122</u>
Financial liabilities						
Trade payables	33,686	1,084,689	811,189	26,120,286	844,875	27,204,975
Other payables	24,163	778,049	—	—	24,163	778,049
Due to a third party	0	—	2,100,000	67,620,000	2,100,000	67,620,000
	<u>57,849</u>	<u>1,862,738</u>	<u>2,911,189</u>	<u>93,740,286</u>	<u>2,969,038</u>	<u>95,603,024</u>
Net financial assets/(liabilities)	<u>(17,577)</u>	<u>(565,979)</u>	<u>(53,569)</u>	<u>(1,724,922)</u>	<u>(71,146)</u>	<u>(2,290,901)</u>

Sensitivity Analysis

A change of 5% (2010: 5%) (taking into consideration both strengthening and weakening aspect) of US\$ 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.
2011				
US\$ against S\$				
— strengthened	(7,143)	(256,264)	(14,215)	(509,980)
— weakened	7,143	256,264	14,215	509,980
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
2010				
US\$ against S\$				
— strengthened	729	(23,474)	(2,223)	(71,581)
— weakened	(729)	23,474	2,223	71,581
	<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 (2010: 4 agents) that individually represented more than 10% (2010: 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:

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2011 (Contd.)

19. FINANCIAL INSTRUMENTS (Contd.)

(a) Financial Risk Management Policies (Contd.)

(iii) Credit risk (Contd.)

	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.
2011								
Trade receivables	995,818	35,726,166	1,248,434	44,789,068	71,940	2,580,934	2,316,192	83,096,167
2010								
Trade receivables	181,250	5,835,869	110,343	3,552,813	552,473	17,788,470	844,066	27,177,153

(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.

The table analyses the maturity profile of the Company's financial liabilities based on contractual undiscounted cash flows.

	Less than 1 year		Between 1 and 2 years		Between 2 and 5 years		Over 5 years		Total	
	S\$	Rs.	S\$	Rs.	S\$	Rs.	S\$	Rs.	S\$	Rs.
At 31 March 2011										
Redeemable convertible preference shares	169,500	6,081,016	169,500	6,081,016	508,500	18,243,048	4,661,250	167,227,937	5,508,750	197,633,017
Trade payables	907,939	32,573,401	—	—	—	—	—	—	907,939	32,573,401
Other payables	28,388	1,018,454	—	—	—	—	—	—	28,388	1,018,454
	1,105,827	39,672,871	169,500	6,081,016	508,500	18,243,048	4,661,250	167,227,937	6,445,077	231,224,871
At 31 March 2010										
Trade payables	844,875	—	—	—	—	—	—	—	844,875	—
Other payables	24,163	—	—	—	—	—	—	—	24,163	—
Advance from third party	2,100,000	—	—	—	—	—	—	—	2,100,000	—
	2,969,038	—	—	—	—	—	—	—	2,969,038	—

(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.

Management has also considered the fair value of the redeemable convertible preference shares by evaluating the present value of cash flows of a similar instrument that does not have the option to convert to equity shares.

Based on management's assessment, the fair value of the redeemable convertible preference shares approximates its carrying amount, as the equity component of the instrument is immaterial.

FORBES EDUMETRY LIMITED

(a Subsidiary Company of Forbes Campbell Finance Limited)

Annual Report and Accounts
for the year ended 31st March, 2011

DIRECTORS:

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

BANKERS:

IDBI Bank Ltd.

AUDITORS:

Messrs. G. Murali & 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, 2011.

1. FINANCIAL RESULTS:

	Current Year ended 31.3.2011 Rupees	Previous Year ended 31.3.2010 Rupees
Profit / (Loss) Before Tax	(1,461,326)	(3,193,098)
Less : Provision for Tax	—	—
Profit / (Loss) after Tax	(1,461,326)	(3,193,098)
Balance brought forward from previous year	(60,461,009)	(57,267,912)
Profit / (Loss) carried to Balance Sheet	(61,922,336)	(60,461,009)

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 earned a service income of Rs.16.16 lakhs as against Rs.33.61 lakhs in the previous year. The loss after tax was Rs.14.61 lakhs as against Rs.31.93 lakhs in the previous year.

3. DIRECTORATE:

Mr. Chandrasekaran R. Rajam, retires from the Board by rotation and is eligible for reappointment. Your Directors commend his re-appointment.

4. AUDITORS AND AUDIT REPORT:

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 and to fix their remuneration.

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 EMPLOYEES:

The Company did not have any employee who was entitled to receipt of remuneration of Rs.60,00,000 or more in aggregate if employed throughout the financial year or Rs.5,00,000 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.16,16,130 in foreign exchange during the year. There was no outgo in foreign exchange during the year.

For and on behalf of the
Board of Directors,

Ravishankar Srinivasan
Chairman

Mumbai, Dated: 30th June, 2011

FORBES EDUMETRY LIMITED

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, 2011. 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 24th June, 2010, 28th September, 2010, 22nd November, 2010 and 24th February, 2011 in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed. Circular Resolution dated 8th September, 2010 and 9th September, 2010 were passed and have been recorded.
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, 2010 was held on 22nd September, 2010 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 was held during the financial year.
8. The Company has not advanced any loans to its directors and/or persons or firms or companies referred in the section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of section 297 of the Act.
10. The Company has made necessary entries in the Register maintained under section 301 of the Act.
11. As there were no instances falling within the purview of section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, Members or Central Government, as the case may be.
12. The Company has not issued any duplicate share certificates during the financial year.
13. The Company has:
 - (i) not made any allotment / transmission of securities during the financial year. However the Company has transferred 1 Equity Share 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 not accepted inter-corporate deposits during the financial year.
24. The Company has not made borrowings during the financial year.
25. The Company has not made any investments, given loans and given guarantees to other bodies corporate and consequently no entries have been made in the register kept for the purpose during the year.
26. The Company has not altered the provisions of the memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the memorandum with respect to share capital of the Company 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 : 30th June, 2011

FORBES EDUMETRY LIMITED

Annexure A

Registers as maintained by the Company

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

For **Sanjay Dholakia & Associates**

(SANJAY R. DHOLAKIA)
Practising Company Secretary
Proprietor

Place : Mumbai

Date : 30th June, 2011

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, 2011.

1. Form 23AC for Balance Sheet as at 31st March, 2010 and Form 23ACA for Profit & Loss Account for the year ended 31st March, 2010 filed with the Registrar of Companies, Maharashtra on 20th October, 2010.
2. Form 66 for Compliance Certificate for the year ended 31st March, 2010, as required u/s. 383A of the Companies Act, 1956, was filed with the Registrar of Companies, Maharashtra on 15th October, 2010.
3. Form 20B for Annual Return made up to 22nd September, 2010 filed with the Registrar of Companies, Maharashtra on 19th November, 2010.

For **Sanjay Dholakia & Associates**

(SANJAY R. DHOLAKIA)
Practising Company Secretary
Proprietor

Place : Mumbai

Date : 30th June, 2011

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, 2011 & the Profit & Loss Account 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 have conducted our audit in accordance with the auditing standards generally acceptable in India. These standards require that we plan and perform the audit to obtain the reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, the 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 of India in terms of Sub-section 227(4A) of the Companies Act, 1956, and on the basis of checks of the books and records of the Company as were considered appropriate and according to the information and explanations given to us, we enclose in the annexure a statement on the matters specified in paragraph 4 & 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that:
 - (i) we have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (ii) in our opinion, the Company has kept the proper book of accounts as required by law so far as it appears from our examination of those books.
 - (iii) the Balance Sheet, the Profit & Loss Account dealt with by this report are in agreement with the books of account & returns from the branch.
 - (iv) in our opinion, the Balance Sheet & Profit & 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 written representation received from the directors, as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March, 2011 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 financial statements read together with the schedules and notes attached thereto, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2011.
 - (b) in the case of Profit & Loss Account, of the profit for the year ended on that date.

For **G. Murali & Co.**
Chartered Accountants

Murali Govindaraj
Proprietor
(Membership No. 216323)

Place : Mumbai
Date : 30th June, 2011

FORBES EDUMETRY LIMITED

ANNEXURE TO AUDITORS' REPORT REF: FORBES EDUMETRY LIMITED

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 situations of its fixed assets.
- (b) The Company has a system of 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 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 the substantial part of the fixed assets during the year and 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

- (a) 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 give to us the transactions have been made at interest rates and terms which are reasonable having regard to the prevailing market condition.

4. INTERNAL CONTROL FOR PURCHASE OF FIXED ASSETS, PURCHASE OF INVENTORY AND SALE OF GOODS

In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to 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 its business with regard to Income from Data Securing Charges.

5. DIRECTOR INTERESTED CONTRACTS:

- (a) To the best of our knowledge and belief and according to the information and explanations 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 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. DEPOSITS 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 (1) (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 the appropriate authorities undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Custom Duty, Excise Duty, Cess and other material dues applicable to it.
- (b) according to the information and explanation given to us, no disputed amount were payable in respect of Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty and 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. ISSUE OF DEBENTURES:

(a) The Company has not issued Debentures during the year. Accordingly the provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the Company.

(b) During the period covered by our audit report, the Company has not raised money by public issues.

12. FRAUDS:

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

For **G. Murali & Co.**
Chartered Accountants

Murali Govindaraj
Proprietor
(Membership No. 216323)

Place : Mumbai
Date : 30th June, 2011

FORBES EDUMETRY LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedule	Rupees	As at 31 st March, 2011 Rupees	Rupees	As at 31 st March, 2010 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		39,572,938	39,572,938	39,272,938	39,272,938
Deferred Tax Liability			—		—
TOTAL			68,372,938		68,072,938
APPLICATION OF FUNDS					
Fixed Assets					
(a) Gross Block	2	2,980,599		2,980,599	
(b) Less: Depreciation		1,941,555		1,475,406	
(c) Net block		1,039,044		1,505,193	
(d) Capital work in progress (including Capital Advance)		9,511,801	10,550,845	9,511,801	11,016,994
Investments					
Current Assets, Loans & Advances					
(a) Receivables	3	—		624,621	
(b) Cash and Bank Balances		373,383		551,892	
(c) Loans & advances		355,504	728,887	363,623	1,540,137
Less : Current Liabilities & Provisions					
(a) Liabilities	4	4,829,130		4,945,202	
(b) Provision		—	4,829,130	—	4,945,202
Net Current assets			(4,100,243)		(3,405,066)
Miscellaneous Expenditure (to the extent not written off)					
Preliminary Expenses			—		—
Profit & Loss account (Debit Balance)			61,922,336		60,461,009
TOTAL			68,372,938		68,072,938
Significant Accounting Policies/Notes on Accounts	7				

As per our report of even date

For **G. MURALI & CO.**
Chartered Accountants

MURALI GOVINDARAJ
Proprietor
Membership No. 216323
Place : Mumbai
Dated : 30th June, 2011

For and on behalf of Board

Ravishankar Srinivasan *Chairman*
Amit Mittal *Director*

ANNUAL REPORT 2010-2011

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	Schedule	31 st March, 2011 Rupees	31 st March, 2010 Rupees
Income			
Services rendered & other Income	5	2,126,642	4,186,483
		2,126,642	4,186,483
Expenditure			
Administrative & other expenses	6	1,380,520	3,345,865
Staff costs		1,730,905	3,550,804
Financial Expenses		10,394	18,823
Depreciation		466,149	464,089
		3,587,968	7,379,581
Profit / (Loss) before tax		(1,461,326)	(3,193,098)
<i>Less</i> : Provision for income tax-			
Current Tax		—	—
Deferred Tax		—	—
		(1,461,326)	(3,193,098)
<i>Add</i> : Surplus brought forward from previous year		(60,461,009)	(57,267,912)
Profit / (Loss) after tax carried to Balance Sheet		(61,922,336)	(60,461,009)
No. of Equity Shares		2,880,000	2,880,000
Face Value Per Share		10	10
Basic and Diluted Earnings Per Share		(0.51)	(1.11)
Notes to the accounts	7		

As per our report of even date

For **G. MURALI & CO.**
Chartered Accountants

MURALI GOVINDARAJ
Proprietor
Membership No. 216323
Place : Mumbai
Dated : 30th June, 2011

For and on behalf of Board

Ravishankar Srinivasan

Chairman

Amit Mittal

Director

FORBES EDUMETRY LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

	As at 31 st March, 2011 Rupees	As at 31 st March, 2010 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 31.3.2011	Net book value as at 31.3.2010
		As at 31.3.2010	Additions/ (Deductions)	As at 31.3.2011	Up to 31.3.2010	DEPRN %	For the period	Up to 31.3.2011		
1.	Computers									
	- Computer and other assets	2,838,712	—	2,838,712	1,439,651	16.21%	459,010	1,898,661	940,051	1,399,061
2.	Equipments	97,579	—	97,579	11,799	4.75%	4,635	16,434	81,145	85,780
3.	Furniture and Fixture	44,308	—	44,308	23,956	6.33%	2,504	26,460	17,848	20,352
	Sub Total	2,980,599	—	2,980,599	1,475,406		466,149	1,941,555	1,039,044	1,505,193
4.	Capital Work in Progress	9,511,801	—	9,511,801	—		—	—	9,511,801	9,511,801
	TOTAL	12,492,400	—	12,492,400	1,475,406	—	466,149	1,941,555	10,550,845	11,016,994

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011**SCHEDULE '3' – CURRENT ASSETS, LOANS AND ADVANCES**

	Rupees	As at 31 st March, 2011 Rupees	Rupees	As at 31 st March, 2010 Rupees
(a) Receivables:				
Sundry Debtors:				
Unsecured	—		—	
Other Debts	—		624,621	
— Considered Doubtful	—		—	
	—		<u>624,621</u>	
Less : Provision for Doubtful debts	—		—	
	—		<u>624,621</u>	
		—		<u>624,621</u>
		—		<u>624,621</u>
		—		<u>624,621</u>
		—		<u>624,621</u>
** (Includes amount due from Edumetry Inc, a Company under the same management Rs.(-) 20,05,325 (Previous Year Rs.624,622)				
(b) Cash and bank balances				
Cash on hand	64		1	
Bank balances:				
With Scheduled Banks:				
On Current Accounts	373,320		551,892	
On Deposit Accounts	—		—	
		<u>373,383</u>		<u>551,892</u>
		<u>373,383</u>		<u>551,892</u>
(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		300,100	
Other current Assets	55,404		63,524	
		<u>355,504</u>		<u>363,624</u>
		<u>355,504</u>		<u>363,624</u>

SCHEDULE '4' – CURRENT LIABILITIES AND PROVISIONS**Current Liabilities:**

Sundry Creditors	508,542		552,080	
— Due to Small Scale Industries	—		—	
— Duties and Taxes	17,048		126,655	
— Provisions	3,607,282		3,637,064	
Other Liabilities	696,258		629,403	
Due to Directors	—		—	
		<u>4,829,130</u>		<u>4,945,202</u>
		<u>4,829,130</u>		<u>4,945,202</u>

FORBES EDUMETRY LIMITED

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

SCHEDULE '5' – SERVICES RENDERED & OTHER INCOME

	31 st March, 2011		31 st March, 2010
	Rupees	Rupees	Rupees
	<u> </u>	<u> </u>	<u> </u>
Service Income		1,616,130	3,360,933
Foreign Exchange Gain/Loss		497,512	825,550
Other Income		13,000	—
		<u> </u>	<u> </u>
		<u>2,126,642</u>	<u>4,186,483</u>

SCHEDULE '6' – ADMINISTRATIVE EXPENSES

Electricity & Water Charges	1,780	32,865	
Audit Fees	27,575	27,575	
General Expenses	36,024	84,685	
Legal & Registration Charges	—	3,304	
Professional Charges	977,201	2,111,793	
Repairs & Maintenance	54,081	246,584	
Telephone & Communication Charges	48,054	77,617	
Travelling & Conveyance	—	—	
Rates & Taxes	—	—	
Rent	187,000	613,218	
Recruitment charges	—	—	
Other expenses	42,886	63,202	
Office Maintenance	5,919	11,993	
Preliminary Exp Written Off	—	73,028	
Sales & Marketing Expenses	—	—	
		<u> </u>	<u> </u>
		1,380,520	3,345,865
		<u> </u>	<u> </u>
		<u>1,380,520</u>	<u>3,345,865</u>

**SCHEDULE ANNEXED TO & FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011
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 financial 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 the 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 recognises income from services rendered on actual basis upon completion of contract related services. Interest income and other income are recognised 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. Direct 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 the 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 transactions are recognized 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 currency swaps in respect of 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.

viii. 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.

2. 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 confirmations
- iv. Earnings Per Share (EPS)

FORBES EDUMETRY LIMITED

	<u>2010-11 (Rs.)</u>	<u>2009-10 (Rs.)</u>	
Profit/(Loss) after Taxation (Rs.)	(14,61,326)	(35,37,138)	
Number of Equity Share Outstanding	28,80,000	28,80,000	
Nominal Value of Equity Share (Rs.)	10	10	
Earning per share (Face Value Rs.10/- per share) Basic/Diluted)	(0.51)	(1.23)	
v. Income/Expenditure in Foreign Exchange:			
	<u>2010-11 (Rs.)</u>	<u>2009-10 (Rs.)</u>	
Income	16,16,130	33,60,933	
Expenditure	NIL	NIL	
vi. Auditors' Remuneration:			
	<u>2010-11 (Rs.)</u>	<u>2009-10 (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 31 st March, 2011.			
viii. The Company is in process of compiling the list of Micro, small, medium enterprise as defined under Micro, Small, Medium enterprises Act, 2006. 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>Transactions</u>	<u>Associate</u>	<u>2010-11 (Rs.)</u>	<u>2009-10 (Rs.)</u>
Loans Taken	Forbes & Company Limited	3,00,000	10,00,000
Loans Taken	Forbes Campbell Finance Limited	NIL	NIL
Service Income	Edumetry Inc.	16,16,130	33,60,933
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 **G. MURALI & CO.**
Chartered Accountants

MURALI GOVINDARAJ
Proprietor
Membership No. 216323
Place : Mumbai
Dated : 30th June, 2011

For and on behalf of Board

Ravishankar Srinivasan *Chairman*
Amit Mittal *Director*

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	31.3.2011		

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	68,373	Total Assets*	68,373
Sources of Funds		Application of Funds	
Paid-up Capital	28,800	Fixed Assets	10,551
Reserves and Surplus	—	Net Current Assets	(4,100)
Unsecured Loans	39,573	Misc. Expenditure	—
Accumulated Loss	61,922		

* Net of Current Liabilities and Provisions

IV. Performance of the Company (Amount in Rs.'000)

Turnover	2,127
Total Expenditure	3,588
Profit/(Loss) before Tax	(1,461)
Profit/(Loss) after Tax	(1,461)
Earning per Share in Rs.	(0.51)
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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For and on behalf of Board

Ravishankar Srinivasan *Chairman*

Amit Mittal *Director*

FORBES EDUMETRY LIMITED

STATEMENT OF CASH FLOWS AS AT 31ST MARCH, 2011

	31 st March, 2011 Rupees	31 st March, 2010 Rupees
Earnings before Interest and Taxation	(1,461,326)	(3,193,098)
<i>Add</i> : Preliminary Expenses Written Off	—	73,028
<i>Add</i> : Depreciation	466,149	464,090
Cash Flow from Operations	(995,177)	(2,655,980)
<i>Less</i> : Fixed Assets Purchase	—	15,368
<i>Less</i> : Changes in Working Capital	(516,668)	(2,113,583)
Operating Free Cash Flow (before interest)	(478,509)	(557,765)
<i>Add</i> : New Loans – Bank	—	—
<i>Add</i> : New Loans – Group	300,000	1,000,000
<i>Add</i> : Sale of property/Equipment	—	—
<i>Less</i> : Interest	—	—
<i>Less</i> : Loan Repayment	—	—
Cash Flow from Financing	300,000	1,000,000
Net Cash Flow	(178,509)	442,235
Opening Cash Balance	551,892	109,657
Closing Cash Balance	373,383	551,892

As per our report of even date

For **G. MURALI & CO.**
Chartered Accountants

MURALI GOVINDARAJ
Proprietor
Membership No. 216323
Place : Mumbai
Dated : 30th June, 2011

For and on behalf of Board

Ravishankar Srinivasan *Chairman*
Amit Mittal *Director*

FORBES FACILITY SERVICES PRIVATE LIMITED
(Formerly known as Forbes Abans Cleaning Solutions Private Limited)

(a wholly owned Subsidiary Company of Eureka Forbes Limited)

Annual Report and Accounts
for the year ended 31st March, 2011

BOARD OF DIRECTORS :

Mr. S.L. Goklaney
Mr. C.A. Karnik
Mr. J.N. Ichhaporia
Mr. A.V. Suresh
Mr. Marzin R. Shroff
Mr. S.K. Palekar

AUDITORS :

M/s. Batliboi & Purohit, Chartered Accountants

LEGAL ADVISORS :

M/s. Mallar Law Consulting

BANKERS :

State Bank of India
HDFC Bank Limited
ICICI Bank Limited

REGISTERED OFFICE :

B1/B2, 7th Floor, 701, Marathon Innova,
Off Ganpatrao Kadam Marg,
Lower Parel, Mumbai - 400 013

FORBES FACILITY SERVICES PRIVATE LIMITED
(Formerly known as Forbes Abans Cleaning Solutions Private Limited)

REPORT OF THE DIRECTORS

To,

The Members,

Your Directors have pleasure in presenting the Seventh Annual Report on the business and operations of the Company together with the Audited Accounts for the year ended March 31, 2011.

FINANCIAL RESULTS :

Particulars	<i>Rs. in Lacs</i>	
	Current Year 2010-2011	<i>Previous Year</i> 2009-2010
Income From Operation & Other Income	3325.24	2210.10
Profit/(Loss) before Depreciation	(34.13)	128.62
Less : Depreciation	64.37	48.49
Profit/(Loss) before Tax	(98.50)	80.13
Less: Provision for Deferred Taxation	(9.53)	22.15
Profit/(Loss) after Tax	(88.97)	57.98
Profit/(Loss) b/f of previous year	86.70	28.71
Balance carried to Balance Sheet	(2.27)	86.70

OPERATIONS:

During the year under review, the Company has shown a growth in income of 50% over the previous year but the Company's margins were under pressure due to high manpower cost and inflation in the economy resulting in loss for the year. The Company has now presence in 39 cities across the country and operations ranging from Hospitals, Hotels, Manufacturing units, and Guest Houses to Corporate offices. It has successfully forayed into the catering business. During the year, your Company successfully approached all the past customers of its sister concern M/s. Forbes Concept Hospitality Services Pvt. Ltd. It has entered into fresh agreements of catering business with all these customers. In addition to this, your Company has acquired new customers for its catering business. It has successfully expanded its business to existing customers for providing housekeeping and catering services together. The Company is also looking to enter into the Operations & Maintenance sector with a dedicated team. The year gone by has witnessed the Company strengthening its operations in North where the business has more than doubled. Its Southern region has also shown impressive growth of over 100%. Barring unforeseen circumstances, your Directors are confident that the Company will make a turnaround in the ensuing year.

DIRECTORS:

Pursuant to Article 17 of the Articles of Association of the Company and the provisions of Section 256 of the Companies Act, 1956,

Mr. S.K. Palekar and Mr. A.V. Suresh will retire at the forthcoming Annual General Meeting of the Company and being eligible, offer themselves for reappointment.

AUDITORS:

Messrs. Batliboi & Purohit, Chartered Accountants, Statutory Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and are recommended for re-appointment.

Reference is made to qualification under Clause No.4 of the Auditor's Report and as per Note No.15 of Schedule K of the Notes forming part of the Accounts, the Company has taken necessary steps to recover the debtors after properly reconciling the debtors' balances.

During the year, the Company has implemented Enterprise Resource Planning System (ERP) which will enable the support team to complete the process of reconciliation speedily.

In respect of the unsecured loan as per annexure to the auditor's report clauses (iii) (a) and (c), although the repayment of principal amount is stipulated, as a special case the payment of interest on the loan has been allowed to be deferred at the request of the borrower and it is expected to be realised in the ensuing year.

Reference is made to annexure to auditor's report clause (ix) (a) wherein it has been reported that there has been delays in depositing statutory dues by the Company.

The Company operates through various site offices All India and due to extraneous circumstances, there have been some delays at the site

offices to deposit statutory dues regularly. However necessary steps have been taken by the management to ensure that the statutory dues are deposited regularly and within the stipulated time.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors hereby confirm that:

- (a) In the preparation of the annual accounts for the year ended March 31, 2011, the applicable Accounting Standards have been followed and there has been no material departure;
- (b) The selected accounting policies were applied and Directors 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 as on March 31, 2011, and its loss for the year ended on that date;
- (c) Proper and sufficient care has been taken for the maintenance of adequate accounting record in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) The Annual Accounts have been prepared on a going concern basis.

PARTICULARS OF EMPLOYEES

The Company does not have any employees whose particulars are required to be annexed to the Directors' Report under section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended.

PARTICULARS REGARDING CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

The particulars as prescribed under the provisions of 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, are furnished hereunder:

(a) Conservation of Energy

The operations of the Company do not require substantial energy inputs. However, the Company continues its

commitment to energy conservation through its consistent efforts to identify potential energy-saving opportunities. The Company endeavors to fulfill its responsibility towards a green environment and has been looking at different ways of reducing the energy consumption and conserving energy in day-to-day operations through conscious efforts.

The significance of conserving our environment is also conveyed periodically to employees to elicit their active participation in this cause and to raise their awareness levels.

Company is not required to disclose the Particulars with respect to conservation of energy as required under the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988, as the Company is not covered under the list of industries given under the Schedule under the said Rules.

(b) Technology Absorption:

Nil

(c) Foreign Exchange Earnings and Outgo

Earning in Foreign Exchange during the year under review were Rs. Nil and the out-go Rs. Nil.

ACKNOWLEDGEMENTS:

Your Directors take this opportunity to thank all the Shareholders, Customers, Vendors, Legal Advisors, Banks and Government Agencies for their valuable contribution in the growth of the Company.

Your Directors also place on record their appreciation for the excellent contribution made by employees of the Company through their commitment, competence, co-operation and diligence with a view to achieve a consistent growth for the Company.

For and on behalf of the Board

(A.V. Suresh)
Director

Mumbai, Dated : 16th June, 2011

FORBES FACILITY SERVICES PRIVATE LIMITED
(Formerly known as Forbes Abans Cleaning Solutions Private Limited)

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, 2011. 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. (now known as Forbes & Company 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. 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, 2010 to March 31, 2011, as under:
 - (i) May 24, 2010
 - (ii) September 21, 2010
 - (iii) December 10, 2010
 - (iv) March 14, 2011For 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, 2010, was held on May 31, 2010, 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. The Company has issued one duplicate share certificate in lieu of the one not traceable. This has been duly approved by the Board of Directors.
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 of Association 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 of Association with respect to the objects of the Company during the year.
28. The Company has not altered the provisions of the Memorandum of Association with respect to share capital of the Company during the year under scrutiny.
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.

Mumbai, Dated : 7th June, 2011

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

C. P. No. : 3439

FORBES FACILITY SERVICES PRIVATE LIMITED
(Formerly known as Forbes Abans Cleaning Solutions Private Limited)

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, 2011.

- (i) Form No. 23AC and Form No. 23ACA (Annual Accounts for the year ending March 31, 2010).
- (ii) Form No. 20B (Annual Return for the year ending March 31, 2010).
- (iii) Form 66 for filing Compliance Report of M/s. R.R. Mallar & Associates.

**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, 2011 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. We draw attention to note 15 of the financial statements in respect of debtors which are subject to confirmation and reconciliation. The consequent effect of the same can not be ascertained.
5. 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, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - (vi) Subject to the matter stated in paragraph 4 above in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with 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, 2011;
 - (b) in the case of the Profit and 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 flows for the year ended on that date.

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

ATUL MEHTA
Partner
Membership No. 15935

Mumbai, Dated : 16th June, 2011

FORBES FACILITY SERVICES PRIVATE LIMITED
(Formerly known as Forbes Abans Cleaning Solutions Private Limited)

ANNEXURE TO THE AUDITOR'S REPORT

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have 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.70 lakhs and the year- end balance of loans granted to such party was Rs.42 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 the interest payment is not 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 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.2.15 crores and the year-end balance is Rs.2.15 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) 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) Undisputed statutory dues including provident fund, investor education and protection fund, or employees' state insurance, income-tax, sales-tax, wealth-tax, service tax customs duty, excise duty, cess have not been regularly deposited with the appropriate authorities and there have been delays in many cases.
- (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

ANNUAL REPORT 2010-2011

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 the following details:

Name of the statute	Nature of the dues	Amount (Rs.)	Period to which the amount relates	Due Date	Date of Payment
State VAT Act	VAT	645,080	April 09 to March 11	20th of the succeeding month	Unpaid
Professional Tax	Professional Tax	37,848	April 09 to March 11	15th of the succeeding month	Unpaid
ESIC	ESIC	2,977	July 07	21st of the succeeding month	Unpaid

- (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's accumulated losses at the end of the financial year are less than fifty per cent of its net worth and it has incurred cash loss in the current year. In the immediately preceding financial year the Company had not incurred any cash loss.
- (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
Membership No. 15935

Mumbai, Dated : 16th June, 2011

FORBES FACILITY SERVICES PRIVATE LIMITED
(Formerly known as Forbes Abans Cleaning Solutions Private Limited)

BALANCE SHEET AS AT 31ST MARCH, 2011

	<u>Schedule</u>	<u>Rupees</u>	<u>Rupees</u>	<u>As at 31.03.2010 Rupees</u>
FUNDS EMPLOYED				
SHARE CAPITAL	A		10,000,000	10,000,000
RESERVES AND SURPLUS	B		—	8,670,004
TOTAL SHAREHOLDER'S FUND			10,000,000	18,670,004
SECURED LOANS	C		17,671,515	10,009,995
UNSECURED LOANS	D		21,500,000	11,500,000
TOTAL FUND EMPLOYED			<u>49,171,515</u>	<u>40,179,999</u>
APPLICATION OF FUNDS				
FIXED ASSETS:	E			
Gross Block		65,195,185		49,501,497
Less : Depreciation		<u>22,816,627</u>		<u>16,390,628</u>
Net Block			42,378,558	33,110,869
CURRENT ASSETS, LOANS AND ADVANCES	F	118,571,659		80,405,047
Less : CURRENT LIABILITIES AND PROVISIONS	G	<u>113,064,413</u>		<u>73,441,256</u>
NET CURRENT ASSETS			5,507,247	6,963,791
DEFERRED TAX ASSETS (Net)			1,058,461	105,339
PROFIT & LOSS ACCOUNT			227,250	—
TOTAL ASSETS (Net)			<u>49,171,515</u>	<u>40,179,999</u>
NOTES TO THE ACCOUNTS	K			

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

As Per Report Attached
For BATLIBOI & PUROHIT
Chartered Accountants
Firm Regn. No. 101048W

ATUL MEHTA
Partner
Membership No. 15935

Mumbai, Dated: 16th June, 2011

For and on behalf of the Board of Directors

C A KARNIK A V SURESH J N ICHHAPORIA MARZIN SHROFF	}	Directors
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PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	<u>Schedule</u>	<u>Rupees</u>	<u>Current Year Rupees</u>	<u>Previous Year Rupees</u>
INCOME				
Sales and Other income	H		332,523,630	221,009,591
EXPENDITURE				
(a) Operating and other expenditures	I	332,549,025		206,057,669
(b) Depreciation		6,437,502		4,848,798
(c) Interest	J	3,387,478		2,089,871
			<u>342,374,005</u>	<u>212,996,337</u>
PROFIT BEFORE TAX AND EXTRAORDINARY ITEM			(9,850,376)	8,013,254
EXTRAORDINARY ITEM			—	—
PROFIT / (LOSS) BEFORE TAX			<u>(9,850,376)</u>	<u>8,013,254</u>
Provision for Taxation				
– Current Tax			—	2,500,000
– Deferred Tax		(953,122)		(285,217)
			(953,122)	2,214,783
Profit/(LOSS) AFTER TAX			<u>(8,897,254)</u>	<u>5,798,471</u>
Less : PRIOR PERIOD ADJUSTMENT (Net)			—	—
Profit/(LOSS) AFTER TAX AND PRIOR YEARS' ADJUSTMENTS			(8,897,254)	5,798,471
PROFIT BROUGHT FORWARD FROM PREVIOUS YEAR			8,670,004	2,871,533
BALANCE CARRIED FORWARDED TO BALANCE SHEET			<u>(227,250)</u>	<u>8,670,004</u>
No. of Equity Shares (Face Value Rs.10/- Each)			1,000,000	1,000,000
Earnings Per Share (in Rs.) (Basic and Diluted)			(8.90)	5.80
NOTES TO ACCOUNTS	K			

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

As Per Report Attached
For BATLIBOI & PUROHIT
Chartered Accountants
Firm Regn. No. 101048W

ATUL MEHTA
Partner
Membership No. 15935

Mumbai, Dated: 16th June, 2011

For and on behalf of the Board of Directors

C A KARNIK
A V SURESH
J N ICHHAPORIA
MARZIN SHROFF

} *Directors*

FORBES FACILITY SERVICES PRIVATE LIMITED
(Formerly known as Forbes Abans Cleaning Solutions Private Limited)

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

	Rupees	Rupees	<i>As at 31.03.2010 Rupees</i>
A. CASH FLOW FROM OPERATING ACTIVITIES:			
NET PROFIT BEFORE TAX		(9,850,376)	8,013,254
Adjustments for:			
Depreciation		6,437,502	4,848,798
Interest Expense		3,387,478	2,896,244
Loss On Sale Of Fixed Assets (Net)		—	31,744
Profit On Sale Of Fixed Assets (Net)		(220,651)	—
Interest Income		(645,591)	—
Provisions/Balances Written Back		(432,261)	—
Operating Profit Before Working Capital Changes		<u>(1,323,899)</u>	<u>15,790,040</u>
Adjustments For Changes In Working Capital:			
– Change in Trade and other Receivables	(38,742,419)		(12,491,046)
– Change in Inventory	(2,931,320)		(251,501)
– Change in Trade and Other Payables	38,134,971		16,255,412
Cash Generated From Operations		<u>(3,538,769)</u>	<u>3,512,865</u>
		(4,862,667)	19,302,904
— Taxes Paid		—	5,068,010
Net Cash From Operating Activities		(4,862,667)	14,234,894
B. CASH FLOW FROM INVESTING ACTIVITIES:			
Purchase Of Fixed Assets	(16,381,540)		11,396,990
Proceeds From Sale Of Fixed Assets	897,000		321,583
Net Cash Used In Investing Activities		<u>(15,484,540)</u>	<u>(11,075,407)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES:			
Increase / (Decrease) in Bank Borrowings	7,661,520		4,957,439
Intercompany Deposit Accepted / (Granted)	9,300,000		(4,000,000)
Repayment of Intercompany Deposit Accepted	(1,000,000)		—
Receipt against Intercompany Deposit Granted	1,500,000		—
Interest paid	(1,467,030)		(2,173,728)
NET CASH FROM FINANCING ACTIVITIES		15,994,490	(1,216,289)
Net Increase / (Decrease) in cash and cash equivalents (A + B + C)		<u>(4,352,717)</u>	<u>1,943,198</u>
Cash And Cash Equivalents as at 31.03.2010		5,740,287	3,797,089
Cash And Cash Equivalents as at 31.03.2011		1,387,570	5,740,287
		<u>(4,352,717)</u>	<u>1,943,198</u>

Notes:

- The above Cash flow statement has been prepared under the "Indirect Method" set out in Accounting Standard 3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.
 - Cash and cash equivalents represent cash and bank balances, Margin money and deposits under lien with tax authorities
 - Previous year's figures have been regrouped / rearranged wherever necessary.
- This is the Cash Flow Statement referred to in our report of even date.
The Schedules referred to herein above form an integral part of the Balance Sheet.

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

ATUL MEHTA
Partner
Membership No. 15935
Mumbai, Dated : 16th June, 2011

C A KARNIK
A V SURESH
J N ICHHAPORIA
MARZIN SHROFF } Directors

Mumbai, Dated : 16th June, 2011

ANNUAL REPORT 2010-2011

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

	Rupees	<i>As at 31.03.2010 Rupees</i>
SCHEDULE 'A' – SHARE CAPITAL		
AUTHORISED:		
20,00,000/- (Previous Year 20,00,000/-) Equity Shares of Rs.10/- each	20,000,000	20,000,000
Issued, Subscribed and Paid up :		
10,00,000/- (Previous Year 10,00,000/-) Equity Shares of Rs.10 each fully paid-up	10,000,000	10,000,000
[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)]	10,000,000	10,000,000

SCHEDULE 'B' – RESERVES AND SURPLUS

Profit & Loss Accounts		
Opening balance brought Forward	8,670,004	2,871,533
Acc : Profit / (Loss) during the Year	—	5,798,471
	8,670,004	8,670,004

SCHEDULE 'C' – SECURED LOANS

Term Loan from Bank (Secured by Hypothecation of Fixed Assets, Stock and Receivables)	—	50,346
Cash Credit Facility From Bank (Secured by Hypothecation of Book debts and Stocks)	17,671,515	9,959,649
	17,671,515	10,009,995

SCHEDULE 'D' – UNSECURED LOANS

Inter-Corporate Deposit (Taken from Holding Company)	21,500,000	11,500,000
	21,500,000	11,500,000

SCHEDULE 'E' – FIXED ASSETS

(Amount In Rs.)

Particulars	C O S T				DEPRECIATION / AMORTISATION				Net Book Value	
	As at 01.04.2010	Additions during the year	Deletions during the year	As at 31.03.2011	Upto 01.04.2010	For the year / Adjustments	On Deletions	Upto 31.03.2011	As at 31.03.2011	As at 31.03.2010
Tangible										
Plant & Machinery	46,117,315	13,771,837	687,852	59,201,300	14,406,806	5,389,609	11,503	19,784,912	39,416,388	31,710,509
Furniture & fixtures	378,993	68,329	—	447,322	148,775	46,279	—	195,054	252,268	230,218
Electrical Fittings	31,735	—	—	31,735	16,285	2,149	—	18,434	13,301	15,450
Computers	1,839,928	398,911	—	2,238,839	1,045,142	413,389	—	1,458,531	780,308	794,786
Glassware, Crockery & Cutlery	—	13,897	—	13,897	—	13,897	—	13,897	—	—
Kitchen Equipments	—	97,698	—	97,698	—	5,996	—	5,996	91,702	—
Vehicles	1,101,526	1,945,483	—	3,047,009	772,611	476,486	—	1,249,097	1,797,912	328,915
Office Equipments	32,000	85,385	—	117,385	1,009	89,696	—	90,705	26,680	30,991
TOTAL.....	49,501,497	16,381,540	687,852	65,195,185	16,390,628	6,437,502	11,503	22,816,627	42,378,558	33,110,869
<i>Previous Year</i>	<i>32,873,114</i>	<i>6,286,537</i>	<i>611,233</i>	<i>38,548,418</i>	<i>7,258,563</i>	<i>4,518,913</i>	<i>145,060</i>	<i>11,632,416</i>	<i>33,110,869</i>	<i>26,916,002</i>

FORBES FACILITY SERVICES PRIVATE LIMITED
(Formerly known as Forbes Abans Cleaning Solutions Private Limited)

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

	<u>Rupees</u>	<u>Rupees</u>	<i>As at</i> <u>31.03.2010</u> <i>Rupees</i>
SCHEDULE "F" – CURRENT ASSETS, LOANS AND ADVANCES			
CURRENT ASSETS :			
[i] Stock in Trade			
(i) Provisions & Beverages	2,062,782		—
(ii) Stores & other consumables	2,470,808		1,602,270
(As valued and certified by the management)		4,533,590	1,602,270
[ii] Sundry Debtors (Unsecured)			
(a) Debts outstanding for a period exceeding six months			
(i) Considered Good	16,211,032		12,053,953
(ii) Considered Doubtful	—		1,500,284
	16,211,032		13,554,237
(b) Other debts, Considered Good	74,880,660		44,529,805
Less : Provision for Doubtful Debts	—		1,500,284
(Refer Note No. 13)		91,091,692	56,583,758
[iii] Cash and Bank Balances			
(a) Cash & Cheques On Hand	292,764		107,915
(b) Balance with Scheduled Banks on:			
– Current Accounts	358,389		5,323,456
– Margin Money as Fixed deposit	698,917		288,917
– deposit Accounts*	37,500		20,000
* (lodged with Sale tax department)		1,387,570	5,740,288
LOANS AND ADVANCES			
(Refer Note No. 14)			
(Unsecured and considered good unless otherwise stated)			
[i] Advance Recoverable in Cash or in Kind or for Value to be Received	1,113,206		1,885,209
[ii] Advance Payment of Taxes [Net of Rs.41,44,500/- (Previous Year Rs.57,91,669/-) Provision for taxation]	14,479,486		9,328,067
[iii] Other deposits			
– With Government Authorities	34,973		37,500
– With Others	1,727,822		1,227,955
[iii] Intercorporate Deposit	4,200,000		4,000,000
[iv] Accrued Interest on Fixed Deposit	3,320		—
		21,558,807	16,478,731
		118,571,659	80,405,047

ANNUAL REPORT 2010-2011

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

	<u>Rupees</u>	<u>Rupees</u>	<i>As at 31.03.2010 Rupees</i>
SCHEDULE "G" – CURRENT LIABILITIES AND PROVISIONS			
CURRENT LIABILITIES			
Current Liabilities			
Sundry Creditors [Refer Note No. 13 (c)]	78,632,383		59,973,377
Other Liabilities	<u>24,593,855</u>		<u>11,185,888</u>
		103,226,239	<u>71,159,265</u>
Provisions			
For Expenses	5,376,088		629,053
For Retirement and other employee benefits	3,902,055		1,296,992
For Leave Encashment	<u>560,031</u>		<u>355,946</u>
		<u>9,838,174</u>	<u>2,281,991</u>
		<u>113,064,413</u>	<u>73,441,256</u>

SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM 1ST APRIL, 2010 TO 31ST MARCH, 2011

	<u>Rupees</u>	<u>Rupees</u>	<i>Previous Year Rupees</i>
SCHEDULE "H" – SALES AND OTHER INCOME			
Cleaning Services		287,131,759	219,901,027
Sales at Restaurants		40,868,796	—
Sales – Food and Beverages		2,307,866	872,696
Other Income :			
Interest Income	773,385		235,868
Profit on sale of Assets	220,651		—
Provisions/Balances Written Back	432,261		—
Misc. Income	<u>788,912</u>		<u>—</u>
		<u>2,215,209</u>	<u>235,868</u>
		<u>332,523,630</u>	<u>221,009,591</u>

SCHEDULE "I" – OPERATING AND OTHER EXPENDITURE

1. Consumption of Provisions & Beverages

Opening Stock	—		—
Add : Purchase During the Year	28,966,209		—
Less : Closing Stock	<u>2,062,782</u>		<u>—</u>
		26,903,427	—

2. Consumption of Stores and Consumables

Opening Stock	1,602,270		1,350,768
Add : Purchase During the Year	25,465,212		17,893,210
Less : Closing Stock	<u>2,470,808</u>		<u>1,602,270</u>
		24,596,674	17,641,708

FORBES FACILITY SERVICES PRIVATE LIMITED
(Formerly known as Forbes Abans Cleaning Solutions Private Limited)

**SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR
THE PERIOD FROM 1ST APRIL, 2010 TO 31ST MARCH, 2011**

	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>	<i>Previous Year Rupees</i>
3. Other Operating Cost				
Sub-Contracting Charges		131,326,827		90,903,846
Uniform Expenditure		4,692,025		2,728,118
Other Expenditures		<u>2,421,022</u>		<u>4,104,998</u>
			138,439,874	<u>97,736,962</u>
4. Payment to and Provision for Employees				
Salaries, Allowances and Incentives		93,873,651		54,144,406
Company's contribution to Provident and Other Funds		8,649,116		4,239,379
Gratuity		—		253,987
Staff Welfare Expenses		<u>5,637,263</u>		<u>4,480,554</u>
			108,160,030	<u>63,118,326</u>
5. Consumption of Power & Fuel				
Fuel for Kitchen		4,615,362		—
Electricity		<u>514,119</u>		<u>786,017</u>
			5,129,481	<u>786,017</u>
6. Administrative and Other Expenses				
Rent expenses		4,956,277		4,144,310
Repair & Maintainance		1,536,482		3,292,547
Auditors Remuneration				
Audit Fees	100,000			100,000
Tax Audit Fees	30,000			30,000
Out of Pocket Expenses	<u>2,500</u>			<u>2,500</u>
		132,500		<u>132,500</u>
Postage, Telegrams, Telephones		1,847,823		1,599,017
Travelling & Conveyance		3,948,566		3,181,736
Loss on sale of Assets		—		31,743
Printing & Stationery		1,135,405		810,147
Legal and Professional fees		6,054,750		4,386,460
Transportation Charges		604,092		2,012,132
Vehicle Expenses		1,131,592		1,024,060
Baddebts Written Off	1,500,284			
Less : Adjusted against Provisions	<u>1,500,284</u>			
Provision for Doubtful debts		—		850,447
Sundry Debtors/Balances Written off		—		20,027
Director's Seeting Fees		54,000		60,000
Insurance Expenses		832,606		1,631,924
Other Administrative & Establishment Expenses		<u>7,085,447</u>		<u>3,597,606</u>
			29,319,540	<u>26,774,656</u>
			<u>332,549,025</u>	<u>206,057,669</u>
SCHEDULE "J" – INTEREST				
Interest on Loans			1,467,030	479,869
Interest on ICDs			1,920,448	1,610,002
			<u>3,387,478</u>	<u>2,089,871</u>

**SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED
31ST MARCH, 2011**

SCHEDULE 'K' – 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 category wise. 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 realizable value by using First In First Out (FIFO) method of valuation. Obsolete / Slow moving inventories are adequately provided for.

(f) Value of Services 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) Sales

Sales are accounted net of sale returns, discount, sales tax, and service tax.

(h) Retirement Benefits

Contributions are made to Provident Funds on actual liability basis. While provision for Gratuity and Leave Encashment has been made based on independent actuarial valuation.

(i) Taxation

Tax expenses 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 Tax 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.

(j) Earnings Per Share

Basic earnings per share has been 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.

FORBES FACILITY SERVICES PRIVATE LIMITED
(Formerly known as Forbes Abans Cleaning Solutions Private Limited)

**SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED
31ST MARCH, 2011**

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

(k) 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 recognized in previous periods.

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

- 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.46.37 Lacs (*Previous Year Rs.5.00 Lacs*)

	2010-11	2009-10
	Rupees	Rupees
4. Remittance in foreign currency:		
Remittance in foreign currency	Nil	<i>Nil</i>
5. Value of Imports on C.I.F basis:		
Finished goods, components & Spare Parts	Nil	<i>Nil</i>
6. Earning in foreign exchange:		
Earning in foreign exchange:	Nil	<i>Nil</i>
7. Information in regard to Service activity of the Company:		
Value of services rendered	287,131,759	219,901,027
8. It is not possible to give quantitative details of the sales turnover and food and beverages consumed.		
9. The disclosures required under Accounting Standard 15 "Employee Benefits notified in the Companies (Accounting Standards) Rules 2006, are given below :		
Defined Contribution Plan		
Employers contribution to Provident fund	1,629,600	815,463
Employers contribution to Pension fund	377,588	1,850,553
Defined Benefit Plan		
(a) Change in Benefit Obligation		<i>Leave</i>
	Gratuity	<i>Encashment</i>
	(Non Funded)	(Non Funded)
Defined benefit obligation at the beginning of the year	804,152	355,946
Current Service cost	794,642	603,265
Interest Cost	62,322	27,586
Actuarial (gain)/loss on obligations	(1,280,165)	(355,325)
Benefit Paid	—	71,441
Defined benefit obligation at the end of the year	380,951	560,031

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

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

(b) Expenses recognized during the year (Under the Head "Payment to and Provision for Employees" – Schedule I)

	Gratuity (Non Funded)	Leave Encashment (Non Funded)
Current Service cost	794,642	603,265
Interest Cost	62,322	27,586
Actuarial (gain)/loss on obligations	(1,280,165)	(355,325)
Expense Recognized in the profit & loss account	(423,201)	275,526

(c) Assumptions used in the accounting for defined benefit plans

Discount Rate	7.50%	7.50%
Salary Escalation rate	5.00%	5.00%

The estimates for rate of escalation in salary considered in the actuarial valuation takes into account the present salary suitable projected for future taking into consideration the general trend in salary raise and inflation rates. The above information is certified by Actuary.

10. Related Party Disclosures

- (i) Names of related parties and nature of related party relationship – Refer Annexure – I
- (ii) Transactions with related parties – Refer Annexure – II

11. The Company's business consist of a single segment viz. Facility Management Services.

12. 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 at the year end together with interest paid/ payable as required under the said act have not been made.

13. Sundry Debtors include Rs.31.88 Lakhs (*Previous Year Rs.19.21 Lakhs*) due from companies under same management.

14. Loans and Advances include the amount due from companies under the same management as under.

– Forbes Concept Hospitality Services Private Ltd. Rs.49.28 Lakhs (*Previous Year Rs.42.09 Lakhs*)

[The maximum outstanding during the year was Rs.78.04 Lakhs (*Previous Year Rs.42.09 Lakhs*)]

15. The Company has taken various residential / commercial premises under cancelable operating lease included in the profit & loss account for the year is Rs.49.56 Lakhs (*Previous Year Rs.41.44 Lakhs*). None of the lease agreement entered into by the Company contains a clause on contingent rent. The Company has taken more than 35 premises and each agreement contains an escalation clause which varies depending upon the specific arrangement with each lessor. In all the rent agreements there are no terms for purchase option or any restriction such as those concerning dividend and additional debts.

16. 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 taxable incomes for the current year.

FORBES FACILITY SERVICES PRIVATE LIMITED
(Formerly known as Forbes Abans Cleaning Solutions Private Limited)

**SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED
31ST MARCH, 2011**

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

The movement of provision for deferred tax is given below:

Provision for Deferred Tax	Opening balance as on 01.04.2010 Assets / (Liability) Rupees	Asset / (Liability) during the year Rupees	Closing balance as on 31.03.2011 Assets / (Liability) Rupees
Depreciation	(677,879)	(257,740)	(935,619)
Others	783,219	1,210,862	1,994,081
Total	105,340	953,122	1,058,461

17. Information required in terms of part IV of schedule VI of the Companies Act, 1956 is attached.
18. 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 : 16th June, 2011

C A KARNIK
A V SURESH
J N ICHHAPORIA
MARZIN SHROFF

} Directors

Mumbai, Dated : 16th June, 2011

**SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED
31ST MARCH, 2011**

ANNEXURE – I

Details required under Accounting Standard 18 on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India - referred in note no. 10 in Schedule K to the Accounts for the year ended 31st March, 2011.

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 Ltd. (formerly known as Forbes Gokak Ltd.)
 - Shapoorji Pallonji & Co. Ltd.
- B. Fellow Subsidiaries.
- Aquadignostics Water Research & Technology Center
 - Aquamall Water Solutions Limited.
 - E4 Development & Coaching Ltd.
 - EFL Mauritius Ltd.
 - Euro Forbes International Pte. Ltd.
 - Forbes Aquamall Limited
 - Forbes Enviro Solutions Ltd.
 - Radiant Energy Systems Pvt Ltd.
 - Waterwings Equipments Pvt. Ltd.
- C. Enterprises that are under common control.
- Forbes Concept Hospitality Services Ltd.
 - Forvol International Services Ltd.
 - Shapoorji Pallonji Infrastructure Capital Co. Ltd.

FORBES FACILITY SERVICES PRIVATE LIMITED
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**SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED
31ST MARCH, 2011**

ANNEXURE – II

Details required under Accounting Standard 18 on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India - referred in note no. 10 in Schedule K to the Accounts for the year ended 31st March, 2011.

Transactions with Related Parties

Nature of Transactions	Related Party		
	Refer A	Refer B	Refer C
Purchases			
Goods and Materials	3,407,629	—	1,340,426
Fixed Assets	13,217,692	—	170,504
Sales			
Goods and Materials / Services	14,174,384	2,639,727	17,593
Fixed Assets	—	—	—
Expenses			
Rent and other services	5,201,131	393,305	685,575
Provision / Write offs	—	—	—
Interest	1,920,448	—	—
Income			
Rent and other services	—	—	—
Interest	—	—	578,046
Dividend	—	—	—
Provision/Write offs	—	—	—
Other Recoveries			
Recovery of Expenses	—	—	—
Finance			
ICDs Given	—	—	4,500,000
ICDs Received	10,000,000	—	—
Advances Given	—	—	—
Investment in shares	—	—	—
Buy back of Shares	—	—	—
Advances Received	—	—	—
Sale of Investment	—	—	—
Dividend paid	—	—	—
Outstanding			
Payable	58,587,559	105,330	—
Receivables	13,811,771	230,350	27,409
ICDs Given	—	—	4,200,000
ICDs Received	21,500,000	—	—
Interest Receivables	—	—	728,432
Interest payables	2,301,096	—	—
Other Deposits Given	—	—	—
Guarantees			
Given	—	—	—
Outstanding	1,587,144	—	—

Information referred to in Note 17 in Schedule K to the Accounts for the year ended 31st March, 2011.

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

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details	Registration No. <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width: 20px; text-align: center;">1</td><td style="width: 20px; text-align: center;">4</td><td style="width: 20px; text-align: center;">7</td><td style="width: 20px; text-align: center;">7</td><td style="width: 20px; text-align: center;">4</td><td style="width: 20px; text-align: center;">2</td></tr></table>	1	4	7	7	4	2	State Code <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width: 20px; text-align: center;">1</td><td style="width: 20px; text-align: center;">1</td></tr></table>	1	1												
1	4	7	7	4	2																	
1	1																					
	Balance Sheet Date <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width: 20px; text-align: center;">3</td><td style="width: 20px; text-align: center;">1</td></tr></table> <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width: 20px; text-align: center;">0</td><td style="width: 20px; text-align: center;">3</td></tr></table> <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width: 20px; text-align: center;">1</td><td style="width: 20px; text-align: center;">1</td></tr></table>	3	1	0	3	1	1															
3	1																					
0	3																					
1	1																					
	Date Month Year																					
II. Capital Raised during the year (Amount in Rs. Thousands)																						
Public Issue	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td></tr></table>											Rights Issue										
Bonus Issue	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td></tr></table>											Private Placement										
	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td></tr></table>											<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td></tr></table>										
III. Position of mobilisation and Deployment of Funds (Amount in Rs. Thousands)																						
Total Liabilities	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td></tr></table>											Total Assets										
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Source of Funds		Reserves & Surplus																				
Paid-Up Capital	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td></tr></table>											Unsecured Loans										
Secured Loans	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td></tr></table>											<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td></tr></table>										
Deferred Tax Liability	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td></tr></table>																					
Application of Funds		Investments																				
Net Fixed Assets	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td></tr></table>											Misc. Expenditure										
Net Current Assets	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td></tr></table>											Accumulated Losses										
Deferred Tax Asset	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td></tr></table>											<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td></tr></table>										
IV. Performance of Company (Amount in Rs. Thousands)																						
Turnover	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td></tr></table>											Total Expenditure										
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+ - Profit/Loss Before Tax	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td></tr></table>											+ - Profit/Loss After Tax										
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Earnings Per Share In Rs.	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td></tr></table>											Dividend Rate %										
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V. Generic Names of Three Principal Products / Services of Company (As per monetary terms)																						
Item code No. (ITC Code)	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td></tr></table>																					
Product Description	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></td><td style="width: 20px; height: 15px;"></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 : 16th June, 2011

C A KARNIK
A V SURESH
J N ICHHAPORIA
MARZIN SHROFF

Directors

Mumbai, Dated : 16th June, 2011

FORBES SMART DATA LIMITED

(a Subsidiary Company of Forbes Campbell Finance Limited)

Annual Report and Accounts
for the period ended 25th March, 2011

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,

Your Directors submit their Report and the Audited Accounts of the Company for the period from 1st April, 2010 to 25th March, 2011.

1. OPERATIONS:

There was no activity during the period from 1st April, 2010 to 25th March, 2011. The Company earned on interest of Rs.29,885 on deposit placed. The Company has made an application for striking off the name of the Company under Easy Exit Scheme (EES), 2011 on 30th March, 2011.

2. PARTICULARS REGARDING EMPLOYEES:

The Company did not have any employee who was entitled to receipt of remuneration of Rs.60,00,000 or more in aggregate throughout the financial year or Rs.5,00,000 or more per month for a part of the financial year.

3. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the provisions of section 217 (2A) of the Companies Act, 1956, the Directors confirm –

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

4. 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

Mumbai, 29th March, 2011

FORBES SMART DATA LIMITED

AUDITORS' REPORT

AUDITORS' REPORT TO THE MEMBERS OF FORBES SMART DATA LIMITED ON THE ACCOUNTS FOR THE PERIOD ENDED 25TH MARCH 2011

1. We have audited the attached Balance Sheet of FORBES SMART DATA LIMITED as at 25th March 2011 and also the Profit & Loss Account for period 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. Without qualifying our opinion, we draw attention to Note 6 in Schedule 4 regarding the preparation of accounts based upon the winding up of the Company and thus not on going concern basis.
4. 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.
5. 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 25th March 2011 disqualified from being appointed as directors of the Company under clause (g) of sub section (I) of Section 274 of the Companies Act, 1956.
 - (vi) In our opinion, and to the best of our information and according to the explanations given to us, the accounts, subject to notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
 - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 25th March, 2011 and
 - (ii) In the case of the Profit and Loss Account, of the loss for the period ended on that date.
 - (iii) In the case of the Cash Flow Statement, of the cash flows for the period ended on that date.

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

(UDAY SHAH)
Proprietor

Membership No. 35626
Firm Regn. No. 109814W

Mumbai, 29th March, 2011

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 4 of our report of even date)

- i) The Company has no Fixed Assets during the period and hence Clause 4(i) of the Companies (Auditor's 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 (Auditor's 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 (Auditor's Report) Order, 2003 are not applicable.
(b) The Company has not taken any loans during the year, secured or unsecured, from the Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. 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 (Auditor's 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 has not entered into transaction in excess of Rs.5 lakhs in respect of any party, and hence clause 4 (v) (b) of the Companies (Auditor's Report) Order, 2003 (as amended) pertaining to the transactions having been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time 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 (Auditor's 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 and the average annual turnover of the last five years is not more than Rs.5 Crores for the three immediately preceding years and hence the Company does not have an Internal Audit system.
- 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 25th March, 2011 for a period of more than six months from the date they became payable.
- x) The Company has not been registered for a period for more than five years and hence Clause 4(x) of the Companies (Auditor's 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 (Auditor's 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 (Auditor's 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 (Auditor's 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 (Auditor's 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 (Auditor's 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 during the period under review and hence Clause 4 (xvi) of the Companies (Auditor's 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 period, the Company has not made any preferential allotment of shares and hence Clause 4 (xviii) of the Companies (Auditor's 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 (Auditor's Report) Order, 2003 (as amended) is not applicable.
- xx) During the period, the Company has not raised money by public issue and hence the question of disclosure and verification of end use of such monies does not arise.
- xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

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

(UDAY SHAH)
Proprietor

Membership No. 35626
Firm Regn. No. 109814W

Mumbai, 29th March, 2011

FORBES SMART DATA LIMITED

BALANCE SHEET AS AT 25TH MARCH 2011

	Schedule	Rupees	As at 25 th March, 2011 Rupees	As at 31 st March, 2010 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	2			
(a) Sundry Debtors		—	—	—
(b) Cash and Bank Balances		355,050		57,479
(c) Loans and advances		15,113		318,123
		370,163		375,602
<i>Less:</i> Current liabilities & provisions	3	—		14,809
Net Current assets			370,163	360,793
Deferred Tax Asset (See Note 1)			—	—
Miscellaneous Expenditure (to the extend not written off)			—	74,387
Profit and Loss Account (Debit Balance)			129,837	64,820
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

UDAY V. SHAH

Proprietor

(Membership No. 35626)

(Firm Regn. No. 109814W)

Mumbai, 29th March, 2011

A.T. Shah }
Sunetra Ganesan }

Directors

ANNUAL REPORT 2010-2011

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 25TH MARCH, 2011

	<u>Rupees</u>	<u>For the period ended 25th March, 2011 Rupees</u>	<u>For the period ended 31st March, 2010 Rupees</u>
1. INCOME:			
Interest		29,885	36,000
		<u>29,885</u>	<u>36,000</u>
2. EXPENDITURE:			
Preliminary Expenses	74,387		37,194
Legal & Professional Charges	2,418		407
Professional Tax	—		2,500
Filing Fees	4,750		3,000
Registration Fees	1,160		—
Misc Exp	3,500		—
Bank Charges	90		10
Auditor's remuneration:			
Audit Fees	2,500		2,500
Service tax	207		258
Certification Fees	5,890		4,963
		<u>94,902</u>	<u>50,832</u>
3. Profit/(Loss) before tax		(65,017)	(14,832)
4. Less : Provision for taxation			
Current Year		—	—
Deferred Tax		—	16,352
5. Profit/(Loss) after tax		(65,017)	(31,184)
6. Balance brought forward		(64,820)	(33,636)
7. Balance carried to Balance Sheet		<u>(129,837)</u>	<u>(64,820)</u>
Earnings per share		(2.60)	(1.30)

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

A.T. Shah
Sunetra Ganesan

Directors

UDAY V. SHAH
Proprietor
(Membership No. 35626)
(Firm Regn. No. 109814W)
Mumbai, 29th March, 2011

FORBES SMART DATA LIMITED

SCHEDULES "1" TO "4" ANNEXED TO & FORMING PART OF THE ACCOUNTS

	Rupees	As at 25 th March, 2011 Rupees	As at 31 st March, 2010 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

(As on 31.03.2010, all the shares are held by Latham India Ltd. (now known as 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		355,050	57,479
---------------------	--	---------	--------

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
Taxes paid less provisions (other than deferred tax)	15,113		18,123

15,113

370,163

318,123

375,602

SCHEDULE '3' – CURRENT LIABILITIES AND PROVISIONS**Current liabilities**

Sundry creditors (No outstanding dues of Small Scale Industrial Undertakings)

—

—

Provisions

Provision for Expenses

—

14,809

Other Liabilities

—

—

—

14,809

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:

Interest Income is recognised on the time proportion basis.

2. There are no dues to the Micro, Small and Medium Enterprises which are outstanding as at the Balance Sheet date. During the period there were no delays in payment of dues to such enterprises. This information Regarding Micro, Small and Medium Enterprises has been determined on the basis of information available with the Company. This has been relied upon by the Auditors.

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

The Company has accounted for deferred taxation in respect of timing difference in accordance with the requirement of Accounting standard 22-Accounting for Taxes on Income.

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:

Forbes & Company Ltd. (Ultimate Holding Company)

Forbes Campbell Finance Limited (Formerly known as Latham India Ltd.) (Holding Company)

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. EFL Mauritius Ltd.
7. Forbes Aquamall Ltd.
8. Forbes Bumi Armada Ltd.
9. Forbes Bumi Armada Offshore Ltd.
10. Forbes Container Lines Pte. Ltd.
11. Forbes Campbell Services Ltd.
12. Forbes Enviro Solutions Ltd. (Formerly known as Forbes Water Ltd.)
13. Forbes Edumetry Ltd.
14. Forbes Facility Services Pvt. Ltd. (Formerly known as Forbes Abans Cleaning Solutions Pvt. Ltd.)

FORBES SMART DATA LIMITED

15. Forbes Technosys Ltd.
16. Radiant Energy Systems Pvt. Ltd.
17. Volkart Fleming Shipping & Services Ltd.
18. Waterwings Equipments Pvt. Ltd.

B. 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	For the period ended 25th March, 2011		For the year ended 31st March, 2010	
	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	29,390	—	36,000	—
2. Finance				
(a) Deposits Placed	—	—	—	—
(b) Reimbursement of Expenses	—	—	—	—
(c) Repayment of Deposit given	300,000	—	—	—
3. Outstanding				
(a) Deposits Given	—	—	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.
6. The Board has passed resolution dated 21st March, 2011 that looking at current scenario, it is not intended to carry out its business operations and accordingly Board has resolved to opt for Easy Exit Scheme pursuant to section 560 of Companies Act, 1961. Consequently, the Company has also applied for the same.

Accounts have been accordingly prepared based on the proposed winding up of the Company business, and the fundamental assumption of 'Going Concern' has not been followed."

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

Chartered Accountants

UDAY V. SHAH

Proprietor

(Membership No. 35626)

(Firm Regn. No. 109814W)

Mumbai, 29th March, 2011

S.P. Kadakia

Chairman

A.T. Shah
Sunetra Ganesan

Directors

INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956

I. Registration Details

Registration No.	U72100MH2006PLC161311	State code	11
Balance Sheet Date	25 th March, 2011		

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 Liabilites	500	Total Assets*	500
------------------	-----	---------------	-----

Sources of Funds

Paid-up Capital	500
Reserves and Surplus	—
Unsecured Loans	—

* Net of Current Liabilities and Provisions

Application of Funds

Fixed Assets	—
Net Current Assets	370
Deferred Tax Assets	—
Misc. Expenditure	—
Profit and Loss	130

IV. Performance of the Company (Amount in Rs.'000)

Turnover	30
Total Expenditure	95
Profit/Loss before Tax	(65)
Profit/Loss after Tax	(65)
Earning per Share in Rs.	(2.60)
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*

Mumbai, 29th March, 2011

FORBES SMART DATA LIMITED

CASH FLOW STATEMENT FOR THE PERIOD ENDED 25TH MARCH, 2011

	2010-2011		2009-2010	
	Rupees	Rupees	Rupees	Rupees
PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS		(65,017)		(14,832)
Adjusted for.: Interest Received	(29,885)		(36,000)	
for preoperative expenses	74,387	44,502	37,194	1,194
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS		(20,515)		(13,638)
Changes in				
Trade and other receivables	5,565		—	
Trade payables and others	(14,809)	(9,244)	1,252	1,252
CASH GENERATED FROM OPERATIONS		(29,759)		(12,386)
Less: Direct Taxes paid (Net)		—		5,513
(A) NET CASH FLOW FROM OPERATING ACTIVITIES		(29,759)		(17,899)
CASH FLOW FROM INVESTING ACTIVITIES				
Interest Received on Loans	27,330			36,000
Inter – Corporate Deposits Refunded	300,000			—
(B) NET CASH FLOW FROM INVESTING ACTIVITIES		327,330		36,000
CASH FLOW FROM FINANCING ACTIVITIES				
(C) CASH FLOW FROM FINANCING ACTIVITIES		—		—
NET DECREASE/INCREASE IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)		297,571		18,101
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	57,479	57,479	39,378	39,378
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	355,050		57,479	
		355,050		57,479
		297,571		18,101

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

UDAY V. SHAH
Proprietor
(Membership No. 35626)
(Firm No. 109814W)
Mumbai, 29th March, 2011

S.P. Kadakia

Chairman

A.T. Shah }
Sunetra Ganesan }

Directors

FORBES TECHNOSYS LIMITED

(a wholly owned Subsidiary Company of Forbes Campbell Finance Limited)

Annual Report and Accounts
for the year ended 31st March, 2011

DIRECTORS:

Ashok Barat

Chairman

C.A. Karnik

Amit Mittal

S. Kuppuswamy

BANKERS:

Union Bank of India

Development Credit Bank Limited

Vijaya Bank

Standard Chartered Bank

AUDITORS:

Messrs. Deloitte Haskins & Sells

REGISTERED OFFICE:

Forbes Building,

Charanjit Rai Marg,

Fort, Mumbai - 400 001.

FORBES TECHNOSYS LIMITED

DIRECTORS' REPORT

Your Directors submit their Report and the Audited Accounts of the Company for the year ended 31st March, 2011.

1. FINANCIAL RESULTS:

	Current Year Rupees	Previous Year Rupees
Revenue	448,105,801	296,436,371
Profit / (Loss) after Tax	(60,031,741)	(58,680,575)
Add: Balance brought forward from last year	(58,680,575)	(171,028,000)
Less: Reduction of Share Capital	—	(171,028,000)
Balance carried to Balance Sheet	(118,712,316)	(58,680,575)

2. OPERATIONS:

The Company posted a significant increase in turnover (51.17%) over the previous year.

There has also been a (6.4%) reduction in loss as a percentage of revenue from 19.8% in the previous year to 13.4% in the current year on account of higher revenues and changes in the product mix.

The Company had successfully executed a large contract from State Bank of India (SBI) for deployment of 490 kiosks at a value of over Rs.5 crores. The Company is rapidly expanding its manufacturing operations where there has been a multi-fold increase in the production, deployment and sale of kiosks over the previous year.

The Company secured large orders from TNEB (Tamil Nadu Electricity Board), Mahindra Finance, Shriram Transport, BSNL, TATA Power, Volkswagen and repeat orders from Punjab State Electricity Board among others. The Company also got and executed its first export orders from Indonesia.

The Company continues to invest in the development of new products and entry into new market segments. The Company has filed for two new patents and launched new products like Multi-function ATM, Micro ATM, UID Kits, Handheld terminals and signed an agreement with Possiflex for Point of Sale terminals.

The Company has launched its Forbes Xpress business-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. The Company also signed an exclusive agreement with Café Coffee Day for deployment of Kiosks at their Cafes & other retail outlets.

The Company has secured an order of over Rs.3 crores per annum from State Bank of India for providing Managed Services for Kiosks and has established a state-of-the-art NNOCC (National Network Operations and Control Centre) that will serve as a backend for Transaction Kiosks and ATMs.

Cheque Truncation - The Company was the first Company in India to get ISO 9001:2008 certification in India for Image Service Bureau for Cheque Truncation. It has established a new CTS Centre in Chennai and has moved into a leadership position signing contracts with 28 banks (including leading banks such as Andhra Bank, Vijaya Bank, ING Vysya Bank, Barclays Bank, Central Bank of India, Dena Bank) of the total number of 74 banks operating in Chennai. These include both outright solution sales and also multi year contracts for cheque processing.

FUTURE PLANS & STRATEGY

Payment Systems

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, mobile recharge payments, 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.

FTL is well positioned to take advantage of these changes in payment systems by providing a variety of solutions including Kiosks, ATMs, Solutions for Financial Inclusion and Cheque Truncation Systems. FTL has developed its own innovative products and services suitable to the Indian context that can enable it to become a market leader in each of these product categories.

Transaction Automation

Transaction automation is on the forefront of all IT plans today, be it Financial Inclusion, E-Governance or simply making existing systems more effective in dealing with increasing volume of transactions. Nation-wide connectivity, low cost of bandwidth and completion of implementation of backend systems are making Bank, Government & Corporate houses to look at last mile connectivity and front-end automation.

FTL has developed a range of solutions from enterprise mobility, Point of Sale devices, UID Kits, Any Time Payment Systems, ATMs and Kiosks to address existing and emerging opportunities.

Services

During the year, FTL recorded growth in its Kiosk based transaction network and also launched the franchisee based services network in Chennai. Overall, payments of over Rs.1000 crores were processed for customers from Power, Telecom and Banking Segments making FTL one of the biggest payment processing networks in the country. The transaction network will see a rapid geographical expansion in the coming years along with new electronic delivery services which will be added to the portfolio.

3. DIRECTORATE:

Mr. C. A. Karnik retires from the Board by rotation and is eligible for re-appointment. The Board recommends his reappointment.

4. AUDITORS AND AUDIT REPORT:

You are requested to appoint Auditors for the current year and to fix their remuneration. The retiring Auditors M/s. Deloitte Haskin & Sells Chartered Accountants, offer themselves for re-appointment as Auditors of the Company.

Auditors comments in their Report are self explanatory.

5. PARTICULARS REGARDING EMPLOYEES:

The particulars of employees, as required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, are attached hereto and form part of this Report.

6. DIRECTORS' RESPONSIBILITY STATEMENT:

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

Operating Management confirm –

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

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

The required particulars are annexed hereto which forms a part of this Report.

For and on behalf of
the Board of Directors

Ashok Barat
Chairman

Dated: 16th July, 2011

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
- 2. Benefits derived as result of the above R&D None
- 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.

FORBES TECHNOSYS LIMITED

Technology Absorption, Adaptation and Innovation:

- | | | |
|----|--|----------------|
| 1. | Efforts in brief, made towards technology absorption Adaptation and Innovation. | None |
| 2. | Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution, etc. | Not Applicable |
| 3. | In case of imported technology (imported during last five years reckoned from the beginning of the Financial Year), following information may be furnished:- | Not Applicable |
| | (a) Technology imported | |
| | (b) Year of Import | |
| | (c) Has technology been fully absorbed? | |
| | (d) If not fully absorbed areas where this has not taken place, reasons therefore and future plans of action. | — |

C. Foreign Exchange Earnings and Outgo:

- | | | |
|----|---|------------------------|
| 1. | Activities relating to exports; initiatives taken to increase exports; markets for products and services; and export plans. | None Counting Machines |
| 2. | Total Foreign Exchange used and earned. | |
| | Earned | Rs.35,08,688.27 |
| | Used | Rs.4,69,86,803.38 |

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, 2011.

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.60,00,000 per annum.			
1.	Mr. Ajay Singh (53) M.Sc. PGDCS, DIM	VP & CEO 33 years	73,87,222	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.5,00,000 p.m.

NOTES:

1. Remuneration as shown above includes 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 Director 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, 2011, 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, 2011 taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 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)

Place : Mumbai
Dated : 16th July, 2011

FORBES TECHNOSYS LIMITED

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.21,000,000/- 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.21,00,00,000/- (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, 2011 for a period of more than six months from the date they became payable.
 - (c) According to the information and explanations given to us, there 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, 2011 on account of disputes.

ANNUAL REPORT 2010-2011

- (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 : 16th July, 2011

FORBES TECHNOSYS LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedule No.	As at 31st March, 2011 Rupees	As at 31st March, 2010 Rupees
FUNDS EMPLOYED:			
1	"1"	188,972,000	68,972,000
2		—	—
3		188,972,000	68,972,000
4			
(a)	"2"	89,343,785	50,707,110
5		<u>278,315,785</u>	<u>119,679,110</u>
APPLICATION OF FUNDS:			
6			
(a)		121,465,667	105,983,787
(b)		57,485,461	46,369,739
(c)		12,735,756	12,735,756
(d)	"3"	<u>51,244,450</u>	<u>46,878,292</u>
(e)		42,720,011	3,613,726
		<u>93,964,461</u>	<u>50,492,018</u>
7	"4"		
(a)		74,175,464	50,954,828
(b)		114,361,114	72,707,861
(c)		17,267,801	8,360,876
(d)		754,836	539,991
(e)		17,426,373	12,290,587
		<u>223,985,588</u>	<u>144,854,143</u>
8	"5"		
(a)		150,615,654	127,893,800
(b)		7,730,927	6,453,826
		<u>158,346,581</u>	<u>134,347,626</u>
9		65,639,008	10,506,517
10		118,712,316	58,680,575
11		<u>278,315,785</u>	<u>119,679,110</u>

NOTES TO THE ACCOUNTS (per Schedule "7")

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants**Z. F. BILLIMORIA**
Partner

For and on behalf of the Board

Ashok Barat }
C.A. Karnik }
Amit Mittal }
S. Kuppuswamy }
Chairman
DirectorsV. K. Vora }
Company SecretaryMumbai, Dated: 16th July, 2011

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	For the year ended 31st March, 2011 Rupees	<i>For the year ended 31st March, 2010 Rupees</i>
1. INCOME:		
(a) (i) GROSS SALES		
(1) From Trading		
Domestic	269,030,172	208,027,265
Export	3,508,688	—
(2) From Manufacturing	101,139,715	17,107,847
Less: Excise Duty Paid	9,444,605	1,436,432
Net Sales	364,233,970	223,698,680
(ii) SERVICES – (Gross)	76,100,634	71,555,956
(iii) LEASE INCOME – (Gross) (Refer Note No. 8 of Schedule 7)	7,026,487	—
(b) OTHER INCOME:		
(i) Interest on Fixed Deposit (Tax deducted at source Rs.47,149/-, Previous Year Rs.27,084/-)	505,107	398,961
(ii) Interest on Staff Loan	113,302	14,520
(iii) Profit/ loss on Sale of Fixed Assets	126,301	
(iv) Profit on Foreign Exchange Fluctuations	—	756,728
(v) Bad Debts/Advances Written back	—	11,526
	448,105,801	296,436,371
2. EXPENDITURE:		
Manufacturing, Trading and Other Expenses (Per Schedule 6)	486,667,430	337,850,311
Finance Charges (As per Schedule 6)	9,689,273	7,472,910
	496,356,703	345,323,221
	(48,250,902)	(48,886,850)
DEPRECIATION / AMORTISATION (Per Schedule 3)	11,780,839	9,793,725
	(60,031,741)	(58,680,575)
3. LOSS	(60,031,741)	(58,680,575)
4. BALANCE BROUGHT FORWARD FROM LAST YEAR	(58,680,575)	(171,028,000)
5. LESS : REDUCTION OF SHARE CAPITAL (Refer Note 2 of Schedule "7")	—	(171,028,000)
6. BALANCE CARRIED TO BALANCE SHEET	(118,712,316)	(58,680,575)
Earnings Per Share (Refer to note 10 of Schedule "7") :		
Basic & Diluted	(0.87)	(2.92)

NOTES TO THE ACCOUNTS (per Schedule "7")

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

Z. F. BILLIMORIA
Partner

For and on behalf of the Board

Ashok Barat } *Chairman*
C.A. Karnik }
Amit Mittal } *Directors*
S. Kuppuswamy }

V. K. Vora *Company Secretary*

Mumbai, Dated: 16th July, 2011

FORBES TECHNOSYS LIMITED

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

	As at 31st March, 2011 Rupees	As at 31st March, 2010 Rupees
SCHEDULE "1" – SHARE CAPITAL		
1. AUTHORISED:		
12,000,000 Equity Shares of Rs.10 each	120,000,000	120,000,000
12,000,000 Preference Shares of Rs.10 each	120,000,000	120,000,000
2. ISSUED, SUBSCRIBED AND PAID-UP		
Equity Shares (Refer Note 2 of Schedule "7")		
68,97,200 (<i>Previous Year 68,97,200</i>) Equity Shares of Rs.10 each fully paid up	68,972,000	68,972,000
All the Shares are held by Forbes Campbell Finance Ltd. (formerly known as Latham India Limited), the holding Company and it's nominees		
Preference Shares		
1,20,00,000 (<i>Previous Year Nil /-</i>) 8% Cumulative Optionally Convertible Redeemable Preference Shares of Rs.10 each. Shares shall be redeemable at par upon the expiry of 20 Years from date of allotment. The Company shall have option to redeem the same earlier at any time after giving a written notice of 30 days. The holder of share have option after 18 months from date of allotment by written notice of 30 days to call up Company to convert the share to equity capital at par with the outstanding / existing share capital. The Preference Shares shall be converted to Equity Shares at face value.	120,000,000	—
20,00,000 shares are held by Forbes & Co. Ltd. and 1,00,00,000 Shares are held by Shapoorji Pallonji & Company Ltd., the ultimate holding Company.		
TOTAL RUPEES	188,972,000	68,972,000

	As at 31st March, 2011 Rupees	As at 31st March, 2010 Rupees
SCHEDULE "2" – SECURED LOANS		
FROM BANKS		
1. Term Loan from Development Credit Bank Limited	21,574,000	16,663,000
(Secured by Hypotheciation of Fixed Assets)		
(Repayable within one year is Rs.1,30,08,000/-)		
(<i>Previous Year is Rs.8,004,000/-</i>)		
2. Cash Credit From Development Credit Bank Limited	67,769,785	34,044,110
(Secured by Hypotheciation of Current Assets)		
TOTAL RUPEES	89,343,785	50,707,110

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, 2010	Cost of additions during the year	Cost of transfer during the year *	Cost of deductions during the year	Total Cost upto 31st March, 2011	Cumulative Depreciation upto 31st March, 2010	Depreciation for the Year	Depreciation Transfer*	Depreciation on deductions for the year	Total Depreciation as at 31st March, 2011	Balance as at 31st March, 2011	Balance as at 31st March, 2011	Balance as at 31st March, 2010
TANGIBLE ASSETS													
1. Furniture and fittings	3,812,593	1,529,711		755,466	4,586,838	660,767	505,896		901	1,165,762	—	3,421,076	3,151,826
2. Data Processing Equipment on Lease	—	9,622,402			31,807,721	4,558,789	4,161,782			8,720,571		23,087,150	17,626,530
Other than Lease	8,515,640	4,029,553		36,809	12,508,384	2,106,053	1,705,930		1,046	3,810,937		8,697,447	6,409,587
3. Vehicles	1,335,657			685,657	650,000	1,010,166	197,298		662,489	544,975	—	105,025	325,491
4. Office Equipment	1,153,652	1,477,761	—	635,936	1,995,477	101,619	82,109	—	681	183,047	—	1,812,430	1,052,033
Total Tangible Assets	37,002,861	16,659,427	—	2,113,868	51,548,420	8,437,394	6,653,014	—	665,117	14,425,291	—	37,123,128	28,565,467
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	6,851,179	936,321	—	—	7,787,500	2,251,720	1,699,482			3,951,202	—	3,836,298	4,599,459
7. Goodwill *	17,141,708		—	—	17,141,708	3,428,342	3,428,342	—	—	6,856,684	—	10,285,024	13,713,366
Total Intangible Assets	68,980,926	936,321	—	—	69,917,247	37,932,345	5,127,824	—	—	43,060,169	12,735,756	14,121,322	18,312,825
TOTAL ASSETS	105,983,787	17,595,748	—	2,113,868	121,465,667	46,369,739	11,780,838	—	665,117	57,485,460	12,735,756	51,244,450	46,878,292
Previous Year	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

* Refer to Note 3 of Schedule "7"

As at 31st March, 2011 Rupees	As at 31st March, 2010 Rupees
--	--

SCHEDULE "4" – CURRENT ASSETS, LOANS AND ADVANCES

CURRENT ASSETS:

(a) INVENTORIES:

(i) Raw Materials and Components	14,763,968	14,996,385
(ii) Stock-in-Process	2,886,176	346,206
(iii) Finished Goods	56,525,320	35,612,237
	<u>74,175,464</u>	<u>50,954,828</u>

(b) SUNDRY DEBTORS:

(i) Debts outstanding for a period exceeding six months:		
(a) Unsecured, Considered Good	27,688,182	2,534,373
(b) Unsecured, Considered Doubtful	17,812,480	13,476,433
	<u>45,500,662</u>	<u>16,010,806</u>
(ii) Other debts:		
(a) Unsecured, Considered Good	86,672,932	70,173,488
	<u>86,672,932</u>	<u>70,173,488</u>
Less: Provision for doubtful debts	17,812,480	13,476,433
	<u>114,361,114</u>	<u>72,707,861</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, 2011 Rupees	As at 31st March, 2010 Rupees
(c) CASH AND BANK BALANCES:		
(i) Cash on hand	89,471	38,721
(ii) Bank Balances:		
With Scheduled Banks:		
On Current Accounts	5,010,296	207,463
On Deposit Accounts (Rs.6,109,605/- in lien with Banks) (Previous Year Rs.4,720,872/-)	12,168,034	8,114,692
	<u>17,267,801</u>	<u>8,360,876</u>
(d) OTHER CURRENT ASSETS:		
Interest accrued on deposit with bank	754,836	539,991
(e) LOANS AND ADVANCES: (Unsecured, Considered Good Unless otherwise stated)		
(i) Advances recoverable in cash or in kind or for value to be received	12,820,832	9,860,849
Considered Doubtful	1,568,851	—
	<u>14,389,683</u>	<u>9,860,849</u>
Less: Provision for doubtful advance	1,568,851	—
	<u>12,820,832</u>	<u>9,860,849</u>
(ii) Balances with Central Excise and Other Government Authorities	1,710,744	976,165
(iii) Taxes paid less provision including FBT	2,894,797	1,453,573
	<u>17,426,373</u>	<u>12,290,587</u>
TOTAL RUPEES	<u><u>223,985,588</u></u>	<u><u>144,854,143</u></u>

SCHEDULE "5" – CURRENT LIABILITIES AND PROVISIONS

	As at 31st March, 2011 Rupees	As at 31st March, 2010 Rupees
1. CURRENT LIABILITIES:		
(i) Sundry Creditors		
(a) Due to small, micro and medium enterprise	2,786,618	334,838
(b) Others	120,017,045	102,995,220
(ii) Income Received in Advance	14,069,497	12,734,814
(iii) Customers'/Security Deposits, credit balances and advances against supplies and services to be rendered	8,301,224	10,028,664
(iv) Other Liabilities	5,441,270	1,800,264
	<u>150,615,654</u>	<u>127,893,800</u>
2. PROVISIONS:		
(i) Provision for income tax, FBT	327,250	327,250
(ii) Gratuity	4,132,957	3,476,267
(iii) Compensated absences	3,270,720	2,650,309
	<u>7,730,927</u>	<u>6,453,826</u>
TOTAL RUPEES	<u><u>158,346,581</u></u>	<u><u>134,347,626</u></u>

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

	For the Year ended 31st March, 2011 Rupees	<i>For the Year ended 31st March, 2010 Rupees</i>
SCHEDULE "6" – MANUFACTURING, TRADING AND OTHER EXPENSES		
1. MATERIALS CONSUMED:		
Raw Materials and Components:		
Opening Stock	14,996,385	2,965,640
Add: Purchases	90,327,153	24,684,936
	<u>105,323,538</u>	<u>27,650,576</u>
Less: Closing Stock	14,763,968	14,996,385
	<u>90,559,570</u>	<u>12,654,191</u>
2. PURCHASES OF TRADING STOCKS	228,387,214	169,754,584
3. JOB WORK CHARGES	1,028,652	—
4. POWER AND FUEL	1,131,216	1,344,337
5. PAYMENTS TO AND PROVISIONS FOR EMPLOYEES:		
(a) Salaries, Wages, Bonus and Commission	77,096,774	64,822,568
(b) Company's Contribution to Provident Fund and Other Funds	3,452,685	3,624,193
(c) Workmen and Staff Welfare Expenses	1,249,329	534,752
(d) Medical reimbursement	994,390	638,742
(f) Job Related Expenses	255,697	251,571
(g) Training, Seminar & Other Expenses	617,296	277,482
	<u>83,666,171</u>	<u>70,149,308</u>
6. SELLING AND DISTRIBUTION EXPENSES:		
(a) Commission to Dealers	12,186,484	19,021,856
(b) Freight & Octroi Charges	14,665,098	4,091,907
(c) Advertisement Expenses	1,700,014	1,808,192
	<u>28,551,596</u>	<u>24,921,955</u>
7. OTHER EXPENSES:		
(a) Rent	8,968,157	1,862,024
(b) Communication Expenses	8,438,311	7,105,421
(c) Printing & Stationery	2,570,923	897,137
(d) Repairs and maintenance	—	—
Repairs and Maintenance- Plant and Machinery	119,542	44,585
Repairs and Maintenance- Buildings	1,170,647	44,115
Repairs and Maintenance- Others	3,452,541	1,448,519
(e) Loss on Foreign Exchange fluctuations	118,886	—
(f) Legal and Professional Charges	5,355,178	16,892,695
(g) ROC & Other filing fees	—	284,433

FORBES TECHNOSYS LIMITED

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

	For the Year ended 31st March, 2011 Rupees	<i>For the Year ended 31st March, 2010 Rupees</i>
SCHEDULE "6" – MANUFACTURING, TRADING AND OTHER EXPENSES (Contd.)		
(h) Auditors' Remuneration:	—	—
(i) Audit Fees	500,000	500,000
(ii) Tax Audit Fees	50,000	100,000
(iii) Other Matters	—	46,812
(iv) Out of Pocket Expenses	9,838	—
(l) Vehicle Expenses	—	752,334
(j) Travel, Conveyance and Hotel	21,192,353	14,877,155
(k) Insurance Premium	603,218	508,415
(l) Annual Maintenance & Service Charges	263,582	288,097
(m) Business Development expenses	—	869,216
(n) Research and Development Expenses	—	—
(o) Managed Assets Service Provider's (MASP) charges	10,444,790	5,896,930
(p) Excise Duty Expense	773,934	408,489
(q) Provision for Doubtful Debts	4,336,047	—
(r) Other expenses	8,428,117	6,341,613
	<u>76,796,064</u>	<u>59,167,990</u>
8. ADJUSTMENT OF STOCKS:		
Opening 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>
Stocks transferred on purchase of business	—	27,280,559
Less: Closing Stocks:		
Stock-in-Process	2,886,176	346,206
Finished Goods	56,525,320	35,612,237
	<u>59,411,496</u>	<u>35,958,443</u>
(Increase) / Decrease in stocks	<u>(23,453,053)</u>	<u>(142,055)</u>
	<u>486,667,430</u>	<u>337,850,311</u>
9. FINANCE CHARGES		
Bank Charges	1,793,031	2,569,426
Interest on ICDs	84,547	2,013,323
Interest on Term Loan	7,811,695	2,852,928
Interest on Others	—	37,233
	<u>9,689,273</u>	<u>7,472,910</u>
TOTAL RUPEES	<u>496,356,703</u>	<u>345,323,221</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, 2011

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
1.	Data Processing Equipment	} Straight Line Method	16.21%
2.	Office Equipment		4.75%
3.	Furniture and Fixtures		6.33%
4.	Vehicles		25.00%

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 amortising 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

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, 2011 (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 Traded	Aggregate of cost of materials, other direct costs and absorbed production overheads (including depreciation) on standard cost adjusted for variances and excise duty. 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, 2011 (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. Lease Transactions.

Assets given on operating lease are capitalised at cost. Rentals received by the Company are recognised in the Profit and Loss Account on accrual basis. Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating lease. Lease payments for assets taken on operating lease are recognised as an expense in the profit and Loss Account on a straight-line basis over the lease term.

L. 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 previous 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 Issued, 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 issuance of Preference Shares of 1,20,00,000 of Rs.10/- each fully paid up shares amounting to Rs.12,00,000,000/-.
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 Assets worth Rs.5,69,27,846/- & Liabilities worth Rs.7,30,69,554/-. The transaction resulted in creation of an 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	Previous Year
Guarantees issued by bank	38,167,476	27,163,764
Dividend on Preference shares	9,600,000	—

5. Estimated amount of Contracts remaining to be executed on Capital Account and not provided for Rs.Nil /- (Previous Year Rs.3,35,00,000/-)

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, 2011 (Contd.)

6. Dues 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.27,86,618/- (*Previous Year Rs.3,34,838*). There in no interest payable to such parties.
7. Operating leases: The Company has obtained various residential / office premises, Machinery (including furniture and fittings, therein as applicable) under operating lease or leave and license agreements. The Company has given refundable interest free security deposits in accordance with the agreed terms. Lease payments are recognised in the Profit and Loss Account during the year amounts to Rs.8,968,157/- (*Previous year Rs.1,862,024/-*)
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.27,86,618/- (*Previous Year Rs.3,34,838*). There in no interest payable to such parties.
8. The Company has deployed certain Data Processing Equipments at various sites under cancellable Operating Lease whereby it is recovering composite Service Charges in a per transaction basis as per the agreement. Out of the above, the portion attributable towards the use of the assets which has been estimated by the management has been shown under Lease Income and the balance has been shown under Service Income.

9. 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	3,476,267	265,860
Interest Cost	278,101	21,269
Current Service Cost	570,556	162,011
Liability transferred in	—	2,244,918
Benefits Paid	(415,104)	(250,962)
Actuarial (gain)/loss on obligations	223,137	1,033,171
Liability at the end of the year	4,132,957	3,476,267
(II) Expenses Recognised in the Profit and Loss Account		
Current Service Cost	570,556	162,011
Interest Cost	278,101	21,269
Expected Return on Plan Assets	—	—
Net Actuarial (Gain)/loss to be recognized	223,137	1,033,171
Expenses Recognised in Profit and Loss Account"	1,071,794	1,216,451
(III) Actuarial Assumptions		
Discount Rate Current	8.25%	8%
Salary Escalation Current	6%	6%
Mortality Table	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate

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

SCHEDULE "7" – NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011 (Contd.)

Particulars	As at 31st March 2011	As at 31st March, 2010	As at 31st March, 2009
(IV) Balance Sheet Reconciliation			
Opening Net Liability	3,476,267	265,860	105,713
Expense as above	1,071,794	1,216,451	160,147
Employers Contribution	—	—	—
Amount Recognised in Balance Sheet	4,132,957	3,476,267	265,860
Experience adjustment arising on plan liability [loss/(gain)]	223,137	492,469	36,233

* **Notes:**

- 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 past two years since the date of implementation of the Standard.
 - 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.
 - The above information is as certified by the actuary and relied upon by the auditors.
 - 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.3,270,720 (for the year ended 31.03.2010 Rs.2,650,309)
- 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..

11. Earnings Per Share is Computed as under:

Rupees

Sr. No.	Particulars	Current Year	Previous Year
1.	Loss after tax	(60,031,741)	(58,680,576)
2.	Weighted average number of equity shares outstanding during the year	68,972,000	20,092,357
3.	Earning per share (Face value being Rs.10 per share) – (Basic & Diluted)	(0.87)	(2.92)

12. 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.

13. Managerial Remuneration to a Manager:

Rupees

Sr. No.	Particulars	Current Year	Previous Year
1.	Salaries, bonus and allowances	1,405,682	—
2.	Other Perquisites	21,600	—
3.	Contribution to Provident Fund	49,884	—
	Total	1,477,166	—

Note: The above does not include gratuity and leave encashment benefits as the provisions for these are determined for the Company as a whole and therefore separate amounts for the Director are not available.

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, 2011 (Contd.)

17. (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 Ltd.

(B) Fellow Subsidiaries (with whom there are transactions):

1. Eureka Forbes Ltd.

(ii) Transactions with related parties for the year ended 31st March, 2011:

(Rupees)

Nature of Transactions	Referred to in A above	Referred to in B above	Total
Purchases			
1. Services Rendered	5,408,375	—	5,408,375
Sales			
2. Goods and Materials		—	—
Expenses			
3. Rent and other Service Charges *	5,976,483	45,000	6,021,483
4. Interest Paid	84,547	—	84,547
5. Other Service Charges	5,500		5,500
Finance			
6. Deposits Taken	21,000,000	—	21,000,000
7. Repayment of Deposits Taken	21,000,000	—	21,000,000
8. Repayment of Deposits Given			
9. Preference Share Contribution	120,000,000	—	120,000,000
Outstandings			
10. Sundry Creditors	6,089,722	45,000	6,134,722
11. Sundry Debtors	—		—

1. All the amount referred in table 'A' are with Forbes & Company Limited except for Preference Share Contribution of Rs.100,000,000/- which is from Shapoorji Pallonji & Company Ltd.
2. * Includes Rs.25,72,725/- towards reimbursement of expenses on account of Electricity, Water, Diesel and Rs.54,08,375/- towards expenses on account of Clearing Charges and Rs.12,47,018/- towards reimbursement of Salary to Staff.

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.)

17. (b) Related Party Disclosures (Previous Year)

(i) Names of related parties and nature of related party relationship.

(A) Holding Company/ Ultimate Holding Company:

1. Shapoorji Pallonji & Company Ltd. (Ultimate Holding Company)
2. Sterling Investment Corporation Private Limited
3. Forbes & Company Limited
4. Forbes Campbell Finance Ltd.

(B) Fellow Subsidiaries (with whom there are transactions):

1. Eureka Forbes Limited

(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

1. All the amount referred in table 'A' are with single party viz, Forbes & Company Limited
2. * Includes Rs.11,41,900/- towards reimbursement of expenses on account of Custom Duty, Warehouse Charges etc..

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, 2011 (Contd.)

18. (a) Information for each class of goods manufactured and traded during the year ended 31st March, 2011

Product	Unit	Licensed Capacity (Per Annum)	Installed Capacity (Per Annum)	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. Business Automation Products*	NOS	—	—	—	—	27,386,439	—	228,387,214	—	—	—	—	—	45,500,487	—	272,538,860	—
From Manufactured Finished goods																	
2. Kiosks (Finished Goods)	NOS.	—	1,200	1112	1112	8,225,798	—	—	—	—	—	101	8,502,143	117	11,024,833	956	91,695,110
TOTAL RUPEES						35,612,237		228,387,214					8,502,143		56,525,320		364,233,970

* Compromise of Diverse automation products of different items, Various sizes, etc.

18. (b) Information for each class of goods traded during the year ended 31st March, 2010

Product	Unit	Licensed Capacity (Per Annum)	Installed Capacity (Per Annum)	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

**** Compromise of Diverse automation products of different items, Various sizes, etc.

19. Amounts Payable in Foreign Currency which are not covered by forward contracts Import Goods & Services	Current Year	Previous Year
EURO	6,616	9,889
US \$	62,717	66,080

20. Figures of previous years have been regrouped wherever necessary.

Ashok Barat	<i>Chairman</i>
C.A. Karnik	} <i>Directors</i>
Amit Mittal	
S. Kuppaswamy	
V. K. Vora	<i>Company Secretary</i>
Mumbai, 16th July, 2011	

INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956.

I. Registration Details

Registration No.	62425	State code	11
Balance Sheet Date	31.03.2011		

II. Capital Raised during the year (Amount in Rs. '000)

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	120,000

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. '000)

Total Liabilities	278,316	Total Assets*	278,316
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Sources of Funds

Paid-up Capital	188,972
Reserves and Surplus	—
Secured Loans	89,344

Application of Funds

Investments	—
Fixed Assets	93,964
Net Current Assets	65,639
Accumulated Loss	118,712

* Net of Current Liabilities and Provisions

IV. Performance of the Company (Amount in Rs. '000)

Turnover	448,106
Total Expenditure	496,357
Profit before Tax	(60,032)
Profit after Tax	(60,032)
Earning per Share in Rs.	—
Dividend Rate	NIL

V. Generic names of three principal products/services of Company (as per monetary terms)

Item Code No.	Nil	Product Description	Banking Solutions Office Automation
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Ashok Barat	}	Chairman
C.A. Karnik		Directors
Amit Mittal		
S. Kuppuswamy		

Mumbai, Dated: 16th July, 2011

V. K. Vora
Company Secretary

FORBES TECHNOSYS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011

	For the year ended 31st March, 2011		For the year ended 31st March, 2010	
	Rupees		Rupees	
NET LOSS BEFORE TAX		(60,031,741)		(58,680,575)
Adjusted for –				
Depreciation	11,780,839		9,793,725	
Interest Income	(618,408)		(413,480)	
Interest and Other Finance Charges	9,689,273		7,472,910	
Unrealised Foreign Exchange Fluctuation Loss	(8,314)		(604,829)	
Bad Debts written off	—		11,526	
Provision for Employee Benefits	1,277,101		5,510,271	
		22,120,491		21,770,123
OPERATING LOSS BEFORE WORKING CAPITAL CHANGES		(37,911,250)		(36,910,452)
Changes in –				
Trade and Other Receivables	(40,212,029)		(36,124,053)	
Loans and Advances	(5,135,786)		15,480,202	
Inventories	(23,220,636)		(14,650,387)	
Trade Payables and Others	22,730,168		35,332,272	
		(45,838,284)		38,034
CASH USED IN OPERATING ACTIVITIES		(83,749,534)		(36,872,418)
Less:- Taxes Paid		1,441,225		1,129,799
(a) NET CASH USED IN OPERATING ACTIVITIES		(85,190,759)		(38,002,217)
CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of Fixed Assets (including adjustments on account of capital work-in-progress and capital advances)	(56,702,033)		(12,468,805)	
Fixed deposits with banks (Net) having maturity over three months	(10,056,218)		—	
Proceeds from sale of Fixed assets	1,448,751		169,509	
Inter Corporate Deposits Placed	(21,000,000)		(29,619,471)	
Inter Corporate Deposits Refunded	21,000,000		29,619,471	
Interest Received	403,564		80,003	
Consideration for acquiring new division	—		(1,000,000)	
(b) NET CASH USED IN INVESTING ACTIVITIES		(64,905,936)		(13,219,293)
CASH FLOW FROM FINANCING ACTIVITIES:				
Proceeds from Long Term Borrowings	15,000,000		8,558,000	
Repayment of Long Term Borrowings	(10,089,000)		(7,337,000)	
Proceeds from issue of Shares	120,000,000		30,000,000	

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011 (Contd.)

	For the year ended 31st March, 2011 Rupees		For the year ended 31st March, 2010 Rupees	
	Proceeds from Short Term Borrowings	33,725,675		29,536,777
Interest Paid	(9,689,273)		(7,472,910)	
(e) NET CASH FLOW FROM FINANCING ACTIVITIES		148,947,402		53,284,867
(d) NET INCREASE IN CASH AND CASH EQUIVALENTS (a)+(b)+(c)		(1,149,293)		2,063,358
CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT 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
Add: CASH AND CASH EQUIVALENTS TRANSFERRED ON ACCOUNT OF SLUMP SALE				
Balances with scheduled banks on current accounts		—		3,358,221
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR, COMPRISING OF:				
Cash on hand	89,471		38,721	
Balances with scheduled banks on current accounts	5,010,296		207,463	
Balances with scheduled banks on deposit accounts	12,168,034		8,114,692	
		17,267,801		8,360,876
		(1,149,293)		0
Less: Deposits with maturity over three months		10,056,218		—
NET INCREASE IN CASH AND CASH EQUIVALENTS		(1,149,293)		2,063,357

Notes

1. The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard-3 on Cash Flow Statement.
2. Figures of the previous year have been regrouped / rearranged wherever necessary to conform to figures of the current year.

NOTES TO THE ACCOUNTS (per Schedule "7")

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

Z. F. BILLIMORIA
Partner

For and on behalf of the Board

Ashok Barat } *Chairman*
C.A. Karnik }
Amit Mittal } *Directors*
S. Kuppuswamy }

V. K Vora *Company Secretary*

Mumbai, Dated: 16th July, 2011

FORBES ENVIRO SOLUTIONS LIMITED
(Formerly known as Forbes Water Limited)

(Subsidiary of Eureka Forbes Limited)

Annual Report and Accounts
for the year ended 31st March, 2011

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

REPORT OF THE DIRECTORS

To,
The Members,

The Directors are pleased to submit their Report and the Audited Accounts of the Company for the year ended 31st March 2011.

1. FINANCIAL RESULTS:

	Current Year Rupees	Previous Year Rupees
Income From Operation & Other Income	Nil	Nil
Profit/(Loss) before Depreciation	(20,060)	(1,03,000)
Less : Depreciation	Nil	Nil
Profit/(Loss) before Tax	(20,060)	(1,03,000)
Less: Provision for Taxation	Nil	Nil
Profit/(Loss) after Tax	(20,060)	(1,03,000)
Profit/(Loss) b/fd of previous year	(103,000)	Nil
Balance carried to Balance Sheet	<u>(123,060)</u>	<u>(1,03,000)</u>

2. OPERATIONS :

The Company has not yet commenced its commercial operation since, in the ensuing year 2011-12, the Company will take over the operation of two of the subsidiary companies of its parent Company Eureka Forbes Limited, namely Radiant Energy Systems Private Ltd. and Waterwings Equipment Private Ltd. The Company is planned to become a flagship Company for the Water Projects business of Eureka Forbes Ltd.

3. CAPITAL

During the year there has been no change in the share capital of the Company and the subscribed and paid up share capital of the Company stands at Rs.5,00,000/- comprising 50,000 equity shares of Rs.10/- each.

4. DIRECTORS

None of the Directors retire by rotation as specified in the Articles.

5. 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 reappointment.

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, 2011, 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.
- (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.

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.

For and on behalf of the Board of Directors

J. N. Ichhaporla
Director

A. V. Suresh
Director

Mumbai, 30th May, 2011

FORBES ENVIRO SOLUTIONS LIMITED
(Formerly known as Forbes Water Limited)

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 2011, 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. 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, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 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, 2011;
 - 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.

For **T A M & CO**
Chartered Accountants
Firm Regn. No. 122707W

M. Y. Bamboat
Partner
Membership No. 105794

Mumbai, 30th May, 2011

ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in paragraph 4 of our report of even date)

- i) The Company has not commenced any business operations during the year 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 Regn. No. 122707W

M. Y. Bamboat
Partner
Membership No. 105794

Mumbai, 30th May, 2011

FORBES ENVIRO SOLUTIONS LIMITED
(Formerly known as Forbes Water Limited)

BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedule	Rupees	As At 31-03-2011 Rupees	As At 31-03-2010 Rupees
FUNDS EMPLOYED:				
1.	SHARE CAPITAL	A	5,00,000	5,00,000
2.	TOTAL FUNDS EMPLOYED		<u>5,00,000</u>	<u>5,00,000</u>
APPLICATION OF FUNDS:				
3.	CURRENT ASSETS, LOANS AND ADVANCES	B	4,89,700	5,00,000
4.	Less : CURRENT LIABILITIES AND PROVISIONS	C	<u>1,12,760</u>	<u>1,03,000</u>
5.	NET CURRENT ASSETS		3,76,940	3,97,000
6.	DEBIT BALANCE IN PROFIT AND LOSS ACCOUNT		123,060	103,000
7.	TOTAL ASSETS (NET)		<u>5,00,000</u>	<u>5,00,000</u>
8.	NOTES TO THE ACCOUNTS	E		

Per our report attached

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

M.Y. BAMBOAT
Partner
 Membership No. 105794

Mumbai, Dated : 30th May, 2011

SURESH LAL GOKLANEY *Chairman*

J. N. ICHHAPORIA
 A. V. SURESH
 MARZIN R SHROFF } *Directors*

Mumbai, Dated : 30th May, 2011

ANNUAL REPORT 2010-2011

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	<u>Schedule</u>	<u>Rupees</u>	<u>Current Year 31-03-2011 Rupees</u>	<u>Period Ended 31-03-2010 Rupees</u>
1. INCOME :				
Sales and Other Income			—	—
2. EXPENDITURE :				
(a) Legal and Professional Fees	D	20,060	20,060	103,000
3. LOSS BEFORE TAX			(20,060)	(103,000)
Current Year tax provision			—	—
4. LOSS AFTER TAX			(20,060)	(103,000)
5. LOSS BROUGHT FORWARD FROM PREVIOUS YEAR			(103,000)	—
6. LOSS CARRIED TO BALANCE SHEET			(123,060)	(103,000)
Number of Equity Shares			50,000	50,000
Face Value per share			10	10
Basic and Diluted Earning Per Share			(0.40)	(2.06)
7. NOTES TO THE ACCOUNTS	E			

Per our report attached

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

M.Y. BAMBOAT
Partner
Membership No. 105794

Mumbai, Dated : 30th May, 2011

SURESH LAL GOKLANEY *Chairman*

J. N. ICHHAPORIA
A. V. SURESH
MARZIN R SHROFF } *Directors*

Mumbai, Dated : 30th May, 2011

FORBES ENVIRO SOLUTIONS LIMITED
(Formerly known as Forbes Water Limited)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	As at 31-03-2011 Rupees	As at 31-03-2010 Rupees
NET LOSS BEFORE TAX AND EXTRA ORDINARY ITEMS	(20,060)	(1,03,000)
OPERATING LOSS BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS	(20,060)	(1,03,000)
Changes in -		
Trade Payables and others	9,760	1,03,000
CASH GENERATED FROM OPERATIONS	(10,300)	1,03,000
Direct Taxes Paid		
(a) NET CASH FROM OPERATING ACTIVITIES	—	—
(b) NET CASH FROM/(USED) IN INVESTING ACTIVITIES	—	—
(c) NET CASH FROM/ (USED) IN FINANCING ACTIVITIES	—	5,00,000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(10,300)	5,00,000
CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE PERIOD, COMPRISING :	5,00,000	—
CASH AND CASH EQUIVALENTS AS AT THE END OF THE PERIOD, COMPRISING :		
Balances with scheduled banks on Current accounts,	4,89,700	5,00,000
NET INCREASE/(DECREASE) AS DISCLOSED ABOVE	(10,300)	5,00,000

Per our report attached

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

M.Y. BAMBOAT
Partner
 Membership No. 105794

Mumbai, Dated : 30th May, 2011

SURESH LAL GOKLANEY *Chairman*

J. N. ICHHAPORIA
 A. V. SURESH
 MARZIN R SHROFF } *Directors*

Mumbai, Dated : 30th May, 2011

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH, 2011**

	As At 31-03-2011 Rupees	As At 31-03-2010 Rupees
SCHEDULE 'A' – SHARE CAPITAL		
AUTHORISED :		
50000 Equity Shares of Rs.10/- each	5,00,000	5,00,000
ISSUED AND SUBSCRIBED		
50000 Equity Shares of Rs.10/- each	5,00,000	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 31-03-2011 Rupees	As At 31-03-2010 Rupees
1. CURRENT ASSETS		
i) Cash and Bank Balances :		
With Scheduled Banks – in Current Accounts	4,89,700	5,00,000
	4,89,700	5,00,000

SCHEDULE 'C' – CURRENT LIABILITIES AND PROVISIONS

	As At 31-03-2011 Rupees	As At 31-03-2010 Rupees
1. CURRENT LIABILITIES		
Other Liabilities		
Provision for expense	112,760	92,700
Tax deducted at Source	—	10,300
	1,12,760	1,03,000

**SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR
THE YEAR ENDED 31ST MARCH, 2011**

SCHEDULE 'D' – ADMINISTRATION EXPENSES

	Current year 31-03-2011 Rupees	Period ended 31-03-2010 Rupees
1. OPERATIONAL AND OTHER EXPENSES :		
Legal and Professional Fees	14,030	25000
Auditors' Remuneration –		
Audit Fees	6,030	5000
Preliminary Expenses	—	73,000
	20,060	103000

FORBES ENVIRO SOLUTIONS LIMITED
(Formerly known as Forbes Water Limited)

**SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED
31ST MARCH, 2011**

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. The Company has yet to start its commercial operations as explained in the Directors' Report forming part of this Annual Report.
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 year 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. The Company does not have any contingent liabilities.
6. The figures of the previous year have been regrouped wherever necessary.
7. 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 Regn. No. 122707W

M.Y. BAMBOAT
Partner
Membership No. 105794

Mumbai, Dated : 30th May, 2011

SURESH LAL GOKLANEY *Chairman*

J. N. ICHHAPORIA
A. V. SURESH
MARZIN R SHROFF } *Directors*

Mumbai, Dated : 30th May, 2011

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 year ended 31st March, 2011

(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 (Holding Company)

Forbes & Company Limited (Formerly known as Forbes Gokak Ltd.)

Shapoorji Pallonji & Co. Ltd.

B. Fellow Subsidiaries

Aquamall Water Solutions Limited

Aquadignostics Water Research & Technology Center

E4 Development & Coaching Ltd.

Euro Forbes International Pte. Ltd.

EFL Mauritius Ltd.

Forbes Facility Services Pvt Ltd.

Forbes Aquamall Ltd.

Radint Energy Solutions Pvt Ltd.

Waterwings Equipment Pvt. Ltd.

C. Enterprises that are under common control

Forbes Aquatech Ltd.

Forbes Concept Hospitality Services Pvt. Ltd.

Infinite Water Solutions Pvt. Ltd.

(II) There are no transaction with the related parties as listed above.

FORBES ENVIRO SOLUTIONS LIMITED
(Formerly known as Forbes Water Limited)

Information referred to in Note 5 in Schedule E to the Accounts for the period ended 31st March 2011

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. U 27310MH2008PLC188478

State Code 11

Balance Sheet Date 31 03 2011
Date Month Year

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

Public Issue
NIL

Rights Issue
NIL

Bonus Issue
NIL

Private Placement
NIL

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

Total Liabilities
500

Total Assets
500

Source of Funds

Paid-Up Capital
500

Reserves & Surplus
NIL

Secured Loans
NIL

Unsecured Loans
NIL

Application of Funds

Net Fixed Assets
NIL

Investments
NIL

Net Current Assets
377

Deferred Tax Assets
NIL

Misc. Expenditure
NIL

Accumulated Losses
123

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

Turnover & Other Income
NIL

Total Expenditure
20

Profit/Loss Before Tax
+ - 20

Profit/Loss After Tax
+ - 20

Earnings Per Share In Rs.
- 00.40

Dividend Rate %
NIL

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

Item code No.(ITC Code) - NA

Product Description PROJECTS AND PARTS OF WATER & WASTE WATER TREATMENT PLANTS

Per our report attached

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

SURESH LAL GOKLANEY *Chairman*

M.Y. BAMBOAT
Partner
Membership No. 105794

J. N. ICHHAPORIA
A. V. SURESH
MARZIN R SHROFF } *Directors*

Mumbai, Dated : 30th May, 2011

Mumbai, Dated : 30th May, 2011

FORBES CAMPBELL FINANCE LIMITED

(a wholly owned Subsidiary of Forbes & Company Limited)

Annual Report and Accounts
for the year ended 31st March, 2011

DIRECTORS:

Ashok Barat

Chairman

Amit Mittal

C.A. Karnik

A.T. Shah

Sunetra Ganesan

S.P. Kadakia

BANKERS:

Standard Chartered Bank

AUDITORS:

Batliboi & Purohit

REGISTERED OFFICE:

Catholic Center,
64, Armenian Street,
Chennai - 600 001

FORBES CAMPBELL FINANCE LIMITED

DIRECTORS' REPORT

To

The Shareholders

1. Your Directors submit their Report with the Audited Accounts of the Company for the year ended 31st March, 2011.

2. FINANCIAL RESULTS:

Summarised figures are as under :

	Current year ended 31st March, 2011 Rupees in lakhs	Previous year ended 31st March, 2010 Rupees in lakhs
(a) Profit / (Loss) before Depreciation	(918.74)	(953.27)
(b) Less: Depreciation	0.52	0.52
(c) Profit / (Loss) for the year before tax	(919.26)	(953.79)
(d) Less: Provision for Taxation		
– For current year	–	–
– For earlier year	–	–
(e) Profit / (Loss) after Tax	(919.26)	(953.79)
Add: Profit for the year ended 31.3.2009 *	–	85.14
Balance brought forward from last year	(695.07)	(973.44)
Balance Transfer on Amalgamation	–	1024.92
General Reserve as contra	–	122.10
(f) Balance carried to Balance Sheet	(1614.33)	(695.07)

* In respect of amalgamating companies viz. Seaspeed Shipping Agencies Ltd., Sea Falcon Shipping Services Ltd., Trident Shipping Agencies Ltd., and Forbes Finance Ltd.

3. OPERATION:

The Company holds shares in Nypro Forbes Moulds Pvt. Ltd. and Nypro Forbes Products Pvt. Ltd. Both these companies have been underperforming for the past few years and have accumulated substantial losses. The Boards of Directors of both the companies, at their meeting held on 19.2.2011 have resolved to merge the two Companies and undertake capital reduction in the merged entity. The number and value of the shares held by the Company will, subsequent to the capital reduction, reduce and hence the Company has written off its investment holding value by Rs.9.20 crores.

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. DIRECTORS:

Mr. C. A. Karnik and Mr. A. T. Shah are due to retire by rotation. The Board of Directors commends their reappointment as Directors of the Company.

6. PARTICULARS REGARDING EMPLOYEES:

The Company did not have any employee who was entitled to receipt of remuneration of Rs.60,00,000 or more in aggregate

if employed throughout the financial year or Rs.5,00,000 or more per month if employed for a part of the financial year.

7. 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.

8. 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.

9. 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”.

10. INFORMATION REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1998

(A) Conservation of energy and technology absorption:

The Company’s operations involve low energy consumption. Wherever possible energy conservation measures have already been implemented and there are no major areas where further energy conservation measures can be taken. However, efforts to conserve and optimize the use of energy through operational methods will continue.

(B) Foreign exchange earnings and outgo:

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

For and on behalf of the
Board of Directors

Ashok Barat
Chairman

Mumbai,
Dated : 23rd June, 2011

FORBES CAMPBELL FINANCE LIMITED

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 w. e. f. 14th June, 2010, (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, 2011. 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 4 times on 7th May, 2010, 28th July, 2010, 4th November, 2010 and 1st February, 2011 and Circular Resolutions were passed on 17th August, 2010, 27th October, 2010, 9th March, 2011 and 14th March, 2011 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, 2010 was held on 29th July, 2010 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 7th May, 2010 and 10th May, 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 was not required to make any entries in the Register maintained under section 301 of the Act.
11. As there were no instances falling within the purview of section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, Members or Central Government, as the case may be.
12. The Company has not issued any duplicate share certificates during the financial year.
13. The Company has:
 - (i) not made any allotment/ transmission of securities during the financial year. The Company has approved the transfer of 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 no 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 the Company has obtained the Certificate of Change of Name from Registrar of Companies on 14th June, 2010 and also the Certificate registering the Special Resolution for alteration of Object clause of Memorandum of Association on 27th May, 2010
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 allotted any securities during the financial year.
20. The Company has not bought back Equity 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 any deposits during the financial year.
24. The Company has 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 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 altered the provisions of the memorandum with respect to name of the Company during the year under scrutiny after complying with the provisions of the Act.
29. The Company has not altered the provisions of the memorandum with respect to share capital of the Company regarding during the year under scrutiny.
30. The Company has altered its articles of association during financial year after complying with the provisions of the Act.
31. There was no prosecution initiated against or show cause notices received by the Company during the financial year for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year under certification as per provisions of section 417(1) of the Act.
33. The Company was not required to deposit both employee's and employer's contribution to Provident Fund with prescribed authorities pursuant to section 418 of the Act.

For **Sanjay Dholakia & Associates**

(SANJAY R. DHOLAKIA)

*Practising Company Secretary
Proprietor*

Place : Mumbai
Date : 23rd June, 2011

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.
6. Register of Charges u/s 143.

For **Sanjay Dholakia & Associates**

(SANJAY R. DHOLAKIA)

*Practising Company Secretary
Proprietor*

Place : Mumbai
Date : 23rd June, 2011

FORBES CAMPBELL FINANCE LIMITED

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, 2011.

1. Form 23AC for Balance Sheet as at 31/3/2010 and Form 23ACA for Profit & Loss Account for the year ended 31st March, 2010 filed with the Registrar of Companies, Tamilnadu on 26th August, 2010.
2. Form 20B for Annual Return made up to 29th July, 2010, filed with the Registrar of Companies, Tamilnadu on 17th September, 2010.
3. Form 66 for Compliance Certificate for the year ended 31st March, 2010 as required u/s. 383A of the Companies Act, 1956, was filed with the Registrar of Companies, Tamilnadu on 2nd August, 2010.
4. Form 32 for Regularisation of appointment of Director w e f 29th July, 2010 was filed with the Registrar of Companies, Tamilnadu on 8th August, 2010.
5. Form 1A for ascertainment of availability of name was filed with the Registrar of Companies, Tamilnadu on 30th April, 2010.
6. Form 23 for Special Resolution passed at the Extra Ordinary General Meeting held on 7th May, 2010 was filed with the Registrar of Companies, Tamilnadu on 21st May, 2010.
7. Form 23 for Special Resolution passed at the Extra Ordinary General Meeting held on 10th May, 2010 was filed with the Registrar of Companies, Tamilnadu on 12th May, 2010.
8. Form 23 for Special Resolution passed at the Annual General Meeting held on 29th July, 2010 was filed with the Registrar of Companies, Tamilnadu on 13th October, 2010.
9. Form 1B for Special Resolution for Change of Name of the Company passed at the Extra Ordinary General Meeting held on 10th May, 2010 was filed with the Registrar of Companies, Tamilnadu on 10th June, 2010.

For **Sanjay Dholakia & Associates**

(SANJAY R. DHOLAKIA)

*Practising Company Secretary
Proprietor*

Place : Mumbai
Date : 23rd June, 2011

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, 2011, 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 (CARO) issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in Paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred in paragraph 3 above, we report that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper Books of Account as required by law have been kept by the Company so far as appears from our examination of those books.
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in compliance with the Accounting Standard 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, 2011.
 - (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, 2011 as taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of Section 274 (1) (g) of the Companies Act, 1956.

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

Kaushal Mehta
Partner

Membership No. 111749

Place : Mumbai
Dated : 23rd June, 2011

ANNEXURES TO 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 (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 situations 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. As informed no material discrepancies have been noticed during the verification.
 - (c) There was no substantial disposal of fixed assets during the year.

FORBES CAMPBELL FINANCE LIMITED

- iii) (a) 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, 1961.
- (b) 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, 1961.
- iv) According to the information and explanations given to us, there were no contracts or arrangements that were required to be entered in to 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:
- (a) 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.
- (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, 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, except for sales tax of Rs.15,69,598.
- (c) Details of dues of income tax and sales tax which have not been deposited as on 31st March, 2011 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. 1997-98 to 1999-2000	10,09,077
Income Tax Act	Income Tax Demands	Income Tax Appellate, Tribunal	2000-2001	5,26,070
Income Tax Act	Income Tax Demands	Income Tax Appellate, Tribunal	2003-2004	1,75,710
Income Tax Act	Income Tax Demands	Commissioner of Income Tax (Appeals)	2004- 2005	1,12,448

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

Kaushal Mehta
Partner

Place : Mumbai
Dated : 23rd June, 2011

Membership No. 111749

BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedule No.	Rupees	As at 31 st March, 2011 Rupees	As at 31 st March, 2010 Rupees
I SOURCES OF FUNDS				
(1) SHAREHOLDERS' FUNDS				
(a) Share Capital	"1"	38,641,310		38,641,310
(b) Reserves and Surplus	"2"	146,342,628		238,268,460
			184,983,938	276,909,770
(2) LOAN FUNDS				
0.1% unsecu. Opt. Con. Red. Debenture A/C	"3"		43,015,385	–
TOTAL			227,999,323	276,909,770
II APPLICATION OF FUNDS				
(1) FIXED ASSETS	"4"			
(a) Gross Block			1,579,294	1,579,294
(b) Less: Depreciation			866,048	814,342
(c) Net Block			713,246	764,952
(2) INVESTMENTS	"5"		207,436,661	253,697,342
(3) CURRENT ASSETS, LOANS AND ADVANCES	"6"			
(a) Cash and Bank Balances		249,609		3,052,771
(b) Loans and Advances		22,279,178		22,279,178
		22,528,787		25,331,949
Less: CURRENT LIABILITIES AND PROVISIONS	"7"			
(a) Current Liabilities		2,608,107		2,813,209
(b) Provisions		71,264		71,264
		2,679,371		2,884,473
NET CURRENT ASSETS			19,849,416	22,447,476
TOTAL			227,999,323	276,909,770

Notes to Accounts & significant accounting policies – Schedule 9

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

As per our report of even date

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

KAUSHAL MEHTA
Partner
Membership No. : 111749

Mumbai, Dated : 23rd June, 2011

Ashok Barat

Chairman

Amit Mittal

C.A. Karnik

A.T. Shah

Sunetra Ganesan

Directors

FORBES CAMPBELL FINANCE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH, 2011

	Schedule No.	For the Period ended 31st March, 2011 Rupees	For the Year ended 31st March, 2010 Rupees
1. INCOME:			
(i) Interest on Deposits (Tax deducted at source Rs. NIL; Previous Year Rs.1518736)		-	9,396,736
(ii) Dividend on long term investments in associate Company		488,202	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) Credit balance / provision for expenses no longer required		-	2,512,053
(v) Miscellaneous Income		-	62,500
TOTAL		<u>488,202</u>	<u>77,444,414</u>
2. EXPENDITURE:			
Other Expenses	"8"	422,567	3,434,913
Provision for doubtful Loans and Advances		-	1,000,000
Loss on sale of long term investments (other than trade)		156,220	26,947
Investments in a subsidiary Company written off (net of provision for diminution in value of investments)		91,759,411	168,292,557
Interest – Others		24,131	17,232
Depreciation	"4"	51,706	51,707
Total		<u>92,414,034</u>	<u>172,823,356</u>
PROFIT/(LOSS) BEFORE TAXATION		<u>(91,925,832)</u>	<u>(95,378,942)</u>
3. Less: PROVISION FOR TAXATION			
- for Income-tax – Current		-	-
- for Income-tax – For earlier years		-	-
4. PROFIT/(LOSS) AFTER TAXATION		<u>(91,925,832)</u>	<u>(95,378,942)</u>
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		<u>(91,925,832)</u>	<u>(86,864,823)</u>
5. Add: Debit balance in profit and loss account brought forward from last year			
		(69,507,301)	(97,343,735)
Balance transferred on Amalgamation (Refer Note II (6) on Schedule 10)		-	102,492,354
General Reserve as contra		-	12,208,903
BALANCE CARRIED TO SCHEDULE 2		<u>(161,433,133)</u>	<u>(69,507,301)</u>
6. Earnings per Share (Refer Note II of Notes to accounts)			
		(23.79)	(18.83)

As per our report of even date

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

KAUSHAL MEHTA
Partner
Membership No. : 111749

Mumbai, Dated : 23rd June, 2011

Ashok Barat

Chairman

Amit Mittal

C.A. Karnik

A.T. Shah

Sunetra Ganesan

Directors

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

	As at 31 st March, 2011 Rupees	As at 31 st March, 2010 Rupees
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 (<i>Previous Year – 38,641,310</i>) Equity Shares of Rs.10 each fully paid up	38,641,310	38,641,310
TOTAL	<u>38,641,310</u>	<u>38,641,310</u>

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
<i>Add:</i> Surplus on Amalgamation	–	730,060
<i>Less:</i> Deficit on Amalgamation	–	10,789,995
	<u>–</u>	<u>–</u>
2. SECURITIES PREMIUM		
Balance as per last balance sheet	300,071,700	–
<i>Add:</i> Balance transferred on Amalgamation	–	300,071,700
	<u>300,071,700</u>	<u>300,071,700</u>
3. AMALGAMATION RESERVE		
Balance as per last balance sheet	204,061	–
<i>Add:</i> Balance transferred on Amalgamation	–	204,061
	<u>204,061</u>	<u>204,061</u>
4. CAPITAL REDEMPTION RESERVES		
Balance as per last Balance Sheet	7,500,000	–
<i>Add:</i> Transferred from General Reserve in accordance with Section 77AA of the Companies Act, 1956 on buy-back of equity shares	–	7,500,000
	<u>7,500,000</u>	<u>7,500,000</u>
5. GENERAL RESERVE		
Balance as per last balance sheet	–	12,092,468
<i>Add:</i> Balance transferred on Amalgamation	–	41,950,775
<i>Less:</i> Deficit on Amalgamation	–	3,017,731
<i>Add:</i> Adjustments on Amalgamation :		
Adjustment for differential accounting policy	–	74,729
Reversal of provision for doubtful loans	–	11,631,100
Reversal of deferred tax liability	–	102,562
	<u>–</u>	<u>62,833,903</u>

FORBES CAMPBELL FINANCE LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

	As at 31 st March, 2011 Rupees	As at 31 st March, 2010 Rupees
SCHEDULE "2" – RESERVES AND SURPLUS (Contd.)		
<i>Less:</i> Amount Utilised for Buy – Back of Shares	–	43,125,000
Amount transferred to Capital Redemption Reserve	–	7,500,000
	–	12,208,903
<i>Less:</i> Deficit in Profit and Loss Account	–	12,208,903
	–	–
6. PROFIT & LOSS ACCOUNT		
Balance as per last balance sheet	(69,507,301)	(97,343,735)
<i>Add:</i> Balance transferred on Amalgamation	–	102,492,354
General Reserve as contra	–	12,208,903
Current year Loss	(91,925,832)	(86,864,823)
	(161,433,133)	(69,507,301)
TOTAL	146,342,628	238,268,460

SCHEDULE "3" – LOAN FUNDS

Interest Accrued but not due	15,385	–
0.1% unsecured Opt. Convertible Debenture A/C	43,000,000	–
TOTAL	43,015,385	–

SCHEDULE "4" – FIXED ASSETS

(Rupees)

Assets	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	As at 1 st April, 2010	Additions during the year	Deductions during the year	As at 31 st March, 2011	As at 1 st April, 2010	For the Period 01.04.2010 To 31.3.2011	As at 31 st March, 2011	As at 31 st March, 2011	As at 31 st March, 2010
Buildings	1,331,694	–	–	1,331,694	653,783	21,707	675,490	656,204	677,911
Furniture and Fixtures	102,600	–	–	102,600	42,974	6,495	49,469	53,131	59,626
Computers	145,000	–	–	145,000	117,585	23,505	141,090	3,911	27,415
TOTAL	1,579,294	–	–	1,579,294	814,342	51,706	866,048	713,246	764,952

Depreciation Rate:

Building	@1.63%
Furniture	@6.33%
Computers	@16.21%

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

	Foot Note No.	Number	Face Value Rupees	As at 31 st Mar, 2011 Rupees	As at 31 st March, 2010 Rupees
SCHEDULE "5" – INVESTMENTS					
LONG TERM (FULLY PAID - UP)					
1. INVESTMENT IN SUBSIDIARY COMPANIES					
UNQUOTED EQUITY SHARES:					
Forbes Campbell Services Ltd.		48,998	10	493,994	493,994
Forbes Technosys Ltd.		6,897,200	10	67,826,350	67,826,350
Forbes Bumi Armada Ltd.		255,000	10	2,556,395	2,556,395
Forbes Bumi Armada Ltd. (partly paid-up)		2,550,000	10	3,825,000	3,825,000
Forbes Edumetry Ltd.		1,656,000	10	14,436,124	14,436,124
Forbes Smart Data Ltd	a	50,000	10	–	501,270
2. OTHER THAN TRADE INVESTMENTS:					
(i) QUOTED EQUITY SHARES:					
Forbes & Company Ltd.		166,398	10	3,254,692	3,254,692
(ii) UNQUOTED EQUITY SHARES:					
The Swadeshi Mills Co. Ltd.		1,349,260	10	13,492,600	13,492,600
Nypro Forbes Products Pvt. Ltd.	b	16,780,000	10	103,777,083	131,934,956
Nypro Forbes Moulds Pvt. Ltd.	c	3,975,000	10	12,210,546	29,812,084
				<u>221,872,784</u>	<u>268,133,465</u>
Less: Provision for diminution in the value of investments				<u>14,436,123</u>	<u>14,436,123</u>
				<u>207,436,661</u>	<u>253,697,342</u>
Aggregate amount of quoted investments				3,254,692	3,254,692
Unquoted Investments				<u>204,181,969</u>	<u>250,442,650</u>
				<u>207,436,661</u>	<u>253,697,342</u>

Notes:

During the year,

- (a) the entire investments of Rs.501,270 has been written-off consequent to liquidation of investee Company.
- (b) 36 Lacs equity shares of Rs.10 each were purchased in Nypro Forbes Products Pvt. Ltd. Rs.6.41 cr has been written off due to diminution in value of investments.
- (c) 10 Lacs equity shares of Rs.10 each were purchased in Nypro Forbes Mould Pvt. Ltd. Rs.2.76 cr has been written off due to diminution in value of investments.

FORBES CAMPBELL FINANCE LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

	As at 31 st March, 2011 Rupees	As at 31 st March, 2010 Rupees
SCHEDULE "6" – CURRENT ASSETS, LOANS AND ADVANCES		
(a) CASH AND BANK BALANCES:-		
(i) Cash on Hand	6,264	4,834
(ii) Cash at Bank		
With Scheduled Banks:		
On Current Accounts	243,345	3,047,937
TOTAL	<u>249,609</u>	<u>3,052,771</u>
(b) 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	80,127
(b) Unsecured, Considered Doubtful	1,265,526	1,265,526
	<u>1,440,825</u>	<u>1,440,825</u>
Less: Provision for Doubtful Advances	1,265,526	1,265,526
	<u>175,299</u>	<u>175,299</u>
(ii) Loans to others :		
Unsecured, Considered Doubtful	3,826,000	3,826,000
Less: Provision for Doubtful Balances	3,826,000	3,826,000
	<u>-</u>	<u>-</u>
(iii) Deposits to others :		
Unsecured, Considered Doubtful	1,379,946	1,379,946
Less: Provision for Doubtful Balances	1,379,946	1,379,946
	<u>-</u>	<u>-</u>
(iv) Taxes paid less provisions including Fringe Benefit Tax	21,851,072	21,851,072
(v) Balance with Customs and Port Trust	252,807	252,807
TOTAL	<u>22,279,178</u>	<u>22,279,178</u>

SCHEDULE "7" – CURRENT LIABILITIES AND PROVISIONS

1 CURRENT LIABILITIES:		
(i) Sundry Creditors		
Due to Micro & Small Enterprises	-	-
Others	1,036,799	1,243,611
(ii) Other Liabilities	1,571,308	1,569,598
TOTAL	<u>2,608,107</u>	<u>2,813,209</u>
2 PROVISIONS:		
Tax provisions less payments including Fringe Benefit Tax	71,264	71,264
TOTAL	<u>71,264</u>	<u>71,264</u>

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

	Rupees	For the Period ended 31 st Marh, 2011 Rupees	For the Year ended 31 st March, 2010 Rupees
SCHEDULE "8" – OTHER EXPENSES			
(a) Advertisement expenses		–	452,216
(b) Rates & Taxes		252,250	44,931
(c) Property Tax		50,427	–
(d) Stamps, Telegrams, Stationery, Printing and Telephone		–	18,649
(e) Legal and Professional Charges		39,625	2,360,995
(f) Auditors' Remuneration:			
(i) Audit Fees	25,000		50,000
(ii) Other Services	–		143,000
(iii) Service Tax	2,575		19,879
		27,575	212,879
(g) Directors' sitting fees		–	21,000
(h) Bad debts written off	–		6,178,644
Less: Provision there against	–		6,178,644
		–	–
(i) Advances written off		–	213,420
(j) Miscellaneous Expenses		52,690	110,823
TOTAL		422,567	3,434,913

SCHEDULE "9" – NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

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.

FORBES CAMPBELL FINANCE LIMITED

(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.

(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	31 st March, 2011 Rupees	31 st March, 2010 Rupees
Net Profit/ (Loss) for the year (Rupees)	(91,925,832)	(86,864,823)
Weighted average number of equity shares (Nos.)	3,864,131	4,612,076
Basic/ diluted earnings per share (Rupees)	(23.79)	(18.83)
Nominal value per share (Rupees)	10	10

2. Contingent liabilities and other amounts not provided for are as follows:

	Particulars	31 st March, 2011 Rupees	31 st March, 2010 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	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	196,500,000
C.	Income Tax matters in dispute under appeal.	814,228	814,228
D.	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 :

1. Shapoorji Pallonji & Company Limited (Ultimate Holding Company) (SPCL)
2. Sterling Investments Corporation Private Limited (Holding Company of Forbes & Company Limited) (SICPL)
3. Forbes & Company Limited (Holding Company) (F&CL)

(B) Subsidiary Companies :

1. Forbes Bumi Armada Limited (FBAL)
2. Forbes Campbell Services Limited (FCSL)
3. Forbes Edumetry Limited (FEL)
4. Forbes Technosys Limited (FTL)

(C) Joint Ventures :

1. Nypro Forbes Products Private Limited (NFPPL)
2. Nypro Forbes Moulds Private Limited (NFMPL)

(D) 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. **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.

6. Figures for the previous year have been regrouped wherever necessary.

As per our report of even date

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

KAUSHAL MEHTA
Partner
Membership No. : 111749

Mumbai, Dated : 23rd June, 2011

Ashok Barat

Chairman

Amit Mittal

C.A. Karnik

A.T. Shah

Sunetra Ganesan

Directors

FORBES CAMPBELL FINANCE LIMITED

Transactions with related parties for the year ended 31st March, 2011 (April-2010 to March-2011)

	Nature of Transaction	Forbes & Co Ltd.	Nypro Forbes Moulds P L	Nypro Forbes Products P L	Forbes Bumi Armada Ltd.	Forbes Smart Data
	Purchases					
1.	Goods and Materials					
2.	Services Rendered					
3.	Fixed Assets					
4.	Investment		10,000,000	36,000,000		
	Sales					
5.	Goods and Materials					
6.	Services Rendered					
7.	Fixed Assets					
8.	Investment	43,000,000				345,050
9.	Investment – Write off	–				
	Expenses					
10.	Rent					
11.	Repairs & Other Expenses					
12.	Recovery of Expenses					
13.	Agency Commission					
14.	Interest Paid	24,131				
15.	Directors Fees					
16.	Provision / Write offs	–				
17.	Loss on sale of Investments					156,220
	Income					
18.	Rent and Other Service Charges					
19.	Interest Received					
20.	Dividend Received				488,202	
21.	Profit on sale of Investment					
22.	Provision / Write backs					
23.	Misc. Income					
24.	Deputation of Staff					
25.	Other Reimbursements					
	Finance					
26.	Loans and Advances Given					
27.	Loans and Advances Taken					
28.	Deposits Given					
29.	Deposits Taken	200,000				
30.	Repayment of Deposits Taken	200,000				
31.	Repayment of Deposits Given					1,000
	Outstandings					
32.	Sundry Creditors					
33.	Interest accrued but not due	15,385				
34.	Sundry Debtors					
35.	Loans and Advances					
36.	Advance for Capital Purchase					
37.	Prov. for Doubtful Loans and Adv.					
38.	Provision for Doubtful Debts					
39.	Deposits Payable					
40.	Deposits Receivable					
41.	Prepaid Expenses					
	Remuneration					
42.	Paid / Payable					
43.	Outstanding					
44.	Recoverable					
	Guarantees					
45.	Given					
46.	Outstanding					

Balancesheet Abstract and Company's General Business Profile as at 31st March, 2011

I. REGISTRATION DETAILS

Registration No.	7310	State Code	18
Balance Sheet Date	31.03.2011		

II. CAPITAL RAISED DURING THE YEAR (Amount in Thousands)

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Thousands)

Total Liabilities	227,999	Total Assets	227,999
SOURCES OF FUNDS		APPLICATION OF FUNDS	
Paid-up Capital	38,641	Net Fixed Assets	713
Reserves & Surplus	146,343	Investments	207,437
Secured Loans	—	Deferred Tax Assets	—
Unsecured Loans	43,015	Net Current Assets	19,849
Deferred Tax Liability	—	Misc. Expenditure	—

IV. PERFORMANCE OF COMPANY

Turnover	488
Total Expenditure	92,414
Profit / (Loss) Before Tax	(91,926)
Profit / (Loss) After Tax	(91,926)
Earning Per Share	(24)

V. GENERAL NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES OF COMPANY
(as per monetary terms)

Item Code No. (ITC Code)	NA
Product / Service Description	Finance

Ashok Barat	}	<i>Chairman</i>
Amit Mittal		<i>Directors</i>
C.A. Karnik		
A.T. Shah		
Sunetra Ganesan		

Mumbai, Dated : 23rd June, 2011

FORBES CAMPBELL FINANCE LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	2010-2011		2009-2010	
	Rupees	Rupees	Rupees	Rupees
Profit/(Loss) Before Tax	(91,925,832)			(95,378,942)
Adjusted for –				
Depreciation	51,706		51,707	
Loss on Sale of Investments	156,220		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	91,759,411		168,292,557	
Credit balance / provision for expenses no longer required	–		(2,512,053)	
Interest on Deposits	(488,202)		(9,396,736)	
Interest Expenses	15,385		17,232	
Operating Profit/(Loss) Before Working Capital Changes	(431,313)		(3,372,413)	
Changes in –				
Trade Payables and Others	(205,102)		(13,432,289)	
Trade and Other Receivables	–		602,442	
CASH GENERATED FROM OPERATIONS		(636,415)		(16,202,260)
Income Taxes paid		–		(1,722,892)
(A) Net Cash From/(Used In) Operating Activities		(636,415)		(17,925,152)
CASH FLOW FROM INVESTING ACTIVITIES				
Dividend Received	488,202		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	(46,000,000)		(33,825,000)	
Proceeds from realisation of investments in an associate Company on liquidation	345,050		1,000,000	
Proceeds from Sale of Investments	–		67,282,300	
Subscription to equity shares of other companies	–		(48,000,000)	
(B) Net Cash From Investing Activities		(45,166,748)		98,900,355
Cash Flow From Financing Activities				
Buyback of Shares	–		(50,625,000)	
Repayment of Borrowings	–		(34,041,820)	
Payment of interest	–		(17,232)	
Debentures Issued	43,000,000		–	
(C) Net Cash From/(Used In) Financing Activities		43,000,000		(84,684,052)
Net Increase/(Decrease) In Cash And Cash Equivalents (A) + (B) + (C)		(2,803,163)		(3,708,849)
Cash and Cash equivalent as at the commencement of the Year		3,052,771	598,051	
Cash and cash equivalent taken over on Amalgamation		–		6,163,569
Cash and Cash equivalent as at the end of the year (Refer Schedule 6)		249,608		3,052,771

In terms of our report attached

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

KAUSHAL MEHTA
Partner
Membership No. : 111749

Mumbai, Dated: 23rd June, 2011

Ashok Barat

Chairman

Amit Mittal

C.A. Karnik

A.T. Shah

Sunetra Ganesan

Directors

RADIANT ENERGY SYSTEMS PRIVATE LIMITED

(a Subsidiary Company of Eureka Forbes Limited)

Annual Report and Accounts
for the year ended 31st March, 2011

BOARD OF DIRECTORS

Mr. A.V. Suresh	Director
Mr. R. S. Moorthy	Director
Dr. Raman Venkatesh	Director

AUDITORS

HMA & Associates
Chartered Accountants

LEGAL ADVISORS

M/s. Mallar Law Consulting

BANKERS

State Bank of India
IDBI Bank

REGISTERED OFFICE

“Girija”, 5, Sitabaug, Colony,
Vitthalwadi Road,
Pune - 411 030

RADIANT ENERGY SYSTEMS PRIVATE LIMITED

DIRECTORS' REPORT

To,

The Members,

Your Directors have pleasure in presenting the Twenty Third Annual Report on the business and operations of the Company together with the Audited Accounts for the year ended March 31, 2011.

FINANCIAL RESULTS:

Particulars	Current Year 2010-2011 (In Rupees)	Previous Year 2009-2010 (In Rupees)
Turnover & Other Income	5,15,85,091	3,03,71,549
Profit before Depreciation	78,47,502	61,45,224
Depreciation	2,90,276	7,54,685
Profit before Tax	75,57,226	53,90,539
Provision for Taxation	23,94,393	20,00,000
Deferred Tax	(37,672)	1,79,701
Profit after tax	52,00,505	35,70,240
Profit brought forward from previous year	41,90,214	36,64,615
Profit available for Appropriation	93,90,719	72,34,855
APPROPRIATION:		
1. Interim Dividend	29,00,000	—
2. Proposed Final Dividend	—	21,75,000
3. Dividend Tax	4,81,654	3,69,641
4. Transferred to General Reserve	5,52,000	5,00,000
6. Balance carried to Balance Sheet	54,57,065	41,90,214

OPERATIONS:

During the year under review, your company recorded excellent results with turnover of Rs.515.85 lacs, a growth of 70% over the previous year and has made a profit of Rs.52.01 lacs, a growth of 46% over the previous year.

DIVIDEND:

The Directors, at the Board Meeting held on March 15, 2011, have declared 400% as Interim Dividend for the year ended March 31, 2011, payable to those shareholders whose names appeared on the Register of Members as on March 15, 2011. Your Directors do not propose to declare any final dividend at the forth coming Annual General Meeting.

TRANSFER TO RESERVES:

The Company proposes to transfer Rs.5,52,000 to the General Reserve out of the amount available for appropriations and an

amount of Rs.54,57,065 is proposed to be retained in the Profit and Loss Account.

SALE OF PROMOTERS STAKE:

The Promoters of the Company had sold 88% of the equity capital of the Company to Eureka Forbes Ltd. pursuant to Shareholder Agreement dated June 18, 2009. In terms of the said Agreement, the balance equity of 12% has been sold by the Promoters to Eureka Forbes Ltd. on April 1, 2011. With the sale of this balance 12% equity, the Company has become the wholly owned subsidiary of Eureka Forbes Limited with effect from April 1, 2011.

DIRECTORS:

Mr. Vinay Phadnis has resigned as the Managing Director of the Company which has been accepted by the Board of Directors at the Board Meeting held on April 1, 2011. The Board places on record

its deep appreciation for the services rendered by Mr. Vinay Phadnis as the Managing Director of the Company.

Mr. Vinay Phadnis was appointed as the Chief Executive Officer of the Company which effect from April 1, 2011.

Since the Company is regarded as public limited company, pursuant to section 256 of the Companies Act, 1956, one-third of the Directors liable to retire by rotation must retire at the forthcoming Annual General Meeting. Accordingly, Dr. Raman Venkatesh will retire at the forthcoming Annual General Meeting of the Company and being eligible, offers himself for reappointment.

AUDITORS:

M/s. HMA & Associates, Chartered Accountants, retire at this Annual General Meeting and are eligible for reappointment. However, they have expressed their unwillingness to be reappointed as Auditors of the Company.

Your Directors propose M/s. Batliboi & Purohit, Chartered Accountants to be appointed as the Statutory Auditors at this Annual General Meeting. The retiring Auditors of the Company have given their NOC to the appointment of M/s. Batliboi & Purohit, as Auditors of the Company. As required under section 225(1), a special notice has been received to appoint M/s. Batliboi & Purohit as Auditors since they are not the retiring auditors.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors hereby confirm that:

- (a) In the preparation of the annual accounts for the year ended March 31, 2011, the applicable accounting standards have been followed and there has been no material departure;
- (b) The selected accounting policies were applied and directors 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 as on March 31, 2011, and its Profit and Loss Account for the year ended on that date;
- (c) Proper and sufficient care has been taken for the maintenance of adequate accounting record in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) The annual accounts have been prepared on a going concern basis.

PARTICULARS OF EMPLOYEES

The company does not have any employees whose particulars are required to be annexed to the Directors' Report under section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended.

PARTICULARS REGARDING CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

The Particulars as prescribed under the provisions of 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 are furnished hereunder:

(a) Conservation of Energy

The Company continues its commitment to energy conservation through its consistent efforts to identify potential energy-saving opportunities. The Company endeavors to fulfill its responsibility towards a green environment and has been looking at different ways of reducing the energy consumption and conserving energy in day-to-day operations through conscious efforts.

The significance of conserving our environment is also conveyed periodically to employees to elicit their active participation in this cause and to raise their awareness levels.

Company is not required to disclose the Particulars with respect to conservation of energy as required under the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988, as the Company is not covered under the list of industries given under the Schedule under the said Rules.

(b) 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 automation and remote monitoring for sewage treatment plants.

(c) Foreign Exchange Earnings and Outgo

Earning in Foreign Exchange during the year under review were Rs. NIL and the out-go Rs.15,538/- towards the expense during the foreign travel.

ACKNOWLEDGEMENTS:

Your Directors take this opportunity to thank all the Shareholders, Customers, Vendors, Legal Advisors, Banks and Government Agencies for their valuable contribution in the growth of the Company.

Your Directors also place on record their appreciation for the excellent contribution made by employees of the Company through their commitment, competence, co-operation and diligence with a view to achieve a consistent growth for the Company.

For and on behalf of the Board

A. V. Suresh **R. S. Moorthy**
Director Director

Mumbai,
30th May, 2011

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, 2011 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 2011, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 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, 2011 and
 - (b) In case of Profit & Loss Account, of the profit for the year ended on that date.

For **HMA & ASSOCIATES**
Chartered Accountants

NEETA M. PALSULE
Partner

FRN – 100537W
Membership No. 114882

Place : Pune
Date : 30th May, 2011

ANNEXURE TO AUDITORS' REPORT

As per Companies (Auditor's Report) (Amendment) Order, 2004 dt. 25th Nov. 2004.

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 –

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.

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.

5. 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.

6. 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.

7. 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.

8. Internal audit system – The Company is required to have internal audit system commensurate with its size & nature of its business since the Company has paid up capital & reserves exceeding Rs.50 lakhs at the commencement of financial year concerned. During the previous year, the company has appointed an external agency as the Internal Auditor of the company.

RADIANT ENERGY SYSTEMS PRIVATE LIMITED

9. 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.
10. 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.
11. 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.
12. 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.
13. 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.
14. 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.
15. 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.
16. 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.
17. Utilization of Term loans – The Company has not taken any term loan. Hence the purpose of utilisation of term loan does not arise.
18. 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.
19. 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.
20. 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.
21. 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.
22. 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.
23. Reasons for qualification – The reasons for any of our unfavourable or qualified report/remark are mentioned in the relevant point itself.

For **HMA & ASSOCIATES**
Chartered Accountants

NEETA M. PALSULE
Partner

Place : Pune
Date : 30th May, 2011

FRN – 100537W
Membership No. 114882

BALANCE SHEET AS AT 31ST MARCH, 2011

	<u>Schedule</u>	<u>Rupees</u>	<u>Rupees</u>	<i>As At 31-03-2010 Rupees</i>
FUNDS EMPLOYED:				
1. SHARE CAPITAL	A	7,25,000		7,25,000
2. RESERVES AND SURPLUS	B	69,57,065		51,38,214
3. TOTAL SHAREHOLDERS' FUNDS			76,82,065	58,63,214
4. DEFERRED TAX LIABILITY (Net) (Refer Note 14)			41,420	79,092
5. SECURED LOANS	C		72,713	
6. TOTAL FUNDS EMPLOYED			77,96,198	59,42,306
APPLICATION OF FUNDS:				
7. FIXED ASSETS :	D			
Gross Block		28,58,554		27,10,901
Less : Depreciation		21,15,109		18,31,034
Net Block			7,43,445	8,79,867
8. INVESTMENTS	E		100,000	98,932
9. CURRENT ASSETS, LOANS AND ADVANCES	F	2,45,08,839		2,03,25,410
10. Less : CURRENT LIABILITIES AND PROVISIONS	G	1,75,56,086		153,61,903
11. NET CURRENT ASSETS			69,52,753	49,63,507
12. TOTAL ASSETS (NET)			77,96,198	59,42,306
13. NOTES TO THE ACCOUNTS	J			

Per our report attached

For **HMA & ASSOCIATES**
Chartered Accountants

NEETA M. PALSULE
Partner
Membership No. 114882
FRN - 100537W

Pune, Dated : 30th May, 2011

A. V. Suresh }
R. S. Moorthy } *Directors*

Mumbai, Dated: 30th May, 2011

RADIANT ENERGY SYSTEMS PRIVATE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011

	<u>Schedule</u>	<u>Rupees</u>	<u>Current Year Rupees</u>	<u>Previous Year Rupees</u>
1. INCOME :				
Sales and Other Income	H		5,15,85,091	3,03,71,549
2. EXPENDITURE :				
(a) Material Cost & Other Expenses	I	4,37,37,589		2,42,11,805
(b) Depreciation		2,90,276		7,54,685
(c) Misc expenditure written off		—		—
(d) Interest			—	14,520
			<u>4,40,27,864</u>	<u>2,49,81,010</u>
3. PROFIT BEFORE TAX			<u>75,57,226</u>	<u>53,90,539</u>
Current Year tax provision		23,94,393		20,00,000
Less : Deferred Tax (Refer Note 14)		(37,672)		1,79,701
			<u>23,56,721</u>	—
4. PROFIT AFTER TAX			52,00,505	35,70,240
5. PROFIT BROUGHT FORWARD FROM PREVIOUS YEAR			41,90,214	36,64,615
6. AMOUNT AVAILABLE FOR APPROPRIATIONS			<u>93,90,719</u>	<u>72,34,855</u>
7. APPROPRIATIONS :				
Interim Dividend		29,00,000		—
Proposed Final Dividend		—		21,75,000
Tax on Dividend		4,81,654		3,69,641
Transferred to General Reserve		5,52,000		5,00,000
			<u>39,33,654</u>	<u>30,44,641</u>
8. BALANCE CARRIED TO BALANCE SHEET			<u>54,57,065</u>	<u>41,90,214</u>
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			52,00,505	35,70,240
Basic and Diluted Earning Per Share			Rs. 717.31	Rs. 492.45
9. NOTES TO THE ACCOUNTS	J			

Per our report attached

For **HMA & ASSOCIATES**
Chartered Accountants

NEETA M. PALSULE
Partner
Membership No. 114882
FRN - 100537W

A. V. Suresh }
R. S. Moorthy } *Directors*

Pune, Dated : 30th May, 2011

Mumbai, Dated: 30th May, 2011

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2011

	2010-11		2009-10	
	Rupees In Lakhs	Rupees In Lakhs	Rupees In Lakhs	Rupees In Lakhs
NET PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS		75,57,226		53,90,539
Adjusted For -				
Depreciation	2,90,276		7,54,685	
Profit on sale of Fixed Assets (Net)	7,761			
Loss on sale of Investments (Net)				
Extraordinary Items				
Prior Period Items				
Unrealised Foreign Exchange Difference				
Investment Income	(3,99,651)		(3,07,225)	
Interest and other finance charges	—		14,520	
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS		(101,614)		4,61,980
Changes in -		74,55,612		58,52,519
Trade and Other Receivables	(33,92,920)		(78,77,685)	
Inventories	(5,42,146)		71,421	
Trade Payables and others	31,15,420		47,39,670	
	(8,19,646)		(30,66,594)	
Other Adjustments -				
Increment in value of investments	(1,068)		(37,432)	
Bad Debts	6,21,089		50,618	
	(1,99,625)		(30,53,408)	
CASH GENERATED FROM OPERATIONS		(1,99,625)		(30,53,408)
		72,55,987		27,99,111
Direct Taxes Paid		(30,39,104)		(11,93,677)
(a) NET CASH FROM OPERATING ACTIVITIES		42,16,883		16,05,435
CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of Fixed Assets (Including adjustment on account of Capital Advances)	(1,61,614)		—	
Sale of Fixed Assets				
Purchase Of Investments				
Sale of Investments				
Interest Received	3,99,651		3,07,225	
Dividend Received				
Deposits Given / Received back from other Companies				
(b) NET CASH FROM / (USED) IN INVESTING ACTIVITIES		2,38,037		3,07,225

RADIANT ENERGY SYSTEMS PRIVATE LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2011 *(Contd.)*

	2010-11		2009-10	
	Rupees In Lakhs	Rupees In Lakhs	Rupees In Lakhs	Rupees In Lakhs
CASH FLOW FROM FINANCING ACTIVITIES				
Increase/(Decrease) in cash credit account	72,713		(6,60,987)	
Interest Paid	—		(14,520)	
Dividend Paid ((including Dividend tax)	(59,26,295)		(5,08,928)	
(e) NET CASH FROM/ (USED) IN FINANCING ACTIVITIES		(58,53,582)		(11,84,435)
NET INCREASE IN CASH AND CASH EQUIVALENTS		(13,98,662)		7,28,225
CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE YEAR , COMPRISING :				
Cash, Cheques on hand	53,478		58,063	
Balances with scheduled banks on Current accounts, Margin accounts and Deposit accounts	8,30,188		3,54,291	
	34,34,763	43,18,429	31,77,850	35,90,204
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR, COMPRISING :				
Cash, Cheques on hand	73,373		53,478	
Balances with scheduled banks on Current accounts, Margin accounts and Deposit accounts	1,98,024		8,30,188	
	26,48,370	29,19,767	34,34,763	43,18,429
NET INCREASE / (DECREASE) AS DISCLOSED ABOVE		(13,98,662)		7,28,225

Per our report attached

For **HMA & ASSOCIATES**
Chartered Accountants

NEETA M. PALSULE
Partner
Membership No. 114882
FRN - 100537W

Pune, Dated : 30th May, 2011

A. V. Suresh }
R. S. Moorthy } *Directors*

Mumbai, Dated: 30th May, 2011

ANNUAL REPORT 2010-2011

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

	Rupees	<i>As At 31-03-2010 Rupees</i>
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
[6,380 Shares (Previous year - 5510 Shares) are held by the Holding Company Eureka Forbes Limited including 5 shares held jointly with nominees] Refer Note 10		

SCHEDULE 'B'

RESERVES AND SURPLUS

	Rupees	Rupees	<i>As At 31-03-2010 Rupees</i>
1. GENERAL RESERVE			
As per last Balance Sheet	9,48,000		4,48,000
Add : Transferred from Profit and Loss Account	5,52,000		5,00,000
		15,00,000	9,48,000
2. PROFIT AND LOSS ACCOUNT		54,57,065	41,90,214
		69,57,065	51,38,214

SCHEDULE 'C'

SECURED LOANS

	Rupees	<i>As At 31-03-2010 Rupees</i>
1. Cash Credit (Secured by hypothecation of stock-in-trade & book debts)	72,713	—
	72,713	—

RADIANT ENERGY SYSTEMS PRIVATE LIMITED

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH, 2011**

SCHEDULE 'D'

FIXED ASSETS

Amount in Rupees

DESCRIPTION	GROSS BLOCK				DEPRECIATION BLOCK				NET BLOCK	
	As on 01.04.2010	Additions	Deletions	As on 31.03.2011	As on 01.04.2010	Depre- ciation for the year	Depre- ciation on deductions during the year	As on 31.03.2011	As on 31.03.2011	As on 31.03.2010
Plant & Machinery	6,92,619	11,400	13,961	6,90,058	5,80,522	16,592	6,200	5,90,914	99,144	1,12,097
Computers	10,73,042	14,550	—	10,87,592	7,46,468	1,38,873	—	8,85,342	2,02,250	3,26,574
Furnitures & Fixtures	4,14,364	135,664	—	5,50,028	204,967	74,798	—	2,79,765	2,70,263	2,09,397
Vehicles	5,30,876	—	—	5,30,876	299,077	60,013	—	3,59,090	1,71,786	2,31,799
Total	27,10,901	161,614	13,961	28,58,554	18,31,033	2,90,276	6200	21,15,109	7,43,445	8,79,868
Capital Advance	—	—	—	—	—	—	—	—	—	—
Grand Total	27,10,901	—	—	28,58,554	18,31,033	2,90,276	6,200	21,15,109	7,43,445	8,79,868
Previous Year	27,10,901	6,78,264	—	33,89,165	8,38,284	2,38,066	—	10,76,350	23,12,815	11,94,354

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

	Rupees	<i>As At 31.03.2010 Rupees</i>
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
	<u>100,000</u>	<u>98,932</u>
QUOTED INVESTMENTS	100,000	98,932
TOTAL	100,000	98,932
Market Value Of Quoted Investments	<u>100,000</u>	<u>98,932</u>
Investments acquired and sold during the year other than shown above:		

SCHEDULE 'F'

CURRENT ASSETS, LOANS AND ADVANCES

	Rupees	Rupees	<i>As At 31-03-2010 Rupees</i>
1 CURRENT ASSETS			
i) Stock-in-Trade : *			
Finished Goods	—		—
Components and Spares	7,20,139		1,77,993
* (As valued and certified by the Management)		7,20,139	1,77,993
ii) Sundry Debtors :			
(Unsecured, Considered Good unless otherwise stated)			
(a) Debts outstanding for a period exceeding six months	1,94,349		16,44,979
(b) Other Debts	155,56,428		116,85,751
[including Rs.12,149 (Previous Year Rs.35,091/-) due from holding company]		1,57,50,777	133,30,730
iii) Cash and Bank Balances :			
Cash on hand (Including cheques on hand Rs. /-)	73,373		53,478
<i>With Scheduled Banks -</i>			
in Current Accounts	1,98,024		8,30,188
in Deposit Accounts	26,48,370		34,34,763
		<u>29,19,767</u>	<u>43,18,429</u>

RADIANT ENERGY SYSTEMS PRIVATE LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

SCHEDULE 'F' (Contd.)

CURRENT ASSETS, LOANS AND ADVANCES (Contd.)	<u>Rupees</u>	<u>Rupees</u>	<u>As At 31-03-2010 Rupees</u>
2 LOANS AND ADVANCES (Unsecured, Considered Good unless otherwise stated)			
i) Advances recoverable in cash or in kind or for value to be received	9,09,852		5,42,943
ii) Advance Payment of Tax	41,11,429		18,43,315
iii) Other Deposits	<u>96,875</u>		<u>1,12,000</u>
		51,18,156	24,98,258
		<u>2,45,08,839</u>	<u>2,03,25,410</u>

SCHEDULE 'G'

CURRENT LIABILITIES AND PROVISIONS

	<u>Rupees</u>	<u>Rupees</u>	<u>As At 31-03-2010 Rupees</u>
1 CURRENT LIABILITIES			
Sundry Creditors :			
Others	<u>81,18,488</u>		58,95,775
		81,18,488	58,95,775
Other Liabilities		6,84,737	21,91,142
Advances Received		25,75,953	10,97,572
2 PROVISIONS			
For Taxation		42,88,508	26,65,104
Proposed Final Dividend		—	21,75,000
For Tax on Proposed Final Dividend		—	369,641
For Expenses		18,68,346	6,80,296
For Retirement and other employee benefits		20,054	245,614.00
For Leave encashment		—	41,759.00
		<u>1,75,56,086</u>	<u>153,61,903</u>
		1,32,67,578	1,26,96,799

SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	<u>Rupees</u>	<u>Rupees</u>	<i>Previous Year Rupees</i>
SCHEDULE 'H'			
SALES AND OTHER INCOME			
1. SALE OF PRODUCTS		4,77,30,906	2,44,26,068
2. INCOME FROM SERVICES		29,63,613	53,98,790
3. OTHER INCOME :			
Interest Received :			
From Deposits, Loans, Advances and Deferred Payment Scheme (Gross) (Tax deducted at source Rs.29,822/-) <i>Previous Year Rs.49,436/-</i>		3,99,651	3,07,225
Miscellaneous Income	4,90,921		2,39,466
		4,90,921	5,46,691
		<u>5,15,85,091</u>	<u>3,03,71,549</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		52,47,232		42,70,147
Company's Contribution to Provident and Other Funds		3,23,680		4,57,681
Staff Welfare Expenditure		101,971		40,592
			56,72,883	47,68,420
2. OPERATIONAL AND OTHER EXPENSES :				
Rent		1,98,576		1,87,270
Repairs and Maintenance - Other Assets	95,322			45,700
		95,322		45,700
Insurance		56,926		25,316
Selling and Sales Promotion		—		—
Freight, Forwarding and Delivery		13,38,934		9,32,447
Auditors' Remuneration - Audit Fees	55,000			55,000
Management Services	34,000			31,000
		89,000		86,000

RADIANT ENERGY SYSTEMS PRIVATE LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

SCHEDULE 'I' (contd.)

MATERIAL COST AND OTHER EXPENSES (Contd.)

	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>	<i>Previous Year Rupees</i>
Printing and Stationery		53,331		75,615
Postage, Telegrams, Telephones and Telex		102,385		79,622
Travelling and Conveyance		5,04,465		2,49,068
Legal and Professional Fees		1,28,487		1,20,420
Recruitment Expense		50,400		—
Vehicle Expenses and Maintenance		2,13,906		509,389
Rates and Taxes		366,413		2,500
Service Charges		24,21,351		3,59,774
Site Expenses		13,02,073		5,81,374
Other Establishment Expenses		62,788		82,511
Loss on sale of Fixed Asset		7,761		—
Directors' Sitting Fees		27,000		12,000
Bad Debts/Advances Written-Off		621,089		50,618
			<u>76,40,207</u>	<u>33,99,624</u>
3. DIMINUTION IN VALUE OF INVESTMENTS			(1,068)	(37,432)
4. REMUNERATION TO DIRECTORS (Refer Note 9)			20,34,000	17,20,000
5. ADJUSTMENTS FOR STOCKS :				
Cost of Material Sold				
Opening Stock		1,77,993		2,49,414
Add : Purchases		2,89,33,713		1,42,89,772
		<u>2,91,11,706</u>		<u>1,45,39,186</u>
Less : Closing Stock		7,20,139		1,77,993
			<u>2,83,91,567</u>	<u>1,43,61,193</u>
			<u>4,37,37,589</u>	<u>2,42,11,805</u>

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2011

SCHEDULE 'J' – NOTES TO THE ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation of Financial statement.

(i) Basis of Accounting

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

(ii) Uses of Estimates

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

(b) Fixed Assets

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

(c) Investments

Current investments, if any, are carried at the lower of costs and quoted / fair value, computed categorywise. Long term investments are carried at costs. Provision for diminution in the value of long term investments 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

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.

RADIANT ENERGY SYSTEMS PRIVATE LIMITED

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2011

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

(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*).

Radiant Energy Systems Private Limited

3. Contingent liabilities not provided for : Nil (*Previous Year Rs. Nil*).

	2010-11	2009-10
	Rupees	Rupees
4. (a) Expenditure in foreign currency :	15,538	<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 :

	2010-11	2009-10
Defined Contribution Plan		
Employers' contribution to Provident Fund	74,094	57,318
Employers' contribution to Pension Scheme	1,52,988	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

	2010-11	2009-10
	Gratuity	Gratuity
	(Funded)	(Funded)
	Rupees	Rupees
(a) Change in benefit obligations		
Defined benefit obligation at the beginning of the year	2,45,614	1,77,162
Current Service cost	45,225	43,571
Interest cost	—	12,401
Actuarial (gain)/loss on obligations	26,841	12,480
Benefit paid	—	
Defined benefit obligation at the end of the year	3,17,680	2,45,614

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2011

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

	2010-11 Gratuity (Funded) Rupees	2009-10 Gratuity (Funded) Rupees
(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	45225	43,571
Interest Cost	—	12,401
Expected Returns on Plan Assets	—	—
Actuarial Gain or Loss	26,841	12,480
Expense Recognised in the Profit and Loss account [@]	72,066	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 31.03.2011		
Government of India Assets	Nil	Nil
Corporate Bonds	Nil	Nil
Special Deposit Scheme	Nil	Nil
State Government (Maharashtra)	Nil	Nil
Others	Nil	Nil
Total Investments	Nil	Nil
(e) Assumptions used in the accounting for defined benefit plans		
Discount Rate	8.00%	8.50%
Salary Escalation Rate	7.00%	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.		
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		
	2010-11 Rupees	2009-10 Rupees
Mr V G Phadnis - Managing Director w.e.f. April 1, 2009	20,34,000	16,14,000
Ms Sayali V Phadnis (Director upto June 18, 2009)	—	1,06,000

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.

RADIANT ENERGY SYSTEMS PRIVATE LIMITED

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2011

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

10. 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.
11. 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.
12. 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.99,000 (*Previous Year Rs.90,000*).
13. 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 01.04.10	Charge / (Credit) during the year	Closing As at 31.03.11
Depreciation	91,587	(40,642)	50,945
Others – Section 43 B deductions	(12,495)	2,970	(9,525)
Total	79,092	(37,672)	41,420

14. 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.
15. Information required in terms of Part IV of Schedule VI of the Companies Act, 1956 is attached.
16. Figures for the previous year have been regrouped, rearranged or reclassified, wherever necessary.

Per our report attached

For **HMA & ASSOCIATES**
Chartered Accountants

NEETA M. PALSULE
Partner
Membership No. 114882
FRN - 100537W

A. V. Suresh }
R. S. Moorthy } *Directors*

Pune, Dated : 30th May, 2011

Mumbai, Dated: 30th May, 2011

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 2011.

(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 Ltd.

Shapoorji Pallonji & Company Limited

B Fellow Subsidiaries

Aquadignostics Water Research & Technology Center
E4 Development & Coaching Ltd.
Euro Forbes International Pte. Ltd.
Forbes Enviro Solutions Ltd.
Forbes Abans Cleaning Solutions Pvt. Ltd.)

Aquamall Water Solutions Limited.
EFL Mauritius Ltd.
Forbes Aquamall Limited
Forbes Facility Services Pvt. Ltd. (formerly known as
Waterwings Equipments Pvt. Ltd.

C Enterprises that are under common control

Forbes Aquatech Limited

Forbes Concept Hospitality Services Ltd.
Infinite Water Solutions Pvt. Ltd.

D 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
Purchases				
Goods and Materials	—	70,46,092	—	—
Fixed Assets	—	—	—	—
Sales				
Goods and Materials	—	7,10,000	—	—
Services	1,50,000	—	—	—
Fixed Assets	—	—	—	—
Expenses				
Rent and other services	—	—	—	—
Provision/Write offs	—	—	—	—
Income				
Rent and other services	48,820	—	—	—
Interest	—	—	—	—
Dividend	—	—	—	—
Provision/Write offs	—	—	—	—
Other Recoveries				
Recovery of Expenses	—	—	—	—
Finance				
ICDs Given	—	—	—	—
Advances Given	—	—	—	—
Investment in shares	—	—	—	—
Advances Received	—	—	—	—
Dividend paid **	25,52,000	—	—	—
Outstanding	—	—	—	—
Payable	—	27,83,745	—	—
Receivables	13,032	—	—	—
ICDs Given	—	—	—	—
Interest Receivables	—	—	—	—
Other Deposits Given	—	—	—	—

* Details of remuneration is disclosed in note number 9 of the notes to the accounts.

** Interim Dividend 2010-11.

RADIANT ENERGY SYSTEMS PRIVATE LIMITED

Information referred to in Note 16 in Schedule J to the Accounts for the year ended 31st March, 2011

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.

U	3	1	2	0	0	M	H	1	9	8	8	P	T	C	0	4	5	8	8	7
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

State Code

1	1
---	---

Balance Sheet Date

3	1
---	---

0	3
---	---

2	0	1	1
---	---	---	---

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

						2	3	8	8	5
--	--	--	--	--	--	---	---	---	---	---

Total Assets

						2	3	8	8	5
--	--	--	--	--	--	---	---	---	---	---

Source of Funds

Paid-Up Capital

								7	2	5
--	--	--	--	--	--	--	--	---	---	---

Reserves & Surplus

								6	8	5	4
--	--	--	--	--	--	--	--	---	---	---	---

Secured Loans

									7	3
--	--	--	--	--	--	--	--	--	---	---

Unsecured Loans

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

Deferred Liabilities

									1	2	4
--	--	--	--	--	--	--	--	--	---	---	---

Application of Funds

Net Fixed Assets

									7	4	3
--	--	--	--	--	--	--	--	--	---	---	---

Investments

									1	0	0
--	--	--	--	--	--	--	--	--	---	---	---

Net Current Assets

									6	9	3	3
--	--	--	--	--	--	--	--	--	---	---	---	---

Deferred Tax Assets

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

Misc. Expenditure

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

Accumulated Losses

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

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

Turnover & Other Income

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

Total Expenditure

						4	4	0	2	7
--	--	--	--	--	--	---	---	---	---	---

+ - Profit/Loss Before Tax

✓									7	5	0	9
---	--	--	--	--	--	--	--	--	---	---	---	---

+ - Profit/Loss After Tax

✓									5	0	9	8
---	--	--	--	--	--	--	--	--	---	---	---	---

Earnings Per Share In Rs.

						7	0	3	.	1	4
--	--	--	--	--	--	---	---	---	---	---	---

Dividend Rate %

						4	0	0
--	--	--	--	--	--	---	---	---

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
--

For **HMA & ASSOCIATES**

Chartered Accountants

NEETA M. PALSULE

Partner

Membership No. 114882

FRN - 100537W

Pune, Dated : 30th May, 2011

A. V. Suresh

R. S. Moorthy

} Directors

Mumbai, Dated: 30th May, 2011

VOLKART FLEMING SHIPPING & SERVICES LIMITED

(a wholly owned Subsidiary Company)

Annual Report and Accounts
for the year ended 31st March, 2011

DIRECTORS:

Amit Mittal

Chairman

C. A. Karnik

Sunetra Ganesan

BANKERS:

Standard Chartered Bank

AUDITORS:

Messrs. Batliboi & Purohit

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 of the Company for the year ended 31st March, 2011.

1. FINANCIAL RESULTS:

The results for the current year and those for the previous year are set out in the paragraph.

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.

	Current Year ended 31 st March, 2011 (Rupees)	Previous Year ended 31 st March, 2010 (Rupees)
(a) Operating Profit before Depreciation	5,217,656	3,879,488
(b) <i>Less</i> : Depreciation	225,039	230,186
(c) Net Profit Before Tax	4,992,617	3,649,302
(d) <i>Less</i> : Provision for Taxation		
Income Tax	1,592,000	650,000
Provision for Taxation of Earlier Year		
Written back	—	(896,000)
Deferred Tax	(58,057)	1,143,556
(e) Net Profit for the Year After Tax	3,458,674	2,751,745
(f) Balance Bought Forward from Previous Year	21,055,332	35,581,471
<i>Less</i> : Transfer to Forbes & Company Ltd. on Account of Demerger	—	(17,277,884)
Balance Profit retained	—	18,303,587
(g) Amount Available For Appropriation	24,514,006	21,055,332
(h) <i>Less</i> : Appropriations	—	—
(i) Balance Carried to Balance Sheet	24,514,006	21,055,332

2. BUYBACK OF SHARES :

During the year, the Company bought back 9,615 equity shares of Rs.100 each at a price of Rs.780 per share, amounting to Rs.74.99 lakhs. Consequently the total paid up capital of the Company as on 31st March, 2011 stands reduced to Rs.50.38 lakhs.

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.

3. DIRECTORATE:

Mr. C.A. Karnik retires from the Board of Directors by rotation and is eligible for re-appointment at the ensuing Annual General Meeting. Directors recommend his appointment.

4. 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;
- (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.

5. 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.

6. AUDITORS:

You are requested to appoint Auditors for the current year and to fix their remuneration.

7. PARTICULARS REGARDING EMPLOYEES:

The Company did not have any employee who was entitled to receive Rs.60,00,000 or more in aggregate through out the financial year or Rs.5,00,000 or more per month or for a part of a month in the financial year.

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

A. Conservation of energy and Technology absorption:

The Company's operations involve low energy consumption. Wherever possible, energy conservation measures have already been implemented and there are no major areas where further energy conservation measures can be taken. However, efforts to conserve and optimise the use of energy through operational methods will continue.

B. Foreign Exchange Earnings and Outgo:

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

For and on behalf of the
Board of Directors

Mumbai
Dated: 23rd June, 2011

Amit Mittal
Chairman

VOLKART FLEMING SHIPPING & SERVICES LIMITED

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, 2011. 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 30th June, 2010, 25th August, 2010, 19th November, 2010 and 16th February, 2011 and Circular Resolutions were passed on 29th April, 2010, 14th May, 2010, 25th June, 2010, 6th July, 2010, 15th September, 2010, 4th October, 2010 and 17th March, 2011 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, 2010 was held on 23rd July, 2010 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. One Extra ordinary General Meeting was held on 16th February, 2011 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 was not required to make any entries in the Register maintained under section 301 of the Act.
11. As there were no instances falling within the purview of section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, Members or Central Government, as the case may be.
12. The Company has not issued any duplicate share certificates during the financial year.
13. The Company has:
 - (i) not made any allotment/transmission of securities during the financial year. However the Company has made transfer of equity 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 was one appointment and one resignation of Director 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 or such other applicable authorities as may be prescribed in the Act during the year under review.
18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.

19. The Company has not issued any securities issued during the financial year.
20. The Company has bought back 9,615 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 deposits during the financial year.
24. The Company has made not made any borrowings during the financial year.
25. The Company has not made any investments, given loans and given guarantees to other bodies corporate and consequently no entries have been made in the register kept for the purpose during the year.
26. The Company has not altered the provisions of the memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the memorandum with respect to share capital of the Company 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 : 23rd June, 2011

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.
6. Register of Charges u/s 143.

For **Sanjay Dholakia & Associates**

(SANJAY R. DHOLAKIA)

*Practising Company Secretary
Proprietor*

Place : Mumbai
Date : 23rd June, 2011

VOLKART FLEMING SHIPPING & SERVICES LIMITED

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, 2011.

1. Form 23AC for Balance Sheet as at 31/3/2010 and Form 23ACA for Profit & Loss Account for the year ended 31st March, 2010 filed with the Registrar of Companies, Maharashtra on 21st August, 2010.
2. Form 20B for Annual Return made up to 23rd July, 2010, filed with the Registrar of Companies, Maharashtra on 21st September, 2010.
3. Form 66 for Compliance Certificate for the year ended 31st March, 2010 as required u/s. 383A of the Companies Act, 1956, was filed with the Registrar of Companies, Maharashtra on 21st August, 2010.
4. Form 32 for Regularisation of appointment of Director w e f 23rd July, 2010 was filed with the Registrar of Companies, Maharashtra on 21st August, 2010.
5. Form 32 for appointment of Director w e f 30th June, 2010 was filed with the Registrar of Companies, Maharashtra on 12th July, 2010.
6. Form 32 for resignation of Director w e f 1st July, 2010 was filed with the Registrar of Companies, Maharashtra on 5th August, 2010.
7. Form 23 for Special Resolution passed at the Extra Ordinary General Meeting held on 16th February, 2011 was filed with the Registrar of Companies, Maharashtra on 4th March, 2011.
8. Form 4A and Form 62 for Special Resolution passed at the Extra Ordinary General Meeting held on 16th February, 2011 for buy back of shares and declaration of solvency were filed with the Registrar of Companies, Maharashtra on 4th March, 2011.
9. Form 4C in respect of Return of Buyback was filed with the Registrar of Companies, Maharashtra on 31st March, 2011.
10. Form 61 in respect of intimation regarding non receipt of applications to the buyback proposal of Equity Shares was filed with the Registrar of Companies, Maharashtra on 6th April, 2010.

For **Sanjay Dholakia & Associates**

(SANJAY R. DHOLAKIA)

*Practising Company Secretary
Proprietor*

Place : Mumbai
Date : 23rd June, 2011

**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, 2011 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, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 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, 2011;
 - (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

KAUSHAL MEHTA
Partner
Membership No. : 111749

Place : Mumbai
Date : 23rd June, 2011

VOLKART FLEMING SHIPPING & SERVICES LIMITED

ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in Paragraph 3 of our Report of even date)

- i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year.
- (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 had granted unsecured loan to Holding Company (in the prior year) 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 loan granted was Rs. NIL as it was repaid.
- (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 principal amount was stipulated and payment of interest has been regular.
- (d) As informed, the Company has taken unsecured loan from one party, covered in the register maintained under section 301 of the Companies Act, 1956. The Maximum Amount involved during the year was 2 crore, and the year end balance of loan taken from above party is 2 Crore.
- (e) 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.
- (f) In respect of loans taken, repayment of the principal amount is as stipulated and payment of interest has been regular.
- (g) There is no overdue amount of loans taken from companies, firms or other parties listed in the register maintained under section 301 of the companies Act, 1956.
- iv) In our opinion and according to the information and explanations given to us, there 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.

ANNUAL REPORT 2010-2011

- 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 Regn. No. : 101048W

KAUSHAL MEHTA
Partner
Membership No. : 111749

Place : Mumbai
Date : 23rd June, 2011

VOLKART FLEMING SHIPPING & SERVICES LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedule	Rupees	As at 31.03.2011 Rupees	As at 31.03.2010 Rupees
1. SOURCES OF FUNDS:				
Share Capital	" 1 "		5,038,500	6,000,000
Reserves and Surplus	" 2 "		34,480,313	37,559,839
Unsecured Loans	" 3 "		20,693,863	–
Total Funds Employed			<u>60,212,676</u>	<u>43,559,839</u>
2. APPLICATION OF FUNDS :				
Fixed Assets	" 4 "			
(a) Gross Block		14,084,892		14,031,529
(b) Less: Accumulated Depreciation		<u>(9,904,222)</u>		<u>(9,679,183)</u>
(c) Net Block			4,180,670	4,352,346
Investments	" 5 "		391,451	391,451
Deferred Tax Assets (Net)			84,952	26,895
Current Assets, Loans and Advances	" 6 "			
(a) Sundry Debtors		72		28,138
(b) Cash and Bank Balances		2,160,433		3,013,737
(c) Loans and Advances		<u>58,308,083</u>		<u>68,412,842</u>
		60,468,587		71,454,717
LESS: Current Liabilities and Provisions	" 7 "			
(a) Current Liabilities		2,612,876		31,592,362
(b) Provisions		<u>2,300,107</u>		<u>1,073,207</u>
		4,912,983		32,665,569
Net Current Assets			55,555,604	38,789,148
Total Assets (Net)			<u>60,212,676</u>	<u>43,559,839</u>

Notes to Accounts & significant accounting policies – Schedule 10

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

As per our report of even date

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

Amit Mittal

Chairman

KAUSHAL MEHTA
Partner
Membership No. : 111749

C.A. Karnik
Sunetra Ganesan

Directors

Mumbai, Dated: 23rd June, 2011

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011

	Schedule	Rupees	For the year ended 31.03.2011 Rupees	For the year ended 31.03.2010 Rupees
1. INCOME:				
Services and Other Income	" 8 "		30,954,024	13,812,531
			<u>30,954,024</u>	<u>13,812,531</u>
2. EXPENDITURE:				
Administrative and Other Expenses	" 9 "		25,736,367	9,933,043
Depreciation			225,039	230,186
			<u>25,961,406</u>	<u>10,163,229</u>
3. Net Profit / (Loss) Before Tax For the year			4,992,617	3,649,302
4. Profit from Continuing Operation Before Tax			4,992,617	3,649,302
5. Less: Provision for Tax				
Current Tax		1,592,000		650,000
Provision For Taxation of earlier years written Back		—		(896,000)
Deferred Tax		(58,057)		1,143,556
			<u>1,533,943</u>	<u>897,556</u>
6. Profit After Tax			3,458,674	2,751,746
7. Balance Brought Forward From Previous Year			21,055,332	35,581,471
Transfer To Forbes & Co. on Account of Demerger			—	(17,277,884)
Balance Profit Retained			<u>21,055,332</u>	<u>18,303,587</u>
8. Amount Available For Appropriation			24,514,006	21,055,332
9. Less: Appropriations:				
(a) Proposed Interim Dividend		—	—	—
(b) Tax on Proposed Dividend		—	—	—
(c) Transferred To General Reserve		—	—	—
			<u>—</u>	<u>—</u>
10. Balance Carried to Balance Sheet			<u>24,514,006</u>	<u>21,055,332</u>
11. Earning per share (Refer Note III of Notes to accounts)			58	46

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

As per our report of even date

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

Amit Mittal

Chairman

KAUSHAL MEHTA
Partner
Membership No. : 111749

C.A. Karnik
Sunetra Ganesan

Directors

Mumbai, Dated: 23rd June, 2011

VOLKART FLEMING SHIPPING & SERVICES LIMITED

SCHEDULES ANNEXED TO & FORMING PART OF THE ACCOUNTS

	As at 31.03.2011 Rupees	As at 31.03.2010 Rupees
SCHEDULE "1" – SHARE CAPITAL		
(a) AUTHORISED		
1,00,000 Equity Shares of Rs.100 each	10,000,000	10,000,000
(b) ISSUED AND SUBSCRIBED		
50,385 Equity Shares of Rs.100 each	5,038,500	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) 47,385 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		
(iv) In the Financial Year 2010-11, the Company bought back for cancellation of 9,615 Equity Shares at Rs.780/- per share through General Reserve pursuant to Section 77A of the Companies Act, 1956		
TOTAL	5,038,500	6,000,000

SCHEDULE "2" – RESERVES & SURPLUS

	As at 31.03.2011 Rupees	As at 31.03.2010 Rupees
(a) General Reserve		
As per Last Balance Sheet	14,504,507	38,502,372
Less: Amount Utilised for Buy-Back of Shares	6,538,200	–
Amount transferred to Capital Red Reserve	961,500	–
Less: Demerger Transfer	–	23,997,865
	7,004,807	14,504,507
(b) Capital Redemption Reserve		
Balance as per last Balance Sheet	2,000,000	2,000,000
Add: Transferred from General Reserve in accordance with Section 77AA of the Companies Act, 1956 on buy-back of equity shares	961,500	–
	2,961,500	2,000,000.00
(c) Balance in Profit and Loss Account		
	24,514,006	21,055,332
TOTAL	34,480,313	37,559,839

SCHEDULES ANNEXED TO & FORMING PART OF THE ACCOUNTS

	As at 31.03.2011 Rupees	As at 31.03.2010 Rupees
SCHEDULE "3" – UNSECURED LOANS		
Inter Corporate Deposit from Ultimate Holding Company	20,000,000	–
<i>Add:</i> Interest Accrued but not due	693,863	–
	<u>20,693,863</u>	<u>–</u>

SCHEDULE "4" – FIXED ASSETS

Description of Assets	Rate of Depreciation	GROSS BLOCK				DEPRECIATION BLOCK				NET BLOCK
		As on 01/04/2010	Additions during the period	Deductions during the period	As on 31/03/2011	As on 01/04/2010	Depreciation for the period	Depreciation on deductions	Total Depreciation as on 31/03/2011	As on 31/03/2011
Buildings	5.00%	14,031,529	–	–	14,031,529	9,679,183	217,616	–	9,896,799	4,134,730
Plant & Machinery (Split AC at Arunachal Bldg.)	13.91%	–	53,363	–	53,363	–	7,423	–	7,423	45,940
TOTAL	–	14,031,529	53,363	–	14,084,892	9,679,183	225,039	–	9,904,222	4,180,670

SCHEDULE "5" – INVESTMENTS

	As at 31.03.2011 Rupees	As at 31.03.2010 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
TOTAL	<u>391,451</u>	<u>391,451</u>

SCHEDULE "6" – CURRENT ASSETS

	Rupees	As at 31.03.2011 Rupees	As at 31.03.2010 Rupees
(a) Sundry Debtors (Unsecured, considered Good otherwise stated)			
(i) Debts Outstanding for a period exceeding 6 Months	–		–
(ii) Other Debts	<u>72</u>		28,138
		72	28,138
<i>Less:</i> Provision for Doubtful Debts		–	–
TOTAL		<u>72</u>	<u>28,138</u>

VOLKART FLEMING SHIPPING & SERVICES LIMITED

SCHEDULES ANNEXED TO & FORMING PART OF THE ACCOUNTS

	Rupees	As at 31.03.2011 Rupees	As at 31.03.2010 Rupees
SCHEDULE "6" – CURRENT ASSETS (Contd.)			
(b) Cash and Bank Balances			
(i) Cash on Hand	3,909		–
(ii) With Scheduled Banks –			
On Current Account	2,156,524		3,013,737
On Deposit Account	–	2,160,433	–
		<u>2,160,433</u>	<u>3,013,737</u>
TOTAL		2,160,505	3,041,875
(c) Loans and Advances (Unsecured, considered Good otherwise stated)			
(i) Advances recoverable in cash or kind or for value to be received		180,883	1,366,352
(ii) Tax Collected Assets		1,114	–
(iii) Other Deposits		34,849,886	34,850,486
(iv) Inter-corporate Deposits with Holding Company		–	9,000,000
(v) Amount Recoverable from Holding Company		963,748	2,934,083
(vi) Advance Income Tax (Net of Provisions)		22,053,631	20,003,100
(vii) Advance Fringe Benefit Tax (Net of Provisions)		258,821	258,821
TOTAL		<u>58,308,083</u>	<u>68,412,842</u>
TOTAL CURRENT ASSETS, LOANS & ADVANCES		<u>60,468,587</u>	<u>71,454,717</u>

SCHEDULE "7" – CURRENT LIABILITIES AND PROVISIONS

	Rupees	As at 31.03.2011 Rupees	As at 31.03.2010 Rupees
(a) Current Liabilities			
(i) Sundry Creditors (Other than Small and Micro Enterprises)		1,755,240	86,910
(ii) Due to Holding Company		–	30,746,691
(iii) Other Liabilities		857,636	758,761
		<u>2,612,876</u>	<u>31,592,362</u>
(b) Provisions			
(i) Provision for Bonus		274,926	338,803
(ii) Provision for Expenses		1,456,662	–
(iii) Provision for Gratuity		408,719	561,232
(iv) Provision for Leave Salary Encashment		159,800	173,172
		<u>2,300,107</u>	<u>1,073,207</u>
TOTAL		<u>4,912,983</u>	<u>32,665,569</u>

SCHEDULES ANNEXED TO & FORMING PART OF THE ACCOUNTS

	For the year ended 31.03.2011 Rupees	<i>For the year ended 31.03.2010 Rupees</i>
SCHEDULE "8" – SERVICES & OTHER INCOME		
(A) Income from Services Rendered (Gross) Shipping Brokerage Charges	–	10,999
(B) Interest on Long term Investment – Other than Trade	3,934	24,035
(C) Interest Received from Others	–	1,294,123
(D) Rent	24,520,575	10,914,200
(E) Profit on Sale of Fixed assets	–	69,174
(F) Professional Services Rendered	6,000,000	1,500,000
(G) Excess Provisions Written Back	429,515	–
TOTAL	30,954,024	13,812,531

SCHEDULE "9" – ADMINISTRATIVE AND OTHER EXPENSES

	Rupees	For the year ended 31.03.2011 Rupees	<i>For the year ended 31.03.2010 Rupees</i>
1	Payments to and Provisions for Employees		
(a)	Salaries, Wages & Gratuity Bonus	6,622,847	2,704,389
(b)	Company's contribution to Provident and Superannuation Funds	325,045	131,652
(c)	Companies Contribution to Employees' State Insurance Scheme	11,835	2,392
(d)	Staff Welfare Expenses	38,138	14,415
		6,997,865	2,852,848
2	Other Expenses		
	Repairs & Maintenance		
(i)	Building	1,533,672	660,783
(ii)	Others	–	50,446
		1,533,672	711,229
	Rent	11,924,580	1,454,017
	Rates & Taxes	1,348,673	1,366,800
	Insurance	3,182	–
	Electricity Charges	301,039	208,271
	Conveyance and Travelling Expenses	40,349	60
	Administrative Expenses	288,182	53,796
	Printing, Stationery & Telephone	206,739	33,975
	Legal & Professional Charges	54,787	3,000,748
	Directors' Fees	24,000	30,000
	Auditor's Remuneration		
(i)	As statutory Auditors	75,000	60,000
(i)	As Tax Auditors	15,000	15,000
(iii)	Other Management Services	–	75,000
(iv)	Out of Pocket Expenses	1,407	–
		91,407	150,000
	Interest & Finance Charges	2,800,112	7,468
	Miscellaneous Expenses	121,780	63,833
TOTAL		25,736,367	9,933,043

VOLKART FLEMING SHIPPING & SERVICES LIMITED

SCHEDULES ANNEXED TO & FORMING PART OF THE ACCOUNTS

SCHEDULE "10" – 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) 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.

(g) 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.

(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 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.

(i) LEASE ACCOUNTING

Operating Leases

Leasing of an asset whereby the lessor essentially remains the owner of the asset are classified as operating leases. The payments made by the Group as lessee in accordance with operational leasing contracts or rental agreements are expensed proportionally during the lease or rental period respectively. Any compensation, according to agreement, that the lessee is obliged to pay to the lessor if the leasing contract is terminated prematurely is expensed during the period in which the contract is terminated.

(II) COMPONENTS OF DEFERRED TAX ASSETS AND LIABILITIES

Nature of Timing Difference	Deferred Tax (Liability) / Assets as at 31/03/2011	Deferred Tax (Liability) / Assets as at 31/03/2010
Depreciation	-	26,895
Items under section 43B	84,952	-
TOTAL	84,952	26,895

(III) BREAKUP OF EARNING PER SHARE

Sr. No.	Particulars	As on 31/03/2011	As on 31/03/2010
(a)	Net Profit / (Loss) Attributable to Equity Shareholders	3,458,674	2,751,746
(b)	Weighted Average Number of Equity Shares outstanding during the period (Face Value – Rs.100/- per Share)	59,763	60,000
(c)	Earning Per Share	58	46

The Company has not issued any potential dilutive equity shares.

(IV) LEASE ACCOUNTING

- (a) The Company has taken certain office premises on operating lease basis. Lease payments in respect of such leases recognised in profit & Loss account Rs.119.24 Lacs (*Previous Year Rs.98.54 Lacs*).
- (b) Except for escalation clauses contained in certain lease agreements providing for increase in the lease payment by a specified percentage / amounts after completion of specified period, the lease terms do not contain any exceptional / restrictive covenants other than prior approval of the lessee before the renewal of lease.
- (c) There are no restrictions such as those concerning dividend and additional debt other than in some cases where prior approval of lessor is required for further leasing. There is no contingent rent payment.
- (d) The Company has given certain office / residential premises on operatin lease basis, the details of which are as follows:

Class of Asset	As at 31.03.2011	As at 31.03.2010
Gross carrying Amount	14,084,892	14,031,529
Accumulated Depreciation	9,904,222	9,679,183
Depreciation for the year	225,039	230,186

(V) Previous year's figures have been regrouped wherever necessary.

For **BATLIBOI & PUROHIT**

Chartered Accountants

Firm Regn. No. : 101048W

KAUSHAL MEHTA

Partner

Membership No. : 111749

Mumbai, Dated: 23rd June, 2011

Amit Mittal

Chairman

C.A. Karnik

Sunetra Ganesan

} *Directors*

VOLKART FLEMING SHIPPING & SERVICES LIMITED

Related Party Disclosure – as specified by Accounting Standard 18

Name of the Related Party and Nature of Relationship where control exists are as under

(A) Enterprises having more than one-half of Voting Power

Shapoorji Pallonji & Company Limited (Ultimate Holding Co.)

Forbes & Company Limited (Holding Company)

(B) Joint Venture of Holding Company

SCI Forbes Ltd.

(C) Subsidiaries of Ultimate Holding Company

Gokak Textiles Ltd.

Shapoorji Pallonji Advisors Pvt. Ltd.

Transactions with related parties for the year ended 31st March, 2011 (April-2010 to March-2011)

Nature of Transaction	A	C	A	B	C	Total
	Shapoorji Pallonji & Co.	Shapoorji Pallonji Advisors Pvt. Ltd.	Forbes & Company Ltd.	SCI Forbes	Gokak Textiles	
Purchases						
1. Goods and Materials						
2. Services Rendered						
3. Fixed Assets						
4. Investment (buy Back of shares)			7,499,700			7,499,700
Sales						
5. Goods and Materials						
6. Services Rendered						
7. Fixed Assets						
8. Investment						
9. Investment – Write off						
Expenses						
10. Rent			5,897,850			5,897,850
11. Repairs & Other Expenses						
12. Recovery of Expenses						
13. Agency Commission						
14. Interest Paid	770,959		1,977,533			2,748,492
15. Directors Fees						
16. Provision / Write offs						
17. Loss on sale of Investments						
Income						
18. Rent and Other Service Charges	3,600,000	720,000	20,123,700	588,000		25,031,700
19. Interest Received						
20. Dividend Received						
21. Profit on sale of Investment						
22. Provision / Write backs						
23. Misc. Income						
24. Deputation of Staff						
25. Other Reimbursements		9,350				9,350

Nature of Transaction	A	C	A	B	C	Total
	Shapoorji Pallonji & Co.	Shapoorji Pallonji Advisors Pvt. Ltd.	Forbes & Company Ltd.	SCI Forbes	Gokak Textiles	
Finance						
26. Loans and Advances Given						
27. Loans and Advances Taken	20,000,000					20,000,000
28. Deposits Given						
29. Deposits Taken			20,000,000			20,000,000
30. Repayment of Deposits Taken			20,000,000			20,000,000
31. Repayment of Deposits Given			11,583,000			11,583,000
Outstandings						
32. Sundry Creditors			1,439,874			1,439,874
33. Interest accrued but not due	693,863					693,863
34. Sundry Debtors					985,797	985,797
35. Loans and Advances						
36. Advance for Capital Purchase						
37. Prov. for Doubtful Loans and Adv.						
38. Provision for Doubtful Debts						
39. Deposits Payable			10,011			10,011
40. Deposits Receivable			1,050,000			1,050,000
41. Prepaid Expenses						
Remuneration						
42. Paid / Payable						
43. Outstanding						
44. Recoverable						
Guarantees						
45. Given						
46. Outstanding						

VOLKART FLEMING SHIPPING & SERVICES LIMITED

Balancesheet Abstract and Company's General Business Profile as at 31st March, 2011

I. REGISTRATION DETAILS

Registration No.	00808	State Code	11
Balance Sheet Date	31.03.2011		

II. CAPITAL RAISED DURING THE YEAR (Amount in Thousands)

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Thousands)

Total Liabilities	60,213	Total Assets	60,213
-------------------	--------	--------------	--------

SOURCES OF FUNDS

Paid-up Capital	5,039
Reserves & Surplus	34,480
Secured Loans	—
Unsecured Loans	20,694
Deferred Tax Liability	—

APPLICATION OF FUNDS

Net Fixed Assets	4,181
Investments	391
Deferred Tax Assets	85
Net Current Assets	55,556
Misc. Expenditure	—

IV. PERFORMANCE OF COMPANY

Turnover	30,954
Total Expenditure	25,961
Profit Before Tax	4,993
Profit After Tax	3,459
Earning Per Share	58

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

Mumbai, Dated: 23rd June, 2011

Amit Mittal

Chairman

C.A. Karnik
Sunetra Ganesan

} *Directors*

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011

	2010-11		2009-10	
	Rupees	Rupees	Rupees	Rupees
PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS		4,992,617		3,649,302
Adjusted for :				
Depreciation	225,039		230,186	
Interest Income	(3,934)		(1,318,158)	
Interest Expense	2,800,112		—	
Sundry Provisions Written Back	332,393		—	
Profit / Loss on Sale of Assets	—		(69,174)	
		3,353,610		(1,157,146)
		8,346,227		2,492,156
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS				
Changes in:				
Trade and Other Receivables	28,066		5,276,817	
Loans and Advances	8,512,759		34,390,785	
Trade Payable and Others	(28,084,979)		(22,375,833)	
	(19,544,154)		17,291,769	
Less : Changes in working capital on account of Demerger	—		(20,192,868)	
		(19,544,154)		(2,901,099)
CASH GENERATED FROM OPERATIONS		(11,197,926)		(408,943)
Direct Taxes Adjusted		—		246,000
(A) NET CASH FLOW FROM OPERATING ACTIVITIES		(11,197,926)		(162,943)
CASH FLOW FROM INVESTING ACTIVITIES				
Interest Received	3,934		1,318,158	
Rent received	—		—	
Purchase of Assets (Net)	(53,363)		—	
Proceeds from Sale of Assets	—		90,380	

VOLKART FLEMING SHIPPING & SERVICES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011 (Contd.)

	2010-11		2009-10	
	Rupees	Rupees	Rupees	Rupees
(B) NET CASH FLOW FROM INVESTING ACTIVITIES		(49,429)		1,408,538
CASH FLOW FROM FINANCING ACTIVITIES				
Interest Paid	(2,106,249)		—	
Loan taken	40,000,000		—	
Loan Repaid	(20,000,000)		—	
Buyback of Shares	(7,499,700)		—	
(C) NET CASH FLOW FROM FINANCING ACTIVITIES		10,394,051		—
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENT (A)+(B)+(C)		(853,305)		1,245,595
CASH AND CASH EQUIVALENT AS AT THE COMMENCEMENT OF THE YEAR, COMPRISING:				
Cash, Cheques on Hand and Remittances in transit	—		—	
Balance with Schedule Banks on current Accounts and Deposit Accounts	3,013,738		14,760,461	
Less : Balance transferred on account of Demerger	—		12,992,318	
		3,013,738		1,768,143
CASH AND CASH EQUIVALENT AS AT THE END OF THE YEAR, COMPRISING:				
Cash, Cheques on Hand and Remittances in transit	3,909		—	
Balance with Schedule Banks on current Accounts and Deposit Accounts	2,156,524		3,013,738	
		2,160,433		3,013,738
NET (DECREASE) / INCREASE AS DISCLOSED ABOVE		(853,305)		1,245,595

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

Amit Mittal

Chairman

KAUSHAL MEHTA
Partner
Membership No. : 111749

C.A. Karnik
Sunetra Ganesan

Directors

Mumbai, Dated: 23rd June, 2011

WATERWINGS EQUIPMENTS PRIVATE LIMITED

(a Subsidiary Company of Eureka Forbes Limited)

Annual Report and Accounts
for the year ended 31st March, 2011

BOARD OF DIRECTORS:

A.V. Suresh
R. S. Moorthy
Dr. Raman Venkatesh

} *Directors*

AUDITORS:

A.V. IYER & CO.,
Chartered Accountants

LEGAL ADVISORS:

M/s. Mallar Law Consulting

BANKERS:

State Bank of India, Erandavana Branch, Pune
IDBI Bank, Kothrud Branch, Pune.

REGISTERED OFFICE:

D-8/10, Popular Nagar, Warje,
Mumbai Bangalore Highway,
Pune - 411 058.

WATERWINGS EQUIPMENTS PRIVATE LIMITED

DIRECTORS' REPORT

To,

The Members,

Your Directors have pleasure in presenting the Fifth Annual Report on the business and operations of the Company together with the Audited Accounts for the year ended March 31, 2011.

FINANCIAL RESULTS

Particulars	Current Year 2009-2010 (In Rupees)	Previous Year 2008-2009 (In Rupees)
Turnover & Other Income	14,52,68,989	7,32,88,889
Profit before Depreciation	1,25,01,292	81,54,401
Depreciation	3,05,126	2,62,214
Profit before Tax	1,21,96,166	78,92,187
Provision for Taxation	40,50,000	24,55,000
Deferred Tax	(10,420)	(13,710)
Profit after tax	81,56,586	54,50,897
Profit brought forward from previous year	1,08,744	83,891
Profit available for Appropriation	82,65,330	55,34,788
APPROPRIATION:		
1. Interim Dividend	50,00,000	41,25,000
2. Proposed Final Dividend		41,25,000
3. Dividend Tax	8,30,438	7,01,044
4. Transferred to General Reserve	9,00,000	6,00,000
5. Balance carried to Balance Sheet	15,34,892	1,08,744

OPERATIONS:

During the year under review, your company recorded excellent results with turnover of Rs.1452.68 lacs, a growth of 98% over the previous year and has made a profit of Rs.81.56 lacs, a growth of 50% over the previous year.

The highlights of current year being:-

- Improved the plants manufacturing capabilities of RO Plants.
- Launched Auto & Remote monitored RO plants.
- Successfully completed containerized RO & UF systems.

DIVIDEND:

The Directors, at the Board Meeting held on March 15, 2011, 2011, have already declared 1000% as Interim Dividend for the year ended March 31, 2011, payable to those shareholders whose names

appeared on the Register of Members as on March 15, 2011. Your Directors do not propose to declare any final dividend at the forth coming Annual General Meeting.

TRANSFER TO RESERVES:

The Company proposes to transfer Rs.9,00,000 to the General Reserve out of the amount available for appropriations and an amount of Rs.15,34,892 is proposed to be retained in the Profit and Loss Account.

SALE OF PROMOTERS STAKE:

The Promoters of the Company had sold 88% of the equity capital of the Company to Eureka Forbes Ltd. pursuant to Shareholder Agreement dated June 19, 2009. In terms of the said Agreement, the balance equity of 12% has been sold by the Promoters to Eureka Forbes Ltd. on April 1, 2011. With the sale of this balance 12% equity, the Company has become the wholly owned subsidiary of Eureka Forbes Limited with effect from April 1, 2011.

DIRECTORS:

Mr. Uday Gokhale has resigned as the Managing Director of the Company which has been accepted by the Board of Directors at the Board Meeting held on April 1, 2011. The Board places on record its deep appreciation for the services rendered by Mr. Uday Gokhale as the Managing Director of the Company.

Mr. Uday Gokhale was appointed as the Chief Executive Officer of the Company which effect from April 1, 2011.

Since the Company is regarded as public limited company, pursuant to section 256 of the Companies Act, 1956, one-third of the Directors liable to retire by rotation must retire at the forthcoming Annual General Meeting. Accordingly, Dr. Raman Venkatesh will retire at the forthcoming Annual General Meeting of the Company and being eligible, offers himself for reappointment.

AUDITORS:

M/s. A.V. Iyer & Co., Chartered Accountants, retire at this Annual General Meeting and are eligible for reappointment. However, they have expressed their unwillingness to be reappointed as Auditors of the Company.

Your Directors propose M/s. Batliboi & Purohit, Chartered Accountants to be appointed as the Statutory Auditors at this Annual General Meeting. The retiring Auditors of the Company have given their NOC to the appointment of M/s. Batliboi & Purohit, as Auditors of the Company. As required under section 225(1), a special notice has been received to appoint M/s. Batliboi & Purohit as Auditors since they are not the retiring auditors.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors hereby confirm that:

- (a) In the preparation of the annual accounts for the year ended March 31, 2011, the applicable accounting standards have been followed and there has been no material departure;
- (b) The selected accounting policies were applied and directors 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 as on March 31, 2011, and its Profit and Loss Account for the year ended on that date;
- (c) Proper and sufficient care has been taken for the maintenance of adequate accounting record in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) The annual accounts have been prepared on a going concern basis.

PARTICULARS OF EMPLOYEES

The company does not have any employees whose particulars are required to be annexed to the Directors' Report under section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended.

PARTICULARS REGARDING CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

The Particulars as prescribed under the provisions of 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 are furnished hereunder:

(a) Conservation of Energy

The Company continues its commitment to energy conservation through its consistent efforts to identify potential energy-saving opportunities. The Company endeavors to fulfill its responsibility towards a green environment and has been looking at different ways of reducing the energy consumption and conserving energy in day-to-day operations through conscious efforts.

The significance of conserving our environment is also conveyed periodically to employees to elicit their active participation in this cause and to raise their awareness levels.

Company is not required to disclose the Particulars with respect to conservation of energy as required under the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988, as the Company is not covered under the list of industries given under the Schedule under the said Rules.

(b) 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 automation of water treatment plants and dialysis solutions.

(c) Foreign Exchange Earnings and Outgo

Earning in Foreign Exchange during the year under review were Rs. Nil and the out-go Rs. Nil.

ACKNOWLEDGEMENTS:

Your Directors take this opportunity to thank all the Shareholders, Customers, Vendors, Legal Advisors, Banks and Government Agencies for their valuable contribution in the growth of the Company.

Your Directors also place on record their appreciation for the excellent contribution made by employees of the Company through their commitment, competence, co-operation and diligence with a view to achieve a consistent growth for the Company.

For and on behalf of the Board

A.V. Suresh **R.S. Moorthy**
Director *Director*

Mumbai, Dated: 30th May, 2011

WATERWINGS EQUIPMENTS PRIVATE LIMITED

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 2011 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 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2011 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 2011 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

Membership No. 33328

Pune, 30th May, 2011

**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 generally 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 301of 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. In our opinion and according to the information and explanation given to us, there are no transactions made in pursuance of contracts or arrangements, exceeding Rupees Five Lacs in value , in which directors were interested and which were required to be entered in the register maintained under section 301 of the Companies Act, 1956.
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 and explanations 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 2011 for a period of more than six months from the date they become payable.

WATERWINGS EQUIPMENTS PRIVATE LIMITED

13. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
14. According to the information and explanation given to us, the Company does not come within the purview of either Provident Fund of the Employees State Insurance Act.
15. The Company has not raised as capital during the year under review.
16. The company has not given any guarantee for loans taken by others from bank or financial institutions
17. The term loans have been applied for the purpose for which they were raised.
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
Membership No. 33328

Pune, 30th May, 2011

ANNUAL REPORT 2010-2011

BALANCE SHEET AS AT 31ST MARCH, 2011

	<u>Schedule</u>	<u>Rupees</u>	<u>Rupees</u>	<i>As At 31-03-2010 Rupees</i>
FUNDS EMPLOYED:				
1. SHARE CAPITAL	A		5,00,000	5,00,000
2. RESERVES AND SURPLUS	B		95,34,892	72,08,744
3. TOTAL FUNDS EMPLOYED			<u>1,00,34,892</u>	<u>77,08,744</u>
APPLICATION OF FUNDS:				
4. FIXED ASSETS :	C			
Gross Block		19,68,270		15,33,168
Less : Depreciation		<u>9,54,717</u>		<u>6,67,228</u>
Net Block			10,13,553	8,65,940
5. CURRENT ASSETS, LOANS AND ADVANCES	D	6,20,45,385		3,28,88,626
6. Less : CURRENT LIABILITIES AND PROVISIONS	E	<u>5,30,79,793</u>		<u>2,60,91,149</u>
7. NET CURRENT ASSETS			89,65,592	67,97,477
8. DEFERRED TAX ASSET (Net) (Refer Note 14)			55,747	45,327
9. TOTAL ASSETS (NET)			<u>1,00,34,892</u>	<u>77,08,744</u>
10. NOTES TO THE ACCOUNTS	H			

Per our report attached

For **A. V. IYER & CO.**
Chartered Accountants

A.V. Iyer
Proprietor
Membership No. 33328

Pune, Dated: 30th May, 2011

A. V. Suresh }
R. S. Moorthy } *Directors*

Mumbai, Dated: 30th May, 2011

WATERWINGS EQUIPMENTS PRIVATE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	Schedule	Rupees	Current Year Rupees	Previous Year Rupees
1. INCOME :				
Sales and Other Income	F		14,52,68,989	7,32,88,889
2. EXPENDITURE :				
a) Material cost & Other Expenses	G	13,27,67,697		6,51,34,488
b) Depreciation		3,05,126		2,62,214
c) Interest		—		—
			13,30,72,823	6,53,96,702
3. PROFIT BEFORE TAX AND EXTRAORDINARY ITEM			1,21,96,166	78,92,187
Current Year tax provision		40,50,000		24,55,000
Less : Deferred Tax (Refer Note 17)		10,420		13,710
Fringe Benefit tax provision		—		—
4. PROFIT AFTER TAX			81,56,586	54,50,897
5. Less: PRIOR YEARS' TAX ADJUSTMENTS (NET)			—	—
6. PROFIT AFTER TAX AND PRIOR YEARS' ADJUSTMENTS			81,56,586	54,50,897
7. PROFIT BROUGHT FORWARD FROM PREVIOUS YEAR			1,08,744	83,891
8. AMOUNT AVAILABLE FOR APPROPRIATIONS			82,65,330	55,34,788
9. APPROPRIATIONS :				
Interim Dividend Paid		50,00,000		41,25,000
Tax on Interim Dividend		8,30,438		7,01,044
Transferred to General Reserve		9,00,000		6,00,000
			67,30,438	54,26,044
10. BALANCE CARRIED TO BALANCE SHEET			15,34,892	1,08,744
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			81,56,586	54,50,897
Basic and Diluted Earning Per Share			Rs.163.13	Rs.109.02
11. NOTES TO THE ACCOUNTS	H			

Per our report attached

For **A. V. IYER & CO.**
Chartered Accountants

A.V. Iyer
Proprietor
Membership No. 33328

Pune, Dated: 30th May, 2011

A. V. Suresh }
R. S. Moorthy } *Directors*

Mumbai, Dated: 30th May, 2011

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2011

	2010-11		2009-10	
	Rupees	Rupees	Rupees	Rupees
NET PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS		1,21,96,166		78,92,187
Adjusted For –				
Depreciation	3,05,126		2,62,214	
Profit on sale of Fixed Assets (Net)	—		6,692	
Profit on sale of Investments (Net)				
Extraordinary Items				
Prior Period Items				
Unrealised Foreign Exchange Difference				
Misc. Exp w.off			5,296	
Investment Income	(3,39,953)		(3,63,410)	
Interest and other finance charges		(34,827)		(89,208)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS		1,21,61,339		78,02,979
Changes in –				
Trade and Other Receivables	(1,83,54,421)		(1,43,58,686)	
Inventories	(21,65,657)		(1,41,993)	
Trade Payables and others	2,29,38,644		92,97,665	
	24,18,566		(52,03,014)	
Other Adjustments –				
Diminution in value of investments				
Bad Debts	3,73,258		55,594	
	27,91,824		(51,47,420)	
CASH GENERATED FROM OPERATIONS		27,91,824		(51,47,420)
		1,49,53,163		26,55,559
Direct Taxes Paid		(33,70,626)		(27,77,261)
(a) NET CASH FROM OPERATING ACTIVITIES		1,15,82,537		(1,21,702)
CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of Fixed Assets(Including adjustment on account of Capital Advances)	(4,52,739)		(3,91,047)	
Sale of Fixed Assets	—		88,889	
Purchase of Investments				
Sale of Investments	—		25,000	
Interest Received	3,36,515		3,03,406	
Dividend Received	3,438		3,750	
Deposits Given/Received back from other Companies	—			
(b) NET CASH FROM /(USED) IN INVESTING ACTIVITIES		(1,12,786)		29,998

WATERWINGS EQUIPMENTS PRIVATE LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2011 *(Contd.)*

	2010-11		2009-10	
	Rupees	Rupees	Rupees	Rupees
CASH FLOW FROM FINANCING ACTIVITIES				
Increase/(Decrease) in cash credit account				
Interest Paid				
Dividend Paid ((including Dividend tax)	(58,30,438)		—	
(c) NET CASH FROM/ (USED) IN FINANCING ACTIVITIES		(58,30,438)		
NET INCREASE IN CASH AND CASH EQUIVALENTS		56,39,313		(91,704)
CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE YEAR, COMPRISING :				
Cash, Cheques on hand	58,079		34,321	
Balances with scheduled banks on Current accounts,	24,08,137		27,80,702	
Margin accounts and Deposit accounts	30,66,277	55,32,493	28,09,174	56,24,197
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR, COMPRISING :				
Cash, Cheques on hand	72,633		58,079	
Balances with scheduled banks on Current accounts,	76,73,482		24,08,137	
Margin accounts and Deposit accounts	34,25,691	1,11,71,806	30,66,277	55,32,493
NET INCREASE /(DECREASE) AS DISCLOSED ABOVE		56,39,313		(91,704)

Per our report attached

For **A. V. IYER & CO.**
Chartered Accountants

A.V. Iyer
Proprietor
Membership No. 33328

Pune, Dated: 30th May, 2011

A. V. Suresh }
R. S. Moorthy } *Directors*

Mumbai, Dated: 30th May, 2011

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH, 2011**

SCHEDULE 'A'

SHARE CAPITAL

	<u>Rupees</u>	<i>As At</i> <u>31-03-2010</u> <i>Rupees</i>
AUTHORISED :		
50,000 Equity Shares of Rs.10/- each	5,00,000	5,00,000
ISSUED, SUBSCRIBED AND PAID UP :		
(Previous Year 50,000) 50,000 Equity Shares of Rs.10/- each [44,000 Shares (Previous year - 38,000) are held by the Holding Company Eureka Forbes Limited including 5 shares held jointly with nominees] Refer Note 13	5,00,000	5,00,000

SCHEDULE 'B'

RESERVES AND SURPLUS

	<u>Rupees</u>	<u>Rupees</u>	<i>As At</i> <u>31-03-2010</u> <i>Rupees</i>
1. GENERAL RESERVE			
As per last Balance Sheet	71,00,000		65,00,000
Add : Transferred from Profit and Loss Account	9,00,000		6,00,000
		80,00,000	71,00,000
2. PROFIT AND LOSS ACCOUNT		15,34,892	1,08,744
		95,34,892	72,08,744

SCHEDULE 'C'

FIXED ASSETS

Amount in Rupees

DESCRIPTION	GROSS BLOCK				DEPRECIATION BLOCK				NET BLOCK		
	As on 01.04.2010	Additions	Deletions	As on 31.03.2011	As on 01.04.2010	Depre- ciation for the year	Depre- ciation on deductions during the year	As on 31.03.2011	As on 31.03.2011	As on 31.03.2010	
Plant & Machinery	1,45,117	1,85,317	17,637	3,12,797	39,870	34,162	17,637	56,395	2,56,402	1,05,247	
Computers	3,50,478	1,14,771	—	4,65,249	1,51,854	1,04,140	—	2,55,994	2,09,255	1,98,624	
Furnitures & Fixtures	—	52,594	—	52,594	—	3,637	—	3,637	48,957	—	
Vehicles	8,92,043	—	—	8,92,043	4,65,529	1,10,424	—	5,75,953	3,16,090	4,26,514	
Intangible Asset – Computer Software *	1,45,530	1,00,057	—	2,45,587	9,975	52,763	—	62,738	1,82,849	1,35,555	
Total	15,33,168	4,52,739	17,637	19,68,270	6,67,228	3,05,126	17,637	9,54,717	10,13,553	8,65,940	
Capital Advance	—	—	—	—	—	—	—	—	—	—	
Grand Total	15,33,168	4,52,739		19,68,270	6,67,228	3,05,126	—	9,54,717	10,13,553	8,65,940	
<i>Previous Year</i>	<i>15,35,388</i>	<i>3,91,047</i>	<i>3,88,587</i>	<i>15,37,848</i>	<i>7,02,700</i>	<i>2,62,214</i>	<i>2,93,006</i>	<i>6,71,908</i>	<i>8,65,940</i>	<i>8,32,688</i>	

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

WATERWINGS EQUIPMENTS PRIVATE LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

	<u>Rupees</u>	<u>Rupees</u>	<i>As At</i> <i>31-03-10</i> <i>Rupees</i>
SCHEDULE 'D'			
CURRENT ASSETS, LOANS AND ADVANCES			
1. CURRENT ASSETS			
i) Stock-in-Trade : *			
Finished Goods	2,87,905		2,47,304
Components and Spares	33,11,025		11,85,969
* (As valued and certified by the Management.)		<u>35,98,930</u>	<u>14,33,273</u>
ii) Sundry Debtors : (Unsecured, Considered Good unless otherwise stated)			
(a) Debts outstanding for a period exceeding six months	30,57,595		4,62,349
(b) Other Debts [including Rs.1,61,93,422 (Previous Year Rs.131,72,534/-) due from holding company]	<u>3,56,36,026</u>		<u>2,10,67,990</u>
		3,86,93,621	215,30,339
iii) Cash and Bank Balances :			
Cash on hand	72,633		58,079
With Scheduled Banks –			
in Current Accounts	76,73,482		24,08,137
in Margin Accounts	—		—
in Deposit Accounts (FDR loaded as security with Govt authorities)	<u>34,25,691</u>		<u>30,66,277</u>
		1,11,71,806	<u>55,32,493</u>
2. LOANS AND ADVANCES			
(Unsecured, Considered Good unless otherwise stated)			
i) Advances recoverable in cash or in kind or for value to be received	52,545		1,30,913
ii) Advance Payment of Tax	74,15,000		40,44,374
iii) Other Deposits	11,13,484		160,980
iv) Income accrued on Investments and Deposits	<u>—</u>		<u>56,254</u>
		85,81,028	43,92,521
		<u>6,20,45,385</u>	<u>3,28,88,626</u>

ANNUAL REPORT 2010-2011

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH, 2011**

	<u>Rupees</u>	<u>Rupees</u>	<i>As At 31-03-10 Rupees</i>
SCHEDULE 'E'			
CURRENT LIABILITIES AND PROVISIONS			
1. CURRENT LIABILITIES			
Sundry Creditors :			
Others	4,26,34,342		<u>1,32,23,794</u>
		4,26,34,342	<u>1,32,23,794</u>
Other Liabilities		2,74,887	2,75,753
Advances Received		5,96,125	19,88,920
2. PROVISIONS			
For Taxation		80,05,000	39,55,000
Proposed Final Dividend		—	41,25,000
For Tax on Proposed Final Dividend		—	7,01,044
For Expenses		15,27,394	16,75,552
For Retirement and other employee benefits		42,045	1,46,086
		<u>5,30,79,793</u>	<u>2,60,91,149</u>

SCHEDULE 'F'

SALES AND OTHER INCOME

	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>	<i>Previous Year Rupees</i>
1. SALE OF PRODUCTS			14,19,31,187	7,24,79,131
2. INCOME FROM SERVICES			29,49,942	3,74,765
3. OTHER INCOME :				
Interest Received :				
From Deposits, Loans, Advances and Deferred Payment Scheme (Gross) (Tax deducted at source Rs.33,355/- <i>Previous Year Rs.46,303/-</i>)		3,36,515		3,59,660
Dividend Income :				
From Long Term Investment In :				
– Others	3,438			3,750
		3,438		3,750
Excess Provision for earlier years		47,907		71,583
			<u>3,87,860</u>	<u>4,34,993</u>
			<u>14,52,68,989</u>	<u>7,32,88,889</u>

WATERWINGS EQUIPMENTS PRIVATE LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>	<i>Previous Year Rupees</i>
SCHEDULE 'G'				
MATERIAL COST AND OTHER EXPENSES				
1. PAYMENTS TO AND PROVISIONS FOR EMPLOYEES :				
Salaries, Bonus and Commission		49,75,146		36,07,327
Gratuity		64,751		1,46,086
Staff Welfare Expenditure		68,809		20,926
			51,08,706	37,74,339
2. OPERATIONAL AND OTHER EXPENSES :				
Electricity		30,820		22,268
Rent		4,27,380		2,35,800
Repairs and Maintenance -				
Others	43,902			62,665
		43,902		62,665
Insurance		34,167		50,181
Advertisement		70,830		38,139
Selling and Sales Promotion		97,077		30,290
Freight, Forwarding and Delivery		8,21,729		2,20,535
Auditors' Remuneration -				
Audit Fees	75,000			50,000
Out of pocket expenses	—			—
Management Services	—			25,000
		75,000		75,000
Printing and Stationery		2,02,681		70,490
Interst on Excise and Service tax Liability		36,123		—
Postage, Telegrams, Telephones and Telex		3,16,467		2,15,597
Travelling and Conveyance		15,26,491		6,73,756
Legal and Professional Fees		7,42,919		95,400
Vehicle Expenses and Maintenance		2,45,204		2,05,961

ANNUAL REPORT 2010-2011

SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	Rupees	Rupees	Rupees	<i>Previous Year Rupees</i>
SCHEDULE 'G' (Contd.)				
MATERIAL COST AND OTHER EXPENSES (Contd.)				
2. OPERATIONAL AND OTHER EXPENSES : (Contd.)				
Other Establishment Expenses		8,68,833		2,79,817
Loss on Sales of Fixed Assets		—		6,692
Exchange Loss		—		7,862
Directors' Sitting Fees		30,000		3,000
Bad Debts/Advances Written-Off		3,73,258		55,594
		59,42,881		23,49,047
3. REMUNERATION TO DIRECTORS (Refer Note 12)			13,80,000	14,10,000
4. ADJUSTMENTS FOR STOCKS :				
Cost of Materials including traded goods				
Opening Stock		14,33,273		12,91,280
Add : Purchases		12,25,01,767		5,77,43,095
		12,39,35,040		5,90,34,375
Less : Closing Stock		35,98,930		14,33,273
			12,03,36,110	5,76,01,102
			13,27,67,697	6,51,34,488

WATERWINGS EQUIPMENTS PRIVATE LIMITED

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

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) 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) 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.

(d) 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.

(e) Product warranty expenses

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

(f) 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.

(g) 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).

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

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

3. (a) Provision for warranty - Rs.400,000 (*Previous year Rs.300,000*). 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.

3. (b) Contingent liabilities not provided for on account of :

(i) Bank Guarantees issued on behalf of the Company - Nil (*previous year Rs.1.75 Lakhs*)

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

	2010-11	2009-10
	Rupees	Rupees
4. (a) Expenditure in foreign currency on account of :	Nil	Nil
(b) 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 :

Export of goods on FOB basis

1,09,171

Service Charges and other receipts

Nil 68,791

7. Material and Components Consumed during the year:

	2010-11		2009-10	
	Quantity	Rupees	Quantity	Rupees
Fabricated items, components and spares #	Numerous	12,03,36,110	Numerous	5,76,01,102

Material consumed includes cost of components and spares purchased for resale

8. Value of Imported and Indigenous materials and components consumed and percentage of each to total consumption:

	2010-11		2009-10	
	%	Rupees	%	Rupees
(a) Indigenous	100%	12,03,36,110	100%	5,76,01,102
(b) Imported	—	—	—	—
	<u>100%</u>	<u>12,03,36,110</u>	<u>100%</u>	<u>5,76,01,102</u>

9. Particulars in respect of goods manufactured:

	2010-11	2009-10
	Quantity	Quantity
RO Water Treatment Plants (Excise Exempted)	314	130
Installed Capacity and Lincensed Capacity : Not Applicable		
Waterwings Equipments Private Limited		

WATERWINGS EQUIPMENTS PRIVATE LIMITED

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

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

10. (a) Particulars of opening and closing stock

	2010-11		2009-10	
	Quantity	Rupees	Quantity	Rupees
Opening Stock				
RO Water Treatment Plants (Excise Exempted)	Nil	Nil	<i>Nil</i>	<i>Nil</i>
Fabricated Items, Components and Spares @	Numerous	14,33,273	<i>Numerous</i>	<i>12,91,280</i>
Closing Stock				
RO Water Treatment Plants (Excise Exempted)	Nil	Nil	<i>Nil</i>	<i>Nil</i>
Fabricated Items, Components and Spares @	Numerous	35,98,930	<i>Numerous</i>	<i>14,33,273</i>

(b) Particulars of turnover of manufactured and traded goods:

	2010-11		2009-10	
	Quantity	Rupees	Quantity	Rupees
RO Water Treatment Plants (Excise Exempted)	314	9,17,89,179	<i>130</i>	<i>3,42,42,509</i>
Fabricated Items, Components and Spares @	Numerous	5,01,42,008	<i>Numerous</i>	<i>3,82,36,622</i>

@ 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

Contribution to Defined Contribution Plans, recognised as expense for the year is as under.

	2010-11	2009-10
Employer's Contribution to Provident Fund	123,721	<i>Nil</i>

Contribution to Defined Contribution Plans, recognised as expense for the year is as under.

Defined Benefit Plan

The employee's gratuity fund scheme managed by a Trust (Life Insurance Corporation of India) is a defined benefit plan .

The present value of obligation is determined based on actuarial valuation method.

**SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED
31ST MARCH, 2011**

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

	2010-11 Gratuity (Funded) Rupees	2009-10 Gratuity (Funded) Rupees
(a) Change in benefit obligations		
Defined benefit obligation at the beginning of the year	1,46,086	—
Current Service cost	57,106	1,46,086
Interest cost	—	—
Actuarial (gain)/loss on obligations	(24,821)	—
Benefit paid	—	—
Defined benefit obligation at the end of the year	1,78,321	1,46,086
Waterwings Equipments Private Limited	—	—
(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	64,751	1,46,086
(d) Category of Assets as on 31.03.2011		
Government of India Assets	—	—
Corporate Bonds	—	—
Special Deposit Scheme of Life Insurance Corporation of India	1,78,371	—
State Government (Maharastra)	—	—
Others	—	—
Total Investments	1,78,371	—
(e) Assumptions used in the accounting for defined benefit plans		
Discount Rate	8%	—
Salary Escalation Rate	7%	—

WATERWINGS EQUIPMENTS PRIVATE LIMITED

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2011

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

The estimates for rate of escalation in salary considered in the actuarial valuation takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. 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

	2010-11	2009-10
	Rupees	Rupees
Mr. Uday Gokhale – Managing Director w.e.f. April 1, 2009	15,00,000	15,00,000

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. Uday Gokhale as Managing Director, the company was a private limited company.

13. The Company is primarily engaged in business as manufacturer, 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.
14. As required under Accounting Standard 18 on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the list of related parties and their transactions is attached.
15. The company has taken commercial premises under cancelable operating lease. Lease rental expenses included in the profit and loss account for the year is Rs.4,27,380/- (Previous Year Rs.2,35,800/-)
16. 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 01.04.10	Charge / (Credit) during the year	Closing As at 31.03.11
Depreciation	45,327	10,420	55,747
Others	—	—	—
Total	45,327	10,420	55,747

17. 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.
18. Information required in terms of Part IV of Schedule VI of the Companies Act, 1956 is attached.
19. 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: 30th May, 2011

A. V. Suresh }
R. S. Moorthy } *Directors*

Mumbai, Dated: 30th May, 2011

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, 2011

(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 Ltd.

Shapoorji Pallonji & Company Limited

B. Fellow Subsidiaries:

Aquadignostics Water Research & Technology Center

Aquamall Water Solutions Limited

E4 Development & Coaching Ltd.

EFL Mauritius 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.

C. Enterprises that are under common control:

Forbes Aquatech Limited

Forbes Concept Hospitality Services Ltd.

Infinite Water Solutions Pvt. Ltd.

D. Key Management Personnel:

Mr. Uday Gokhale

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, 2011

(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
Purchases					
Goods and Materials		7,98,750			
Fixed Assets					
Sales					
Goods and Materials	836,99,509	61,28,266	4,10,000		
Services Rendered			30,000		
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					
Dividend paid	44,00,000				
Outstanding					
Payable					
Receivables	1,61,93,422	27,83,745	32,488		
ICDs Given					
Interest Receivables					
Other Deposits Given					
Guarantees					
Given					
Outstanding					

* Details of remuneration is disclosed in note number 12 of the notes to the accounts.

ANNUAL REPORT 2010-2011

Information referred to in Note 16 in Schedule J to the Accounts for the year ended 31st March, 2011

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.

U	2	9	2	9	9	P	N	2	0	0	6	P	T	C	1	2	8	4	6	0
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State Code

1	1
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Balance Sheet Date

3	1
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0	3
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2	0	1	1
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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

				1	0	0	3	4
--	--	--	--	---	---	---	---	---

Total Assets

				1	0	0	3	4
--	--	--	--	---	---	---	---	---

Source of Funds

Paid-Up Capital

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

Reserves & Surplus

						9	5	3	5
--	--	--	--	--	--	---	---	---	---

Secured Loans

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

Unsecured Loans

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

Application of Funds

Net Fixed Assets

					1	0	1	4
--	--	--	--	--	---	---	---	---

Investments

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

Net Current Assets

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

Deferred Tax Assets

								5	5
--	--	--	--	--	--	--	--	---	---

Misc. Expenditure

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

Accumulated Losses

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

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

Turnover & Other Income

			1	4	5	2	6	9
--	--	--	---	---	---	---	---	---

Total Expenditure

			1	3	3	0	7	3
--	--	--	---	---	---	---	---	---

+ - Profit/Loss Before Tax

✓						1	2	1	9	6
---	--	--	--	--	--	---	---	---	---	---

+ - Profit/Loss After Tax

✓						8	1	5	7
---	--	--	--	--	--	---	---	---	---

Earnings Per Share In Rs.

			1	6	9	.	0	2
--	--	--	---	---	---	---	---	---

Dividend Rate %

	1	0	0	0
--	---	---	---	---

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: 30th May, 2011

A. V. Suresh
R. S. Moorthy } *Directors*

Mumbai, Dated: 30th May, 2011